

**STATE OF NEW MEXICO  
UNION COUNTY**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2008**

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UNION COUNTY  
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**STATE OF NEW MEXICO  
UNION COUNTY  
OFFICIAL ROSTER  
JUNE 30, 2008**

***Elected Officials***

Richard Arguello .....	Commission Chairman
Justin Bennett .....	Commission Member
Van Robertson .....	Commission Member
Reba Rae Boyd.....	Treasurer
Louis F. Trujillo.....	Assessor
Joyce Ann Sowers .....	Clerk
William Spriggs .....	Sheriff
Leslie J. Taylor .....	Probate Judge

***Administrative Staff***

Angie Gonzales.....	County Manager
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Bus: (575) 525-0313 • Fax: (575) 525-9708  
www.fierrocpa.comIndependent Auditors' Report

Hector H. Balderas, State Auditor  
and  
Board of County Commissioners  
Union County  
Clayton, New Mexico

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

Except as discussed in paragraphs three, four and five, 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.

As discussed in note nine to the financial statements, management has not recorded depreciation expense on capital assets in the governmental activities. Accounting principles generally accepted in the United States of America require that those capital assets be depreciated, which would decrease the assets and net assets, and increase the expenses of the governmental activities. The amount by which this departure would affect the assets, net assets and expenses of the governmental activities, is not reasonably determinable.

Union County has not maintained subsidiary records that detail all capital assets owned by the County. We were unable to obtain sufficient, competent evidence supporting the amounts reflected as property and equipment, and included in the statement of net assets as of June 30, 2008.

Management has not recorded its debt obligations associated with loan agreements with the New Mexico Finance Authority for the construction of hospital improvements in governmental activities and accordingly, has not recorded the principal reduction and the related interest expense for the current period change in those liabilities. Accounting principles generally accepted in the United States of America require that all debt obligations be recorded and that the interest expense, if applicable, is recorded as a current period expense of the government activities. The amount by which this departure would effect the liabilities, net assets and expenses of the governmental activities, is not reasonably determinable.

In our opinion, because of the matters discussed in the third, fourth, and fifth paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Union County as of June 30, 2008, and the changes in financial position thereof for the year then ended.

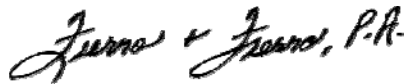
In addition, in our opinion, except for the effects of such adjustments as discussed in the fifth paragraph, if any, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of Union County, New Mexico, as of June 30, 2008, and the respective changes in financial position, and the respective budgetary comparison statement for the general fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Union County, as of June 30, 2008, and the respective changes in financial position thereof, and the respective budgetary comparison statements for all nonmajor special revenue and capital projects 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 date November 13, 2008, on our consideration of Union 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.

Union County, has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and budgetary comparison statements. The additional schedules listed as supplemental financial information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements and other opinion units listed above. Such information has been subjected to the auditing procedures applied in audit of the basic financial statements and other opinion units listed above and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole and other opinion units listed above.



Fierro & Fierro, P.A.  
Las Cruces, New Mexico

November 13, 2008

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO  
UNION COUNTY  
STATEMENT OF NET ASSETS  
JUNE 30, 2008**

	Primary Government
	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,486,766
Receivables, net of allowance for doubtful accounts:	
Accounts	544
Taxes	460,378
Intergovernmental	263,940
Interest	9,168
Prepaid expenses and deposits	37,226
Capital assets:	
Land	6,830
Other capital assets, net of depreciation	10,481,959
Total assets	15,746,811
<b>LIABILITIES</b>	
Accounts payable	147,724
Salaries and wages payable	59,679
Accrued interest payable	392
Deferred revenues	235,861
Long-term liabilities:	
Due within one year	55,935
Due in more than one year	52,737
Total liabilities	552,328
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	10,433,467
Unrestricted	4,761,016
Total net assets	\$ 15,194,483

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

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
UNION COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
Primary Government:					
Governmental Activities:					
General government	\$ 950,486	\$ -	\$ 415,080	\$ 13,087	\$ (522,319)
Public safety	829,287	306,625	719,059	22,400	218,797
Public works	1,505,538	567,525	-	363,747	(574,266)
Health and welfare	1,233,491	1,262,686	85,923	205,255	320,373
Interest on long-term debt	2,860	-	-	-	(2,860)
Total government activities	<u>\$ 4,521,662</u>	<u>\$ 2,136,836</u>	<u>\$ 1,220,062</u>	<u>\$ 604,489</u>	<u>(560,275)</u>
General Revenues:					
Property taxes					1,494,686
State shared taxes					508,669
Investment income					209,155
Total general revenues					<u>2,212,510</u>
Change in net assets					<u>1,652,235</u>
Net assets, beginning of year					13,139,486
Restatements					<u>402,762</u>
Restated net assets, beginning of year					<u>13,542,248</u>
Net assets, end of year					<u>\$ 15,194,483</u>

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

**STATE OF NEW MEXICO  
UNION COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	General Fund	Total Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 2,391,791	\$ 2,094,975	\$ 4,486,766
Receivables, net of allowance for doubtful accounts:			
Accounts	544	-	544
Taxes	121,584	338,794	460,378
Intergovernmental	140,570	123,370	263,940
Interest	7,424	1,744	9,168
Interfund balance	1,836	14,650	16,486
Prepaid expenses	21,060	16,166	37,226
	<u>\$ 2,684,809</u>	<u>\$ 2,589,699</u>	<u>\$ 5,274,508</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 70,992	\$ 76,732	\$ 147,724
Accrued salaries	57,158	2,521	59,679
Compensated absences	8,575	-	8,575
Interfund balance	2,451	14,035	16,486
Deferred revenues	288,839	27,894	316,733
	<u>428,015</u>	<u>121,182</u>	<u>549,197</u>
Fund Balances:			
Reserved:			
Debt service	-	-	-
Debt service reported in non-major:			
Special revenue funds	-	59,785	59,785
Capital project funds	-	-	-
Subsequent years' expenditures	-	-	-
Subsequent years' expenditures reported in non-major:			
Special revenue funds	-	2,211,666	2,211,666
Capital project funds	-	197,066	197,066
Unreserved	2,256,794	-	2,256,794
	<u>2,256,794</u>	<u>2,468,517</u>	<u>4,725,311</u>
Total liabilities and fund balances	<u>\$ 2,684,809</u>	<u>\$ 2,589,699</u>	<u>\$ 5,274,508</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
RECONCILIATION OF THE BALANCE SHEET  
GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2008

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

Total fund balances governmental funds (page six)	\$	4,725,311
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		10,488,789
Recognition of property tax revenues reflected on full accrual basis within the statement of net assets. Governmental funds recognize property tax on the modified accrual basis.		80,872
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(100,097)
Accrued interest payable on long-term debt as of year end is reflected as such within the statement of net assets. Governmental funds recognize the interest as it becomes due.		<u>(392)</u>
Net assets of governmental activities (page four)	\$	<u><u>15,194,483</u></u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Total Non-Major Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Local effort taxes	\$ 987,731	\$ 506,956	\$ 1,494,687
State shared taxes	824,276	1,600,549	2,424,825
Intergovernmental	771,493	1,053,057	1,824,550
Licenses and permits	150	-	150
Charges for services	35,250	78,562	113,812
Interest income	183,556	25,599	209,155
Miscellaneous	20,521	5,323	25,844
	<u>2,822,977</u>	<u>3,270,046</u>	<u>6,093,023</u>
Total revenues			
Expenditures:			
Current:			
General government	912,791	55,171	967,962
Public safety	263,406	565,880	829,286
Public works	1,505,538	-	1,505,538
Health and welfare	-	1,233,491	1,233,491
Capital outlay	6,465	599,082	605,547
Debt Service:			
Principal	-	22,755	22,755
Interest	-	3,880	3,880
	<u>2,688,200</u>	<u>2,480,259</u>	<u>5,168,459</u>
Total expenditures			
Excess of revenues over expenditures	134,777	789,787	924,564
Other Financing Sources (Uses):			
Operating transfer in	-	121,502	121,502
Operating transfer (out)	(113,897)	(7,605)	(121,502)
	<u>(113,897)</u>	<u>113,897</u>	<u>-</u>
Total other financing sources (uses)			
Excess of revenues and other sources over expenditures and other uses	20,880	903,684	924,564
Fund balance, beginning of year	2,235,380	999,549	3,234,929
Restatement	534	565,284	565,818
	<u>2,235,914</u>	<u>1,564,833</u>	<u>3,800,747</u>
Restated fund balance, beginning of year			
Fund balance, end of year	<u>\$ 2,256,794</u>	<u>\$ 2,468,517</u>	<u>\$ 4,725,311</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
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, 2008

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

Net change in fund balances total governmental fund (page eight)	\$ 924,564
Amount by which capital outlay expenditures in the governmental fund financial statements exceeded depreciation in the government-wide financial statements.	605,547
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	80,872
The issuance of long-term debt (e.g., notes, leases) provides current resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets.	22,755
Some expenditures reported in the governmental fund statement of revenues and expenditures require the use of current financial resources, however, the expenditures are not expenses within the current government-wide statement of activities. Likewise, some expenses within the statement of activities do not require the use of current financial resources.	18,496
Rounding	1
Change in net assets of government-wide financial statements (page five)	\$ 1,652,235

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
<b>Revenues:</b>				
Local effort taxes	\$ 864,868	\$ 864,868	\$ 974,485	\$ 109,617
State shared taxes	686,414	686,414	873,567	187,153
Intergovernmental	1,112,469	1,277,102	866,784	(410,318)
Licenses and permits	750	750	150	(600)
Charges for services	29,980	31,190	35,250	4,060
Interest	80,000	80,000	182,211	102,211
Miscellaneous	3,000	15,280	19,977	4,697
<b>Total revenues</b>	<b>2,777,481</b>	<b>2,955,604</b>	<b>2,952,424</b>	<b>(3,180)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,027,020	1,026,465	899,527	126,938
Public safety	1,362,848	1,626,761	1,491,659	135,102
Highway and streets	336,714	339,939	258,742	81,197
Capital outlay	160,500	72,040	6,465	65,575
<b>Total expenditures</b>	<b>2,887,082</b>	<b>3,065,205</b>	<b>2,656,393</b>	<b>408,812</b>
Excess (deficiency) of revenues over expenditures	(109,601)	(109,601)	296,031	405,632
<b>Other Financing Sources (Uses):</b>				
Transfers in	200,000	200,000	-	(200,000)
Transfers (out)	(200,000)	(312,214)	(113,897)	198,317
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(112,214)</b>	<b>(113,897)</b>	<b>(1,683)</b>
Net change in cash balance	(109,601)	(221,815)	182,134	403,949
Cash balance, beginning of year	2,209,123	2,209,123	2,209,123	-
Correction of error	-	-	534	534
<b>Cash balance, end of year</b>	<b>\$ 2,099,522</b>	<b>\$ 1,987,308</b>	<b>\$ 2,391,791</b>	<b>\$ 404,483</b>

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



## **FIDUCIARY FINANCIAL STATEMENT**

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2008

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash	\$ 221,680
Taxes receivable	<u>100,739</u>
Total assets	<u>322,419</u>
<b>Liabilities:</b>	
Deposits held for others	221,680
Due to other taxing units - future collections	<u>100,739</u>
Total liabilities	<u>322,419</u>
<b>Net Assets</b>	<u><u>\$ -</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Union County, New Mexico (County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

The County was established by the laws of the Territory of New Mexico of 1876, under the provisions of the act now referred to as Sections 4-9-1 and 4-9-2 of the New Mexico Statutes Annotated, 1978 Compilation. The County operates under the commission-manager form of government and provides the following services as authorized in the grant of powers: public safety (sheriff, fire, emergency medical, etc.), public works (highways and streets), sanitation, health and welfare services, culture and recreation, public improvements, planning and zoning, and general administration services.

The County's basic financial statements include all activities and accounts of the County's "financial reporting entity."

The financial reporting entity consists of the primary government, and any another organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Based on this criterion, there are no component units of the County.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been eliminated from these statements.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Government-Wide and Fund Financial Statements (continued)**

*Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. For identifying the function to which program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted. Revenues that are not classified as program revenues, including taxes and other items are reported instead as *general revenues*. The net cost (by function of governmental activity) is normally covered by general revenues (property, sales, intergovernmental revenues, interest income, etc.).

Separate financial statements are provided for the governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are detailed in the combining section of the statements.

The County's fiduciary funds (which have been refined and narrowed in scope) are presented in the fund financial statements by type. Since, by definition, these assets are being held of the benefit of a third part (other local governments and individuals) and cannot be used to address activities or obligations of the government, these funds are not incorporated into government-wide statements.

The government-wide focus is more on the sustainability of the County, as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, includes property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes recognized in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Derived tax revenues (i.e., sales taxes) are recognized in the period when the exchange transaction on the tax is imposed occurs or when the resources are received, whichever occurs first. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Property taxes, and sales tax revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases (e.g., revenues and expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus, Basis of Accounting,

**C. and Financial Statement Presentation (continued)**

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

All government-wide and proprietary funds financial statements of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, *Accounting Principles Board Opinions* and *Accounting Research Bulletins*, unless those pronouncements conflict with GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this limitation. The County has elected not to follow subsequent private-sector guidance.

The County reports the following major governmental fund:

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

Additionally, the County reports the following fiduciary fund type:

The *agency funds* account funds account for property taxes collected on behalf of other governments and for fees collected on behalf of the state of New Mexico Children's Trust Fund.

The County maintains twenty-six other individual governmental funds that are considered nonmajor funds, twenty-four are classified as special revenue funds and two are classified as capital project funds. A description of each fund follows the notes to financial statements.

**D. Budgets**

Budgets for all funds are prepared by management and approved by the local commission and the New Mexico Department of Finance and Administration. The County Manager is responsible for preparing the budget from requests submitted by elected officials and department heads. The appropriated budget is prepared by line item within object class, program, department and fund; revenues expected to be available are estimated to provide for balanced budgeting. The comprehensive budget package is brought before the County Commissioners for approval by resolution. The proposed budget is then submitted by June 1<sup>st</sup> to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a pending budget by July 1<sup>st</sup> with final certification of the budget by the first Monday of September.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgets (continued)**

The expenditure section of the budget, once adopted, is legally binding. Based on the final certified budget submitted, DFA certifies the allowable tax rates for property taxes in September. These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds are reappropriated in the budget of the subsequent fiscal year. The budget process in the state of New Mexico requires that the beginning cash balance be utilized to fund deficit budgets appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is, therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only local commission approval. If a transfer between "funds" or a budget increase is required, approval must be obtained from the Department of Finance and Administration.

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

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

**1. Deposits and Investments**

Investments in the County's cash and investment pool are stated at cost, which approximates fair value. All other investments are carried at fair market value using quoted market prices. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivable or interfund payable. Long-term 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. The County is responsible for assessing, collecting and distributing property taxes for other governmental entities and its own operational and debt service purposes. Property taxes are assessed on November 1<sup>st</sup> of each year based on the assessed value on the prior January 1<sup>st</sup> and are payable in two equal installments by November 10<sup>th</sup> of the year in which the tax bill is prepared and by April 10<sup>th</sup> of the following year.



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**2. Receivables and Payables (continued)**

Property taxes are delinquent if not paid by December 10<sup>th</sup> and May 10<sup>th</sup>. Taxes on real property are a lien from January 1<sup>st</sup> of the year for which the taxes are imposed. Collections and remittance of County property taxes are accounted for in the County Treasurer Agency Funds. Therefore, revenues for budgetary purposes are recorded when taxes are distributed to the general operating and debt service funds. The billings are considered past due 60 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

**3. Inventories and Prepaid Items**

The inventories in the general fund consist of fuel, vehicle parts, and fluids. Inventories are recorded using first-in, first-out cost method. The costs of inventories in governmental fund types are recorded as expenditures when purchased, therefore, the inventory amount is not available for appropriation.

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.

**4. Interfund Activity**

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

**5. Capital Assets**

Capital assets, which include property, plant, and equipment, infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Prior to June 17, 2005, the County defined capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Effective June 17, 2005, in accordance with state statutes, the County changed its capitalization threshold to include only assets with a cost of \$5,000 or more. All assets capitalized prior to June 17, 2005, which are property of the County; remain on the financial and accounting records of the County.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**5. Capital Assets (continued)**

Purchased computer software is recorded at historical cost. Purchased or constructed assets are recorded at historical cost or estimated cost. Donated capital assets are recorded as estimated fair market value at the date of the donation. In accordance with GASB No. 34, the County is required to report newly acquired or constructed general infrastructure.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets contracted. There was no interest expense incurred by the County during the current year. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Infrastructure	10-80
Buildings and other improvements	15-40
Machinery and equipment (including computer software)	5-10
Hospital equipment	5-10

**6. Compensated Absences**

County employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

County employees may accumulate limited amounts of sick leave. For governmental funds, expenditures are recognized during the period in which sick leave costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**7. Long-Term Obligations**

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

**8. Net Assets**

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as follows:

*Investment in capital assets, net of related debt* – This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

*Restricted net assets* – This category reflects the portion of net assets that have third party limitations on their use.

*Unrestricted net assets* – This category reflects net assets of the County, not restricted for any project or other purpose.

**9. Fund Equity Reservation and Designations**

In the fund financial statements, governmental funds reports reservations of fund balance for amounts that are not available for appropriation or are legally restricted. Designations represent tentative managerial plans that are subject to change. Fund equity was reserved or designated for:

*Unreserved, designated for subsequent years' expenditures* – Represents the amounts, other than carryover expenditures, which are required to be designated for subsequent years' expenditures.

*Unreserved, undesignated* – Amounts that have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the County.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**10. Bond Discounts/Issuance Costs**

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts are presented as a reduction of the face amount of bonds proceeds whereas issuance costs are recorded as expenditures.

**11. Use of Estimates**

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

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of Certain Differences Between the Governmental Fund

A. Balance Sheet and the Governmental-Wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the governmental-wide statement of net assets. One element of that reconciliation explains, "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Capital lease payable	\$	(14,809)
Notes payable		(41,283)
Compensated absences payable		<u>(44,005)</u>
Net adjustments to reduce fund balances- total governmental funds to arrive at net assets-governmental activities	\$	<u><u>(100,097)</u></u>

Explanation of Certain Differences Between the Governmental  
Fund Statement of Revenues, Expenditures, and Changes in

B. Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, "Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses." The details of this difference are as follows:

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

**RECONCILIATION OF GOVERNMENT-WIDE  
2. AND FUND FINANCIAL STATEMENTS (continued)**

Explanation of Certain Differences Between the Governmental  
Fund Statement of Revenues, Expenditures, and Changes in  
B. Fund Balances and the Government-Wide Statement of Activities (continued)

Capital outlay	\$ 605,547
Depreciation expense	<u>-</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of government activities	<u>\$ 605,547</u>

An element of that reconciliation states that, “the issuance of long-term debt (e.g., notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of this difference are as follows:

Repayment of long-term debt	<u>\$ 22,755</u>
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An element of that reconciliation states that, *revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.* The details of these differences are as follows:

Decrease in property tax revenues	<u>\$ 80,872</u>
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An element of that reconciliation states, “Some expenditures reported in the governmental fund statement of revenues and expenditures require the use of current financial resources, however, the expenditures are not expenses with the government-wide statement of activities. Likewise, some expenses within the statement of activities do not require the use of current financial statements.” The details of this difference are as follows:

Net accrual of compensated absences	\$ 17,476
Net accrual of interest expense	<u>1,020</u>
Total expenses within statement of activities that do not require the use of current financial resources	<u>\$ 18,496</u>

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

**3. RECONCILIATION OF BUDGETARY COMPARISON SCHEDULE AND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	<u>General Fund</u>
Sources/Inflows of Operating Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 2,952,424
Differences - Budget to GAAP:	
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	(76,469)
Deferral of revenues that are not considered an inflow or revenues for financial purposes but are considered an inflow or revenue for budgetary basis.	<u>(52,978)</u>
Total operating revenues as reported on the statement of revenues, expenditures, and changes in fund balances	<u><u>\$ 2,822,977</u></u>
Uses/Outflows of Operating Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 2,656,393
Differences - Budget to GAAP:	
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	23,577
The County budgets for salaries paid for during the current accounting period. Accrual of salaries are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>8,230</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	<u><u>\$ 2,688,200</u></u>
Other Sources (Uses) of Resources:	
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement.	\$ (113,897)
Differences - Budget to GAAP:	
None	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenses and changes in fund balances	<u><u>\$ (113,897)</u></u>

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

**4. CASH DEPOSITS**

Cash

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more bank 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 of America 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.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer's investment pool, or 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.

Cash Deposited With Financial Institutions

The County maintains cash in two financial institutions within Union County, New Mexico. The County's deposits are carried at cost.

As of June 30, 2008, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	Per Institution	Reconciling Items	Per Financial Statements
Cash on hand	\$ -	\$ 250	\$ 250
First National Bank	2,710,997	(22,925)	2,688,072
Farmer's & Stockmen's Bank	2,014,985	5,139	2,020,124
	\$ 4,725,982	\$ (17,536)	\$ 4,708,446
Statement of Net Assets:			
Cash			\$ 4,486,766
Statement of fiduciary assets and liabilities - agency funds			221,680
Total cash reported on financial statements			\$ 4,708,446

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the County. All deposits are collateralized with eligible securities, as described by New Mexico State statute, in amounts equal to at least 50% of the County carrying value of the deposits (demand and certificates of deposit).

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

**4. CASH DEPOSITS (continued)**

*Cash Deposited With Financial Institutions (continued)*

	First National Bank	Farmer's & Stockmen's Bank
Checking accounts	\$ 910,997	\$ 499,764
Certificates of deposit	<u>1,800,000</u>	<u>1,515,221</u>
Total deposits	2,710,997	2,014,985
FDIC coverage	<u>(200,000)</u>	<u>(200,000)</u>
Uninsured public funds	<u>\$ 2,510,997</u>	<u>\$ 1,814,985</u>
Pledged securities	\$ 1,573,660	\$ 1,007,415
Collateral requirements (50% of uninsured public funds)	<u>1,255,499</u>	<u>907,492</u>
Over (under) collateralization	<u>\$ 318,162</u>	<u>\$ 99,923</u>

A detailed listing of the pledged collateral is contained in the supplemental financial information section of this report. According to the Federal Deposit Insurance Corporation, public unit deposits are owned by the public unit. Time deposits, savings deposits and interest bearing money market accounts at a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

*Custodial Credit Risk – Deposits* – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$4,325,982 of the County's bank balance of \$4,725,982 was exposed to custodial credit risk as follows:

	First National Bank	Farmer's & Stockmen's Bank
Uninsured and collateral held by pledging bank's trust department or agent not in the County's name	<u>\$ 2,510,997</u>	<u>\$ 1,814,985</u>

**5. INTERGOVERNMENTAL RECEIVABLES**

Amounts due from other governments at June 30, 2008, consisted of the following:



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

**5. INTERGOVERNMENTAL RECEIVABLES (continued)**

Grip II Road Project	\$	136,353
Homeland Security grant		62,872
Health Council Coordinator		15,000
Energy, Minerals and Natural Resources		12,910
Wildfire Protection		10,000
State fire reimbursements		8,371
Youth Conservation Corps		7,802
Emergency management		4,217
Water quality grant		3,722
DWI program grant		2,447
Corrections fees		<u>246</u>
Total	\$	<u><u>263,940</u></u>

**6. TAXES RECEIVABLE**

Amounts due from local effort and state shared taxes at June 30, 2008, consisted of the following:

		<u>Governmental Activities</u>
Property taxes	\$	101,089
Local effort sales taxes		303,927
State shared taxes		<u>55,362</u>
Total	\$	<u><u>460,378</u></u>

**7. INTEREST RECEIVABLE**

Amounts due from county investments interest at June 30, 2008, consisted of the following:

		<u>Governmental Activities</u>
Interest on County Investments	\$	<u>9,168</u>

**8. PROPERTY TAX**

A tax is imposed upon all property located within Union County subject to valuation for property taxation purposes under Article 36, Chapter 7 NMSA 1978. By April 1<sup>st</sup> of each year, the County assessor mails a notice to each property owner informing him of the net value of his property that has been valued for property evaluation purposes by the assessor.

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

**8. PROPERTY TAX (continued)**

A property owner may protest the value or classification determined for his property for property taxation purposes, the allocation of value of his property to a particular governmental unit, or a denial of a claim for an exemption, or for a limitation on increase in value. No later than September 1<sup>st</sup> of each year, the secretary of finance and administration shall, by written code, set the property tax rates for the governmental units sharing in the tax in accordance with the property tax code. After receipt of the rate-setting order and the order imposing the tax, but no later than October 1<sup>st</sup> of each tax year, the County assessor shall prepare a property tax schedule for all property subject to property taxation in the County. A copy of the property tax schedule prepared by the assessor shall be delivered to the County treasurer on October 1<sup>st</sup> of each tax year.

Upon receipt of the property tax schedule, the County treasurer shall prepare and mail property tax bills. Tax bill shall be mailed no later than November 1<sup>st</sup> of each tax year.

Property taxes are payable to the County treasurer in two equal installments due on November 10th of the year in which the tax bill was prepared and mailed, and on April 10th of the following year. Property taxes that are not paid within thirty days after the date on which they are due are delinquent. Delinquent taxes are subject to penalties and interest. Taxes on real property are a lien against the real property from January 1st of the tax year that the taxes are imposed. The lien runs in favor of the state and secures the payment of taxes on real property and any penalty and interest that may become due. The lien continues until the taxes and any penalty and interest are paid.

The County treasurer has the responsibility and authority for collection of taxes and any penalties or interest due under the property tax code. The County treasurer shall distribute the receipts from collected taxes to each government unit in an amount and in a manner determined in accordance with the law and with the regulation of the Department of Finance and Administration.

The County is permitted to levy taxes for general operating purposes up to \$11.85 per \$1,000 of taxable value for both residential and non-residential property, taxable value being defined as one third of the fully assessed value. In addition, the County is allowed to levy taxes for payments of bond principal and interest in amounts approved by County voters.

The County's operating tax rate to finance general government services for 2007 was \$9.150 per \$1,000 for non-residential property and \$7.051 per \$1,000 for residential property. As of June 30, 2008, the following amounts of property taxes were reflected in the respective financial statements:

	Statement of Net Assets	Agency Funds
Property tax receivable	\$ 101,089	\$ 100,739

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

**9. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2008:

	Balance 06/30/07	Increases	Decreases	Balance 06/30/08
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,830	\$ -	\$ -	\$ 6,830
Other capital assets, being depreciated:				
Buildings	11,197,558	277,159	-	11,474,717
Improvements	1,730,600	-	-	1,730,600
Furniture, fixtures and equipment	3,628,625	328,388	(73,762)	3,883,251
Hospital mill levy	887,919	-	-	887,919
Total other capital assets, being depreciated	17,444,702	605,547	(73,762)	17,976,487
Less accumulated depreciation for:				
Buildings	(3,935,247)	-	-	(3,935,247)
Improvements	(959,048)	-	-	(959,048)
Furniture, fixtures and equipment	(2,673,995)	-	73,762	(2,600,233)
Total accumulated depreciation	(7,568,290)	-	73,762	(7,494,528)
Other capital assets, net	9,876,412	605,547	-	10,481,959
Total capital assets, net	<u>\$ 9,883,242</u>	<u>\$ 605,547</u>	<u>\$ -</u>	<u>\$ 10,481,959</u>

The County did not record depreciation expense for the year ended June 30, 2008.

**10. LONG-TERM OBLIGATIONS**

During an intensive review of long-term obligation balances, the County discovered numerous errors. The following is the correction to adjust the prior year's ending balances to the correct amounts.

	Balance 06/30/07	Corrections	Restated Balance 06/30/07
Governmental Activities:			
Note payable	\$ 50,000	\$ -	\$ 50,000
Capital lease	24,848	3,999	28,847
Compensated absences	55,588	5,893	61,481
Total	<u>\$ 130,436</u>	<u>\$ 9,892</u>	<u>\$ 140,328</u>

Compensated absences liability activity for the year ended June 30, 2008, was as follows:

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

**10. LONG-TERM OBLIGATIONS (continued)**

	Restated Balance 06/30/07	Additions	Deletions	Balance 06/30/08	Amounts Due Within One Year
Governmental Activities:					
Notes payable	\$ 50,000	\$ -	\$ (8,717)	\$ 41,283	\$ 9,867
Capital leases	28,847	-	(14,038)	14,809	14,809
Compensated absences	61,481	51,779	(60,680)	52,580	31,259
Total long-term debt	<u>\$ 140,328</u>	<u>\$ 51,779</u>	<u>\$ (83,435)</u>	<u>\$ 108,672</u>	<u>\$ 55,935</u>

Payments made on the note payable to the New Mexico Finance Authority are made by the Amistad and Hayden Fire District special revenue funds. The general fund makes payments on capital leases that pertain to the County's governmental activities. In addition, the general fund has typically been used to liquidate compensated absences.

Note Payable – New Mexico Finance Authority

On October 20, 2006, the County borrowed \$50,000 from the New Mexico Finance Authority for the purchase of a fire tanker for the Amistad and Hayden Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2012. The annual payment is approximately \$11,000 with accrued interest at 3% (includes the administrative charge). The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2009	9,867	1,135	11,002
2010	10,163	864	11,027
2011	10,469	584	11,053
2012	10,784	297	11,081
	<u>\$ 41,283</u>	<u>\$ 2,880</u>	<u>\$ 44,163</u>

Capital Lease – New Mexico Finance Authority

On March 28, 2001, the County entered into a Lease with Option to Purchase Agreement with Kansas State Bank of Manhattan for the purchase of a fire truck for the Rabbit Ear Volunteer Fire Department. The lease agreement matures March 28, 2009. The annual payment is approximately \$15,600 with accrued interest at 5.49%. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2009	<u>\$ 14,809</u>	<u>\$ 813</u>	<u>\$ 15,622</u>

**STATE OF NEW MEXICO  
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**10. LONG-TERM OBLIGATIONS (continued)**

*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. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the general fund.

In the past, the liability for compensated absences has been liquidated by the General Fund.

**11. DEFERRED REVENUES**

The County has recorded deferred revenues in the amount of \$235,861 within the statement of net assets as of June 30, 2008. The deferred revenue is composed of advances received on various road projects.

In addition to the deferred revenues of \$235,861, the County has recorded deferred revenues of \$80,872 within the governmental general fund. This amount represents non-current property taxes.

**12. INTERFUND BALANCES AND TRANSFERS**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Legislature Appropriations	\$ 1,836
DWI State Grant	General Fund	2,451
Capital Improvements	Rabbit Ear Fire District	<u>12,199</u>
	Total	<u>\$ 16,486</u>

These balances resulted from the time lag between the transactions and the receipt of revenue to offset the expenditures and advances of pooled cash between funds. The balances are expected to be repaid within one year.

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**12. INTERFUND BALANCES AND TRANSFERS (continued)**

	Transfers In		Total
	General Fund	Nonmajor Governmental Funds	
Transfers (Out):			
General Fund	\$ -	\$ 113,897	\$ 113,897
Nonmajor Governmental Funds	-	7,605	7,605
Total	<u>\$ -</u>	<u>\$ 121,502</u>	<u>\$ 121,502</u>

Transfers are used to move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**13. TAXES**

Local effort and state shared revenues as of June 30, 2008:

	General Fund	Total Non-Major Funds	Total Governmental Funds
Local Effort Taxes:			
Property taxes	\$ 987,731	\$ 506,956	\$ 1,494,687
State Shared Taxes:			
Cigarette taxes	\$ 1	-	\$ 1
Gasoline taxes	191,224	-	191,224
Gross receipts taxes	866	1,479,229	1,480,095
Oil and gas	239,587	121,320	360,907
Motor vehicle registrations	392,598	-	392,598
	<u>\$ 824,276</u>	<u>\$ 1,600,549</u>	<u>\$ 2,424,825</u>

**14. OPERATING LEASES**

The County is committed under various road fund equipment operating leases, which management does not anticipate will be cancelled. The lease agreements do not provide for renewal or purchase options. The County is obligated to properly maintain the equipment and return it in accordance with specified conditions. The lessor must be reimbursed for costs to restore equipment to these specified conditions.

Future minimum operating lease requirements are as follows:

<u>Fiscal Year Ending</u>	
June 30, 2009	\$ 161,376
June 30, 2010	124,776
June 30, 2011	124,776
June 30, 2012	104,724
June 30, 2013	3,590
	<u>\$ 519,242</u>

**STATE OF NEW MEXICO**  
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**14. OPERATING LEASES (continued)**

In addition, the County has entered into an agreement to lease a computer system. The agreement includes the use of the computer software and support. The agreement is renewable annually. The County expects that in the normal course of business, the computer agreement will continue to be required. For the fiscal year ended June 30, 2008, the County expended \$42,424 for the computer agreement.

**15. RESTATEMENT OF NET ASSETS**

During the fiscal year ended June 30, 2008, the County determined that changes to the beginning of year net assets were necessary. A description and the effect of the changes are as follows:

	Government Activities	Individual Funds
	<hr/>	<hr/>
<b>Rabbit Ear Fire District</b>		
Deferred revenues from fire allotments overstated at beginning of the year	\$ 35,643	\$ 35,643
<b>Grenville Fire District</b>		
Deferred revenues from fire allotments overstated at beginning of the year	7,789	\$ 7,789
<b>Capulin Fire District</b>		
Deferred revenues from fire allotments overstated at beginning of the year	10,606	\$ 10,606
<b>Sedan Fire District</b>		
Deferred revenues from fire allotments overstated at beginning of the year	172,977	\$ 172,977
<b>Amistad/Hayden Fire District</b>		
Deferred revenues from fire allotments overstated at beginning of the year	54,887	\$ 54,887
<b>Fire Marshal Fund</b>		
Deferred revenues from fire allotments overstated at beginning of the year	43,670	\$ 43,670
<b>Legislative Appropriations</b>		
Deferred revenues from legislative appropriations overstated at beginning of year	29,542	\$ 29,542
<b>General Fund</b>		
Cash correction to include Clerk's refund bank account	534	\$ 534

**STATE OF NEW MEXICO  
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**15. RESTATEMENT OF NET ASSETS (continued)**

	Government Activities	Individual Funds
<b>Hospital Mill Levy Fund</b>		
Included as agency fund in prior year	210,170	\$ 210,170
<b>Compensated Absences</b>		
Corrections for understated beginning of year balances	(5,893)	
<b>Property Taxes</b>		
Overstated taxes receivables incorrectly posted in the agency fund	153,164	
<b>Lease Payable</b>		
Corrections for understated beginning of year balances	(3,999)	
	\$ 402,762	

**16. RETIREMENT PLAN**

*PERA*

Plan Description

Substantially all of the County's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement 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, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

Funding Policy

Plan members are required to contribute from 9.15% to 12.30% (ranges from 4.78% to 16.65% depending upon the plan – i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The County is required to contribute from 9.15% to 18.5% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. 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 fiscal years ending June 30, 2008, 2007, and 2006 were \$165,320, \$137,696 and \$139,523, respectively, equal to the amount of the required contributions for each year.



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**17. POST-EMPLOYMENT BENEFITS**

Plan Description

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

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

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

Funding Policy

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 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.

**STATE OF NEW MEXICO**  
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**17. POST-EMPLOYMENT BENEFITS (continued)**

Funding Policy (continued)

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

The County's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$5,705, \$4,922 and \$10,003, respectively, which equal the required contributions for each year.

Pursuant to GASB 43, a current legal determination has been made whereby the Retiree Healthcare Authority is considered a multiple employer cost sharing trust. Under this determination, the extensive OPEB disclosure concerning the funded status of the plan is made on the Authority's books rather than at the participant or agency level. Accordingly, no accrual has been made for this liability on the County's books.

**18. CONTINGENT LIABILITIES**

Grant Awards

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal 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 cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

**19. SUBSEQUENT EVENTS**

The County has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by loan agreements and state appropriations, constitute future commitments.

**20. COMMITMENTS AND CONTINGENCIES**

Risk Management

The County is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insured fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The County pays an annual premium to New Mexico Self-Insured fund for its general insurance coverage and all risk of loss is transferred.

**STATE OF NEW MEXICO**  
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**20. COMMITMENTS AND CONTINGENCIES (continued)**

*Litigation*

The County has various claims and lawsuits pending against the County. The County's attorney believes that no liability or damages could accrue to Union County other than payment of attorney and other legal fees.

**21. RELATED PARTY TRANSACTIONS**

The County entered into an agreement with Sowers Construction to work on the Rabbit Ear Fire Substation. Sowers Construction is owned and operated by the spouse of the County Clerk. During this fiscal year, Sowers Construction was paid \$45,553.

**22. JOINT POWERS AGREEMENTS**

Union County is a part to two joint powers agreements.

On September 4, 2003, the County entered into an agreement with Town of Clayton (Town) pursuant to New Mexico Joint Powers Agreement Act, NMSA 1978, Section 11-1-1. The Town agrees to provide housing for County inmates at the Clayton town jail. The Town will provide the staff and facilities to house the inmates. The County paid the Town \$130,022 in this fiscal year for the following services:

- 60% of the total actual operating costs and of the personnel cost for the relief jailer.
- 20% of personnel cost for administrative.
- 15% of the personnel cost for the chief of police.
- 100% of the cost of medical care, prescription drugs, and the guarding of County inmates while at medical appointments and in the hospital.

Either party, upon 60 days written notice to the other party, may terminate the agreement, or it may terminate by Union County's failure to pay the amount it is obligated to pay. The agreement shall automatically renew on July 1<sup>st</sup> of each year, unless modified by a written agreement between the parties. The Town of Clayton is responsible for maintaining the accounting records and they have the audit responsibility.

On September 9, 2003, Union County the Town of Clayton, and Clayton Consolidated School District entered into a joint powers agreement to operate a radio communications system, jointly and separately, for the peace, health and safety of the public. Each participant agrees to budget in cash, or in-kind, on a pro-rata basis the annual cost of operating the Center based on actual weighted radio traffic. The County has agreed to budget 45% of the annual cost of operations. The duration of this agreement is until rescinded or terminated by any party giving 90 days written notice to the other parties. The Town of Clayton has audit responsibility for the agreement. Member of this Board will include the Board of County Commissioners. The County Manager will serve as advisor to the Board. In this fiscal year, the County expended \$97,983.

**AUDITED SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO**  
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**SPECIAL REVENUE FUNDS**

Are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

**Farm and Range** – To account for the maintenance, improvements and animal control of federal land under Section 10 of the Taylor Grazing Act of 6-28-34. The Taylor Grazing Co-op Agreement provides financing. Funds received under this agreement are to be used strictly for the maintenance, improvements and animal control of this federal land. The authority for the fund is given by NMSA 6-11-5.

**Recreation** – To account for the operations and maintenance of county-owned recreation facilities. Financing is provided by the County's share of cigarette tax. State law requires the use of these cigarette taxes to be used for recreation purposes. The authority for the fund is given by NMSA 7-12-11 through 7-12-17.

**County Clerk's Equipment** – To account for funds collected to be used for purchase of special equipment. The authority for the fund is given by NMSA 14-8-12.2.

**Indigent Hospital** – To account for the revenues received from state gross receipts taxes for hospital service for indigent citizens of the County. The authority for the fund is given by NMSA 7-20E-9.

**Correctional Gross Receipts** – To account for gross receipt taxes received and reserved for expenditures to the Town of Clayton for housing of County inmates. The authority for the creation of this fund is County gross receipts tax ordinance number 25.

**Correction Fees** – To account for the revenues and expenditures for the operation and maintenance of the County's correction facilities. The authority for the fund is given by NMSA 35-14-11.

**DWI State Grant** – To account for State revenues and expenditures for intervention, prevention, education, and support of the local DWI program. The authority for the fund is given by NMSA 11.6A-3.

**Reappraisal** – To account for the proceeds from property taxes and the one-percent administrative fees assessed by county treasurers to revenue recipients. The authority given by NMSA 7-38-38.1

**Emergency Services General Gross Receipts Tax** – To account for gross receipts taxes received and reserved for expenditures for emergency communications center and emergency medical services. The authority for the fund is given by NMSA 7-20E-22.

**Health Council** – To account for the revenues and expenditures of the professional service contract with the state of New Mexico to establish a health council.

**General Gross Receipts** – To account for gross receipts taxes received and the expenditures of said taxes deemed necessary by the County. The authority for the fund is given by County gross receipts tax ordinance.

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JUNE 30, 2008

**SPECIAL REVENUE FUNDS (continued)**

**Gross Receipts Reserve** – To account for gross receipts taxes received and reserved for future expenditures deemed necessary by the County. The authority for the fund is given by County gross receipts tax ordinance.

**Law Enforcement** – To account for the County's state distribution of Law Enforcement Protection funds to be used for the repair and/or replacement of law enforcement equipment. The authority for the fund is given by NMSA 29-13-1.

**Hospital Mill Levy** – To account for the 4¼ mill levy received, which is used for the maintenance and purchases of capital equipment for the hospital.

**Special Hospital Gross Receipts Tax** - To account for the ¼ of 1% (.25%) gross receipts taxes received and reserved for the acquisition or construction of land or buildings and for operations and maintenance of the County hospital. The authority for this fund is given by County ordinance number 33.

**Capulin Fire District** - To account for State revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

**Sedan Fire District** - To account for State revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

**Amistad and Hayden Fire District** – To account for State revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

**Rabbit Ear Fire District** - To account for State revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

**Grenville Fire District** – To account for State revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

**Capulin EMS** – To account for the operations and maintenance of medical service equipment in the Capulin EMS district within the County. The authority for the fund is given by NMSA 24-10A-1 to 24-10A-10.

**Amistad and Hayden EMS** – To account for the operations and maintenance of medical service equipment in the Amistad and Hayden EMS district within the County. The authority for the fund is given by NMSA 24-10A-1 to 24-10A-10.

**Fire Marshall** – To account for the revenues received and the expenditures thereof from the governmental service agreement with Energy Natural Minerals Research Department to coordinate wild land fire management activities in Union County.

**Hospital Operations** – To account for payments for the operations and maintenance of the hospital.

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**CAPITAL PROJECTS FUNDS**

**Legislature Appropriation** – To account for special appropriations received and the expenditures thereof from the New Mexico Legislature.

**Capital Improvements** – To account for funds from federal, state and local sources for capital projects throughout the County. This includes co-operative agreements with the New Mexico Department of Transportation to construct or improve selected projects.

**STATE OF NEW MEXICO  
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COMBINING BALANCE SHEETS  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	Special Revenue Funds									
	Farm and Range	Recreation	County Clerk's Equipment	Indigent Hospital	Correctional Gross Receipts	Correction Fees	DWI State Grant	Reappraisal	Emergency Services General GRT	Health Council
<b><u>ASSETS</u></b>										
Cash	\$ 99	\$ -	\$ 18,831	\$ 39,009	\$ 171,209	\$ 116,922	\$ 17,359	\$ 43,248	\$ 113,735	\$ 11,000
Receivables, net of allowances for doubtful accounts:										
Taxes	-	-	-	86,674	43,260	-	-	2,400	43,251	-
Intergovernmental	-	-	-	-	-	246	2,447	-	-	15,000
Interest	-	-	-	-	-	-	-	-	-	-
Interfund balance	-	-	-	-	-	-	2,451	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 18,831</u>	<u>\$ 125,683</u>	<u>\$ 214,469</u>	<u>\$ 117,168</u>	<u>\$ 22,257</u>	<u>\$ 45,648</u>	<u>\$ 156,986</u>	<u>\$ 26,000</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 8,670	\$ 3,725	\$ 10,645	\$ 884	\$ 9,066	\$ 26,000
Accrued salaries and benefits	-	-	-	-	-	-	1,688	-	-	-
Deferred revenues	-	-	-	-	-	-	-	1,920	-	-
Interfund balance	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	8,670	3,725	12,333	2,804	9,066	26,000
Fund Balances:										
Reserved for debt service	-	-	-	-	-	-	-	-	-	-
Reserved for subsequent years	99	-	18,831	125,683	205,799	113,443	9,924	42,844	147,920	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>99</u>	<u>-</u>	<u>18,831</u>	<u>125,683</u>	<u>205,799</u>	<u>113,443</u>	<u>9,924</u>	<u>42,844</u>	<u>147,920</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 18,831</u>	<u>\$ 125,683</u>	<u>\$ 214,469</u>	<u>\$ 117,168</u>	<u>\$ 22,257</u>	<u>\$ 45,648</u>	<u>\$ 156,986</u>	<u>\$ 26,000</u>

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



**STATE OF NEW MEXICO  
UNION COUNTY  
COMBINING BALANCE SHEETS  
NON-MAJOR GOVERNMENTAL FUNDS  
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	Special Revenue Funds							
	General Gross Receipts	Gross Receipts Reserve	Law Enforcement	Hospital Mill Levy	Special Hospital GRT	Capulin Fire District	Sedan Fire District	Amistad & Hayden Fire Dist.
<b><u>ASSETS</u></b>								
Cash	\$ 421,793	\$ 420,053	\$ 699	\$ 313,436	\$ -	\$ 12,563	\$ 58,415	\$ 86,072
Receivables, net of allowances for doubtful accounts:								
Taxes	43,338	21,669	-	32,467	65,735	-	-	-
Intergovernmental	-	-	-	-	-	2,667	5,705	-
Interest	-	368	-	-	-	106	344	450
Interfund balance	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	3,139	3,199	3,075
Total assets	<u>\$ 465,131</u>	<u>\$ 442,090</u>	<u>\$ 699</u>	<u>\$ 345,903</u>	<u>\$ 65,735</u>	<u>\$ 18,475</u>	<u>\$ 67,663</u>	<u>\$ 89,597</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,654	\$ 524	\$ 1,362
Accrued salaries and benefits	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	25,974	-	-	-	-
Interfund balance	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	25,974	-	4,654	524	1,362
Fund Balances:								
Reserved for debt service	-	-	-	-	-	-	-	44,163
Reserved for subsequent years	465,131	442,090	699	319,929	65,735	13,821	67,139	44,072
Unreserved	-	-	-	-	-	-	-	-
Total fund balances	<u>465,131</u>	<u>442,090</u>	<u>699</u>	<u>319,929</u>	<u>65,735</u>	<u>13,821</u>	<u>67,139</u>	<u>88,235</u>
Total liabilities and fund balances	<u>\$ 465,131</u>	<u>\$ 442,090</u>	<u>\$ 699</u>	<u>\$ 345,903</u>	<u>\$ 65,735</u>	<u>\$ 18,475</u>	<u>\$ 67,663</u>	<u>\$ 89,597</u>

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

**STATE OF NEW MEXICO  
UNION COUNTY  
COMBINING BALANCE SHEETS  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	Special Revenue Funds						Total Special Revenue Funds
	Rabbit Ear Fire District	Grenville Fire District	Capulin EMS	Amistad & Hayden EMS	Fire Marshall	Hospital Operations	
<b><u>ASSETS</u></b>							
Cash	\$ 41,848	\$ 22,535	\$ 433	\$ 4,812	\$ 68,597	\$ -	\$ 1,982,668
Receivables, net of allowances for doubtful accounts:							
Taxes	-	-	-	-	-	-	338,794
Intergovernmental	12,909	-	-	-	10,000	-	48,974
Interest	317	159	-	-	-	-	1,744
Interfund balance	-	-	-	-	-	-	2,451
Prepaid expenses	3,769	2,984	-	-	-	-	16,166
<b>Total assets</b>	<b><u>\$ 58,843</u></b>	<b><u>\$ 25,678</u></b>	<b><u>\$ 433</u></b>	<b><u>\$ 4,812</u></b>	<b><u>\$ 78,597</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,390,797</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
Liabilities:							
Accounts payable	\$ 9,184	\$ 160	\$ -	\$ 1,018	\$ 840	\$ -	\$ 76,732
Accrued salaries and benefits	-	-	-	-	833	-	2,521
Deferred revenues	-	-	-	-	-	-	27,894
Interfund balance	12,199	-	-	-	-	-	12,199
<b>Total liabilities</b>	<b>21,383</b>	<b>160</b>	<b>-</b>	<b>1,018</b>	<b>1,673</b>	<b>-</b>	<b>119,346</b>
Fund Balances:							
Reserved for debt service	15,622	-	-	-	-	-	59,785
Reserved for subsequent years	21,838	25,518	433	3,794	76,924	-	2,211,666
Unreserved	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b><u>37,460</u></b>	<b><u>25,518</u></b>	<b><u>433</u></b>	<b><u>3,794</u></b>	<b><u>76,924</u></b>	<b><u>-</u></b>	<b><u>2,271,451</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 58,843</u></b>	<b><u>\$ 25,678</u></b>	<b><u>\$ 433</u></b>	<b><u>\$ 4,812</u></b>	<b><u>\$ 78,597</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,390,797</u></b>

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

**STATE OF NEW MEXICO  
UNION COUNTY  
COMBINING BALANCE SHEETS  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	Capital Projects Funds			
	Legislature Appropriation	Capital Improvements	Total Capital Project Funds	Total Non-Major Funds
<b><u>ASSETS</u></b>				
Cash	\$ 6,656	\$ 105,651	\$ 112,307	\$ 2,094,975
Receivables, net of allowances for doubtful accounts:				
Taxes	-	-	-	338,794
Intergovernmental	-	74,396	74,396	123,370
Interest	-	-	-	1,744
Interfund balance	-	12,199	12,199	14,650
Prepaid expenses	-	-	-	16,166
Total assets	\$ 6,656	\$ 192,246	\$ 198,902	\$ 2,589,699
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 76,732
Accrued salaries and benefits	-	-	-	2,521
Deferred revenues	-	-	-	27,894
Interfund balance	1,836	-	1,836	14,035
Total liabilities	1,836	-	1,836	121,182
Fund Balances:				
Reserved for debt service	-	-	-	59,785
Reserved for subsequent years	4,820	192,246	197,066	2,408,732
Unreserved	-	-	-	-
Total fund balances	4,820	192,246	197,066	2,468,517
Total liabilities and fund balances	\$ 6,656	\$ 192,246	\$ 198,902	\$ 2,589,699

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Special Revenue Funds										
	Farm and Range	Recreation	County Clerk's Fees	Indigent Hospital	Correctional Gross Receipts	Correction Fees	DWI State Grant	Reappraisal	Emergency Services General GRT	Health Council	General Gross Receipts
<b>Revenues:</b>											
Local effort taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,158	\$ -	\$ -	\$ -
State shared taxes	-	-	-	460,046	233,410	-	-	-	233,216	-	230,023
Intergovernmental	26	-	-	-	40,928	-	68,979	-	63,989	69,670	-
Charges for services	-	-	5,617	-	-	68,193	4,752	-	-	-	-
Interest income	-	-	-	-	-	-	-	852	-	-	2,282
Miscellaneous	-	-	-	-	-	-	1,530	-	-	-	-
<b>Total revenues</b>	<b>26</b>	<b>-</b>	<b>5,617</b>	<b>460,046</b>	<b>274,338</b>	<b>68,193</b>	<b>75,261</b>	<b>34,010</b>	<b>297,205</b>	<b>69,670</b>	<b>232,305</b>
<b>Expenditures:</b>											
<b>Current:</b>											
General government	-	-	-	-	-	-	-	27,078	-	-	-
Public safety	-	-	-	-	131,169	7,199	78,149	-	135,005	-	-
Health and welfare	-	-	-	410,424	-	-	-	-	-	70,670	-
Capital outlay	-	-	-	-	-	-	-	-	63,989	-	46,038
<b>Debt Service:</b>											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>410,424</b>	<b>131,169</b>	<b>7,199</b>	<b>78,149</b>	<b>27,078</b>	<b>198,994</b>	<b>70,670</b>	<b>46,038</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>26</b>	<b>-</b>	<b>5,617</b>	<b>49,622</b>	<b>143,169</b>	<b>60,994</b>	<b>(2,888)</b>	<b>6,932</b>	<b>98,211</b>	<b>(1,000)</b>	<b>186,267</b>
<b>Other Financing Sources (Uses):</b>											
Operating transfer in	-	-	-	-	-	-	-	-	-	-	-
Operating transfer (out)	-	-	-	-	(7,605)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,605)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other (uses)</b>	<b>26</b>	<b>-</b>	<b>5,617</b>	<b>49,622</b>	<b>135,564</b>	<b>60,994</b>	<b>(2,888)</b>	<b>6,932</b>	<b>98,211</b>	<b>(1,000)</b>	<b>186,267</b>
Fund balances, beginning of year	73	-	13,214	76,061	70,235	52,449	12,812	35,912	49,709	1,000	278,864
Correction of error	-	-	-	-	-	-	-	-	-	-	-
Restated fund balance, beginning of year	73	-	13,214	76,061	70,235	52,449	12,812	35,912	49,709	1,000	278,864
<b>Fund balances, end of year</b>	<b>\$ 99</b>	<b>\$ -</b>	<b>\$ 18,831</b>	<b>\$ 125,683</b>	<b>\$ 205,799</b>	<b>\$ 113,443</b>	<b>\$ 9,924</b>	<b>\$ 42,844</b>	<b>\$ 147,920</b>	<b>\$ -</b>	<b>\$ 465,131</b>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Special Revenue Funds							
	Gross Receipts Reserve	Law Enforcement	Hospital Mill Levy	Special Hospital GRT	Capulin Fire District	Sean Fire District	Amistad & Hayden Fire Dist.	Rabbit Ear Fire District
Revenues:								
Local effort taxes	\$ 115,012	\$ -	\$ 473,798	\$ -	\$ -	\$ -	\$ -	\$ -
State shared taxes	-	-	121,320	207,522	-	-	-	-
Intergovernmental	-	22,400	-	-	46,295	89,259	60,858	90,997
Charges for services	-	-	-	-	-	-	-	-
Interest income	7,954	-	-	-	1,158	5,778	3,244	3,051
Miscellaneous	-	3,493	-	-	-	-	-	300
Total revenues	<u>122,966</u>	<u>25,893</u>	<u>595,118</u>	<u>207,522</u>	<u>47,453</u>	<u>95,037</u>	<u>64,102</u>	<u>94,348</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	2,993	-	-	44,436	30,997	20,138	60,033
Health and welfare	-	-	485,359	141,787	-	-	-	-
Capital outlay	-	24,333	-	-	-	193,947	-	-
Debt Service:								
Principal	-	-	-	-	-	-	8,717	14,038
Interest	-	-	-	-	-	-	2,296	1,584
Total expenditures	<u>-</u>	<u>27,326</u>	<u>485,359</u>	<u>141,787</u>	<u>44,436</u>	<u>224,944</u>	<u>31,151</u>	<u>75,655</u>
Excess (deficiency) of revenues over expenditures	122,966	(1,433)	109,759	65,735	3,017	(129,907)	32,951	18,693
Other Financing Sources (Uses):								
Operating transfer in	-	-	-	-	-	-	-	-
Operating transfer (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	<u>122,966</u>	<u>(1,433)</u>	<u>109,759</u>	<u>65,735</u>	<u>3,017</u>	<u>(129,907)</u>	<u>32,951</u>	<u>18,693</u>
Fund balance, beginning of year	319,124	2,132	-	-	198	24,069	397	(16,876)
Correction of error	-	-	210,170	-	10,606	172,977	54,887	35,643
Restated fund balance, beginning of year	<u>319,124</u>	<u>2,132</u>	<u>210,170</u>	<u>-</u>	<u>10,804</u>	<u>197,046</u>	<u>55,284</u>	<u>18,767</u>
Fund balances, end of year	<u>\$ 442,090</u>	<u>\$ 699</u>	<u>\$ 319,929</u>	<u>\$ 65,735</u>	<u>\$ 13,821</u>	<u>\$ 67,139</u>	<u>\$ 88,235</u>	<u>\$ 37,460</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Special Revenue Funds					Total Special Revenue Funds	Capital Projects Funds		Total Capital Project Funds	Total Non-Major Funds
	Grenville Fire District	Capulin EMS	Amistad & Hayden EMS	Fire Marshall	Hospital Operations		Legislature Appropriation	Capital Improvements		
<b>Revenues:</b>										
Local effort taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506,956	\$ -	\$ -	\$ -	\$ 506,956
State shared taxes	-	-	-	-	-	1,600,549	-	-	-	1,600,549
Intergovernmental	43,628	8,714	7,224	79,108	-	692,075	205,255	155,727	360,982	1,053,057
Charges for services	-	-	-	-	-	78,562	-	-	-	78,562
Interest income	1,280	-	-	-	-	25,599	-	-	-	25,599
Miscellaneous	-	-	-	-	-	5,323	-	-	-	5,323
<b>Total revenues</b>	<b>44,908</b>	<b>8,714</b>	<b>7,224</b>	<b>79,108</b>	<b>-</b>	<b>2,909,064</b>	<b>205,255</b>	<b>155,727</b>	<b>360,982</b>	<b>3,270,046</b>
<b>Expenditures:</b>										
Current:										
General government	-	-	-	-	-	27,078	337	27,756	28,093	55,171
Public safety	21,121	-	-	34,640	-	565,880	-	-	-	565,880
Health and welfare	-	8,367	4,670	-	112,214	1,233,491	-	-	-	1,233,491
Capital outlay	6,121	-	-	20,446	-	354,874	231,121	13,087	244,208	599,082
Debt Service:										
Principal	-	-	-	-	-	22,755	-	-	-	22,755
Interest	-	-	-	-	-	3,880	-	-	-	3,880
<b>Total expenditures</b>	<b>27,242</b>	<b>8,367</b>	<b>4,670</b>	<b>55,086</b>	<b>112,214</b>	<b>2,207,958</b>	<b>231,458</b>	<b>40,843</b>	<b>272,301</b>	<b>2,480,259</b>
Excess (deficiency) of revenues over expenditures	17,666	347	2,554	24,022	(112,214)	701,106	(26,203)	114,884	88,681	789,787
<b>Other Financing Sources (Uses):</b>										
Operating transfer in	-	-	-	9,288	112,214	121,502	-	-	-	121,502
Operating transfer (out)	-	-	-	-	-	(7,605)	-	-	-	(7,605)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,288</b>	<b>112,214</b>	<b>113,897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,897</b>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	17,666	347	2,554	33,310	-	815,003	(26,203)	114,884	88,681	903,684
Fund balance, beginning of year	63	86	1,240	(56)	-	920,706	1,481	77,362	78,843	999,549
Correction of error	7,789	-	-	43,670	-	535,742	29,542	-	29,542	565,284
Restated fund balance, beginning of year	7,852	86	1,240	43,614	-	1,456,448	31,023	77,362	108,385	1,564,833
<b>Fund balances, end of year</b>	<b>\$ 25,518</b>	<b>\$ 433</b>	<b>\$ 3,794</b>	<b>\$ 76,924</b>	<b>\$ -</b>	<b>\$ 2,271,451</b>	<b>\$ 4,820</b>	<b>\$ 192,246</b>	<b>\$ 197,066</b>	<b>\$ 2,468,517</b>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**FARM AND RANGE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 28	\$ 28	\$ 26	\$ (2)
Expenditures:				
Current:				
Health and welfare	<u>101</u>	<u>101</u>	<u>-</u>	<u>101</u>
Net change in cash balance	(73)	(73)	26	99
Cash balance, beginning of year	<u>73</u>	<u>73</u>	<u>73</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 99</u></u>	<u><u>\$ 99</u></u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
RECREATION SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
State shared taxes	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
Culture and recreation	-	-	-	-
Net change in cash balance	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**CLERK'S EQUIPMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
State shared taxes	\$ 4,800	\$ 4,800	\$ 5,617	\$ 817
Expenditures:				
Current:				
General government	4,800	4,800	-	4,800
Capital outlay	11,848	11,848	-	11,848
Total expenditures	16,648	16,648	-	16,648
Net change in cash balance	(11,848)	(11,848)	5,617	17,465
Cash balance, beginning of year	13,214	13,214	13,214	-
Cash balance, end of year	<u>\$ 1,366</u>	<u>\$ 1,366</u>	<u>\$ 18,831</u>	<u>\$ 17,465</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
INDIGENT HOSPITAL SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
State shared taxes	\$ 325,000	\$ 392,000	\$ 460,046	\$ 68,046
Expenditures:				
Current:				
Health and welfare	<u>350,907</u>	<u>417,907</u>	<u>410,424</u>	<u>7,483</u>
Net change in cash balance	(25,907)	(25,907)	49,622	75,529
Cash balance, beginning of year	<u>25,907</u>	<u>25,907</u>	<u>25,907</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,529</u>	<u>\$ 75,529</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
CORRECTIONAL GROSS RECEIPTS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Local effort taxes	\$ -	\$ -	\$ 40,929	\$ 40,929
Miscellaneous	<u>85,000</u>	<u>159,000</u>	<u>215,179</u>	<u>56,179</u>
Total revenues	85,000	159,000	256,108	97,108
Expenditures:				
Current:				
Public safety	<u>92,000</u>	<u>166,000</u>	<u>131,570</u>	<u>34,430</u>
Excess (deficiency) of revenues over expenditures	(7,000)	(7,000)	124,538	131,538
Other Financing Sources (Uses):				
Transfers (out)	<u>-</u>	<u>-</u>	<u>(7,605)</u>	<u>(7,605)</u>
Net change in cash balance	(7,000)	(7,000)	116,933	123,933
Cash balance, beginning of year	<u>54,276</u>	<u>54,276</u>	<u>54,276</u>	<u>-</u>
Cash balance, end of year	<u>\$ 47,276</u>	<u>\$ 47,276</u>	<u>\$ 171,209</u>	<u>\$ 123,933</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
CORRECTION FEES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Charges for services	\$ 25,000	\$ 25,000	\$ 67,947	\$ 42,947
Expenditures:				
Current:				
Public safety	<u>65,638</u>	<u>65,638</u>	<u>3,474</u>	<u>62,164</u>
Net change in cash balance	(40,638)	(40,638)	64,473	105,111
Cash balance, beginning of year	<u>52,449</u>	<u>52,449</u>	<u>52,449</u>	<u>-</u>
Cash balance, end of year	<u>\$ 11,811</u>	<u>\$ 11,811</u>	<u>\$ 116,922</u>	<u>\$ 105,111</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
DWI STATE GRANT SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 78,803	\$ 78,803	\$ 68,979	\$ (9,824)
Charges for services	-	-	4,752	4,752
Miscellaneous	<u>6,000</u>	<u>6,000</u>	<u>1,530</u>	<u>(4,470)</u>
Total revenues	84,803	84,803	75,261	(9,542)
Expenditures:				
Current:				
Public safety	100,384	103,584	78,149	25,435
Capital outlay	<u>5,000</u>	<u>1,800</u>	<u>-</u>	<u>1,800</u>
Total expenditures	<u>105,384</u>	<u>105,384</u>	<u>78,149</u>	<u>27,235</u>
Net change in cash balance	(20,581)	(20,581)	(2,888)	17,693
Cash balance, beginning of year	<u>20,581</u>	<u>20,581</u>	<u>20,581</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,693</u>	<u>\$ 17,693</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
REAPPRAISAL SERVICE SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Local effort taxes	\$ 23,000	\$ 23,000	\$ 32,678	\$ 9,678
Interest income	-	-	852	852
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>33,530</u>	<u>10,530</u>
Expenditures:				
Current:				
General government	30,221	30,221	27,621	2,600
Capital outlay	<u>2,000</u>	<u>2,000</u>	-	<u>2,000</u>
Total expenditures	<u>32,221</u>	<u>32,221</u>	<u>27,621</u>	<u>4,600</u>
Net change in cash balance	(9,221)	(9,221)	5,909	15,130
Cash balance, beginning of year	<u>37,339</u>	<u>37,339</u>	<u>37,339</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 28,118</u></u>	<u><u>\$ 28,118</u></u>	<u><u>\$ 43,248</u></u>	<u><u>\$ 15,130</u></u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**EMERGENCY SERVICES GROSS RECEIPTS**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 63,989	\$ 63,989
State shared taxes	<u>85,000</u>	<u>114,000</u>	<u>233,216</u>	<u>119,216</u>
Total revenues	85,000	114,000	297,205	183,205
Expenditures:				
Current:				
Health and welfare	95,000	236,000	135,005	100,995
Capital outlay	<u>-</u>	<u>-</u>	<u>63,989</u>	<u>(63,989)</u>
Total expenditures	<u>95,000</u>	<u>236,000</u>	<u>198,994</u>	<u>37,006</u>
Net change in cash balance	(10,000)	(122,000)	98,211	220,211
Cash balance, beginning of year	<u>31,432</u>	<u>31,432</u>	<u>31,432</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 21,432</u></u>	<u><u>\$ (90,568)</u></u>	<u><u>\$ 129,643</u></u>	<u><u>\$ 220,211</u></u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
HEALTH COUNCIL SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 50,000	\$ 65,000	\$ 68,504	\$ 3,504
Expenditures:				
Current:				
Health and welfare	<u>52,166</u>	<u>67,166</u>	<u>59,670</u>	<u>7,496</u>
Net change in cash balance	(2,166)	(2,166)	8,834	11,000
Cash balance, beginning of year	<u>2,166</u>	<u>2,166</u>	<u>2,166</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,000</u></u>	<u><u>\$ 11,000</u></u>

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



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
GENERAL GROSS RECEIPTS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 85,000	\$ 135,000	\$ 230,023	\$ 95,023
Interest	-	-	2,282	2,282
Total revenues	<u>85,000</u>	<u>135,000</u>	<u>232,305</u>	<u>97,305</u>
Expenditures:				
Capital outlay	-	50,000	46,038	3,962
Net change in cash balance	85,000	85,000	186,267	101,267
Cash balance, beginning of year	<u>253,787</u>	<u>253,787</u>	<u>253,787</u>	<u>-</u>
Cash balance, end of year	<u>\$ 338,787</u>	<u>\$ 338,787</u>	<u>\$ 440,054</u>	<u>\$ 101,267</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
GROSS RECEIPTS TAX RESERVE SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 115,012	\$ 70,012
Interest	<u>5,000</u>	<u>5,000</u>	<u>7,954</u>	<u>2,954</u>
Total revenues	50,000	50,000	122,966	72,966
Expenditures:				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash balance	50,000	50,000	122,966	72,966
Cash balance, beginning of year	<u>306,252</u>	<u>306,252</u>	<u>306,252</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 356,252</u></u>	<u><u>\$ 356,252</u></u>	<u><u>\$ 429,218</u></u>	<u><u>\$ 72,966</u></u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**LAW ENFORCEMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 22,400	\$ 22,400	\$ 22,400	\$ -
Miscellaneous	-	3,493	3,493	-
Total revenues	<u>22,400</u>	<u>25,893</u>	<u>25,893</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	-	2,993	(2,993)
Capital outlay	<u>24,532</u>	<u>28,025</u>	<u>24,333</u>	<u>3,692</u>
Total expenditures	<u>24,532</u>	<u>28,025</u>	<u>27,326</u>	<u>699</u>
Net change in cash balance	(2,132)	(2,132)	(1,433)	699
Cash balance, beginning of year	<u>2,132</u>	<u>2,132</u>	<u>2,132</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 699</u>	<u>\$ 699</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
HOSPITAL MILL LEVY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Local effort taxes	\$ 434,000	\$ 434,000	\$ 477,778	\$ 43,778
State shared taxes	<u>-</u>	<u>-</u>	<u>121,320</u>	<u>121,320</u>
Total revenues	434,000	434,000	599,098	165,098
Expenditures:				
Current:				
Health and welfare	<u>568,226</u>	<u>568,226</u>	<u>485,359</u>	<u>82,867</u>
Net change in cash balance	(134,226)	(134,226)	113,739	247,965
Cash balance, beginning of year	<u>199,697</u>	<u>199,697</u>	<u>199,697</u>	<u>-</u>
Cash balance, end of year	<u>\$ 65,471</u>	<u>\$ 65,471</u>	<u>\$ 313,436</u>	<u>\$ 247,965</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SPECIAL HOSPITAL GROSS RECEIPTS TAX  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 141,787	\$ 141,787
Expenditures:				
Current:				
Health and welfare	<u>-</u>	<u>-</u>	<u>141,787</u>	<u>(141,787)</u>
Net change in cash balance	-	-	-	-
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
ELECTED OFFICIALS FUTURE SALARIES  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 24,000	\$ 24,000	\$ -	\$ (24,000)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ (24,000)</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**CAPULIN FIRE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 43,628	\$ 43,628	\$ 46,295	\$ 2,667
Interest	1,500	1,500	1,158	(342)
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Total revenues	46,628	46,628	47,453	825
Expenditures:				
Current:				
Public safety	33,570	48,570	44,436	4,134
Capital outlay	<u>23,664</u>	<u>8,664</u>	<u>-</u>	<u>8,664</u>
Total expenditures	<u>57,234</u>	<u>57,234</u>	<u>44,436</u>	<u>12,798</u>
Net change in cash balance	(10,606)	(10,606)	3,017	13,623
Cash balance, beginning of year	<u>10,606</u>	<u>10,606</u>	<u>10,606</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,623</u></u>	<u><u>\$ 13,623</u></u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**SEDAN FIRE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 78,088	\$ 78,088	\$ 89,259	\$ 11,171
Interest	3,000	3,000	5,778	2,778
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Total revenues	82,588	82,588	95,037	12,449
Expenditures:				
Current:				
Public safety	42,000	42,000	30,997	11,003
Capital outlay	<u>236,461</u>	<u>236,461</u>	<u>193,947</u>	<u>42,514</u>
Total expenditures	<u>278,461</u>	<u>278,461</u>	<u>224,944</u>	<u>53,517</u>
Net change in cash balance	(195,873)	(195,873)	(129,907)	65,966
Cash balance, beginning of year	<u>195,873</u>	<u>195,873</u>	<u>195,873</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 65,966</u></u>	<u><u>\$ 65,966</u></u>

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



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**AMISTAD AND HAYDEN FIRE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 60,858	\$ 60,858	\$ 60,858	\$ -
Miscellaneous	1,500	1,500	-	(1,500)
Interest	1,500	1,500	3,244	1,744
Total revenues	<u>63,858</u>	<u>63,858</u>	<u>64,102</u>	<u>244</u>
Expenditures:				
Current:				
Public safety	31,000	31,000	20,138	10,862
Capital outlay	87,745	87,745	-	87,745
Debt service	-	-	11,013	(11,013)
Total expenditures	<u>118,745</u>	<u>118,745</u>	<u>31,151</u>	<u>87,594</u>
Net change in cash balance	(54,887)	(54,887)	32,951	87,838
Cash balance, beginning of year	<u>54,887</u>	<u>54,887</u>	<u>54,887</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,838</u>	<u>\$ 87,838</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
RABBIT EAR FIRE SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 78,088	\$ 78,088	\$ 78,088	\$ -
Interest	2,000	2,000	3,053	1,053
Miscellaneous	3,500	3,500	300	(3,200)
Total revenues	<u>83,588</u>	<u>83,588</u>	<u>81,441</u>	<u>(2,147)</u>
Expenditures:				
Current:				
Public safety	30,500	43,400	54,620	11,220
Capital outlay	97,090	84,190	-	84,190
Debt service	-	-	15,622	(15,622)
Total expenditures	<u>127,590</u>	<u>127,590</u>	<u>70,242</u>	<u>57,348</u>
Net change in cash balance	(44,002)	(44,002)	11,199	55,201
Cash balance, beginning of year	44,002	44,002	44,002	-
Interfund payment	-	-	(13,353)	(13,353)
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,848</u>	<u>\$ 41,848</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**GRENVILLE FIRE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 43,628	\$ 43,628	\$ 43,628	\$ -
Interest	1,650	1,650	1,184	(466)
Miscellaneous	500	500	-	(500)
Total revenues	<u>45,778</u>	<u>45,778</u>	<u>44,812</u>	<u>(966)</u>
Expenditures:				
Current:				
Public safety	25,500	29,000	23,946	5,054
Capital outlay	28,067	24,567	6,120	18,447
Total expenditures	<u>53,567</u>	<u>53,567</u>	<u>30,066</u>	<u>23,501</u>
Net change in cash	(7,789)	(7,789)	14,746	22,535
Cash balance, beginning of year	<u>7,789</u>	<u>7,789</u>	<u>7,789</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,535</u>	<u>\$ 22,535</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
 CAPULIN EMS SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 8,735	\$ 9,305	\$ 8,714	\$ (591)
Expenditures:				
Current:				
Health and welfare	<u>8,821</u>	<u>9,391</u>	<u>8,367</u>	<u>1,024</u>
Net change in cash balance	(86)	(86)	347	433
Cash balance, beginning of year	<u>86</u>	<u>86</u>	<u>86</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 433</u></u>	<u><u>\$ 433</u></u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
 AMISTAD AND HAYDEN EMS SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 7,117	\$ 7,117	\$ 7,224	\$ 107
Expenditures:				
Current:				
Health and welfare	5,000	5,107	4,670	437
Capital outlay	3,357	3,357	-	3,357
Total expenditures	<u>8,357</u>	<u>8,464</u>	<u>4,670</u>	<u>3,794</u>
Net change in cash balance	(1,240)	(1,347)	2,554	3,901
Cash balance, beginning of year	<u>1,240</u>	<u>1,240</u>	<u>1,240</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ (107)</u>	<u>\$ 3,794</u>	<u>\$ 3,901</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**FIRE MARSHAL SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 43,628	\$ 55,633	\$ 79,108	\$ 23,475
Expenditures:				
Current:				
Public safety	78,075	99,368	34,640	64,728
Capital outlay	10,058	10,058	20,446	(10,388)
Total expenditures	<u>88,133</u>	<u>109,426</u>	<u>55,086</u>	<u>54,340</u>
Excess (deficiency) of revenues over expenditures	(44,505)	(53,793)	24,022	77,815
Other Financing Sources (Uses):				
Transfers in	<u>-</u>	<u>9,288</u>	<u>9,288</u>	<u>-</u>
Net change in cash balance	(44,505)	(44,505)	33,310	77,815
Cash balance, beginning of year	<u>44,505</u>	<u>44,505</u>	<u>44,505</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,815</u>	<u>\$ 77,815</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
HOSPITAL OPERATIONS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Expenditures:				
Current:				
Health and welfare	\$ -	\$ 112,214	\$ 112,214	\$ -
(Deficiency) of revenues over expenditures	-	(112,214)	(112,214)	-
Other Financing Sources (Uses):				
Transfers in	-	112,214	112,214	-
Net change in cash balance	-	-	-	
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**RECONCILIATION BUDGETARY COMPARISON SCHEDULE**  
**AND STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Farm and Range</u>	<u>Recreation</u>	<u>County Clerk's Fees</u>
<b>Sources/Inflows of Operating Resources:</b>			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 26	\$ -	\$ 5,617
<b>Differences - Budget to GAAP:</b>			
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	-	-	-
Total operating revenues are reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 5,617</u>
<b>Uses/Outflows of Operating Resources:</b>			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ -	\$ -	\$ -
<b>Differences - Budget to GAAP:</b>			
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	-	-	-
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - special revenue funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other Sources (Uses) of Resources:</b>			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement	\$ -	\$ -	\$ -
<b>Differences - Budget to GAAP:</b>			
None	-	-	-
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**RECONCILIATION BUDGETARY COMPARISON SCHEDULE**  
**AND STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Indigent Hospital</u>	<u>Correctional Gross Receipts</u>	<u>Correction Fees</u>	<u>DWI State Grant</u>
Sources/Inflows of Operating Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 423,526	\$ 256,108	\$ 67,947	\$ 76,324
Differences - Budget to GAAP:				
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>36,520</u>	<u>18,230</u>	<u>246</u>	<u>(1,063)</u>
Total operating revenues are reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds	<u>\$ 460,046</u>	<u>\$ 274,338</u>	<u>\$ 68,193</u>	<u>\$ 75,261</u>
Uses/Outflows of Operating Resources:				
Actual amounts (budgetary basis) "total charges to appropriations " from the budgetary comparison statement.	\$ 410,424	\$ 131,570	\$ 3,474	\$ 79,546
Differences - Budget to GAAP:				
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>-</u>	<u>(401)</u>	<u>3,725</u>	<u>(1,397)</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - special revenue funds	<u>\$ 410,424</u>	<u>\$ 131,169</u>	<u>\$ 7,199</u>	<u>\$ 78,149</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement	\$ -	\$ (7,605)	\$ -	\$ -
Differences - Budget to GAAP:				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds	<u>\$ -</u>	<u>\$ (7,605)</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO  
UNION COUNTY  
RECONCILIATION BUDGETARY COMPARISON SCHEDULE  
AND STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Reappraisal</u>	<u>Emergency Services General GRT</u>	<u>Health Council</u>	<u>General Gross Receipts</u>
Sources/Inflows of Operating Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 33,530	\$ 278,982	\$ 68,504	\$ 214,044
Differences - Budget to GAAP:				
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>480</u>	<u>18,223</u>	<u>1,166</u>	<u>18,261</u>
Total operating revenues are reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds	<u>\$ 34,010</u>	<u>\$ 297,205</u>	<u>\$ 69,670</u>	<u>\$ 232,305</u>
Uses/Outflows of Operating Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 27,621	\$ 196,679	\$ 59,670	\$ 46,038
Differences - Budget to GAAP:				
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>(543)</u>	<u>2,315</u>	<u>11,000</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - special revenue funds	<u>\$ 27,078</u>	<u>\$ 198,994</u>	<u>\$ 70,670</u>	<u>\$ 46,038</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement	\$ -	\$ -	\$ -	\$ -
Differences - Budget to GAAP:				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**RECONCILIATION BUDGETARY COMPARISON SCHEDULE**  
**AND STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Gross Receipts Reserve</u>	<u>Law Enforcement</u>	<u>Hospital Mill Levy</u>	<u>Special Hospital GRT</u>
Sources/Inflows of Operating Resources: Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 113,801	\$ 25,893	\$ 599,098	\$ 141,787
Differences - Budget to GAAP: Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>9,165</u>	<u>-</u>	<u>(3,980)</u>	<u>65,735</u>
Total operating revenues are reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds	<u>\$ 122,966</u>	<u>\$ 25,893</u>	<u>\$ 595,118</u>	<u>\$ 207,522</u>
Uses/Outflows of Operating Resources: Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ -	\$ 27,326	\$ 485,359	\$ 141,787
Differences - Budget to GAAP: The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - special revenue funds	<u>\$ -</u>	<u>\$ 27,326</u>	<u>\$ 485,359</u>	<u>\$ 141,787</u>
Other Sources (Uses) of Resources: Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement	\$ -	\$ -	\$ -	\$ -
Differences - Budget to GAAP: None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**STATE OF NEW MEXICO  
UNION COUNTY**  
RECONCILIATION BUDGETARY COMPARISON SCHEDULE  
AND STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Elected Officials Future Salaries	Capulin	Sedan
Sources/Inflows of Operating Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ -	\$ 44,878	\$ 90,161
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	-	2,575	4,876
Total operating revenues are reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds	<u>\$ -</u>	<u>\$ 47,453</u>	<u>\$ 95,037</u>
Uses/Outflows of Operating Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ -	\$ 42,921	\$ 227,619
Differences - Budget to GAAP:			
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	-	1,515	(2,675)
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - special revenue funds	<u>\$ -</u>	<u>\$ 44,436</u>	<u>\$ 224,944</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement	\$ -	\$ -	\$ -
Differences - Budget to GAAP:			
None	-	-	-
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**RECONCILIATION BUDGETARY COMPARISON SCHEDULE**  
**AND STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Amistad &amp; Hayden</u>	<u>Rabbit Ear</u>	<u>Grenville</u>
Sources/Inflows of Operating Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 64,049	\$ 81,441	\$ 44,812
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>53</u>	<u>12,907</u>	<u>96</u>
Total operating revenues are reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds	<u>\$ 64,102</u>	<u>\$ 94,348</u>	<u>\$ 44,908</u>
Uses/Outflows of Operating Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 32,864	\$ 70,242	\$ 30,066
Differences - Budget to GAAP:			
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>(1,713)</u>	<u>5,413</u>	<u>(2,824)</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - special revenue funds	<u>\$ 31,151</u>	<u>\$ 75,655</u>	<u>\$ 27,242</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement	\$ -	\$ -	\$ -
Differences - Budget to GAAP:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**STATE OF NEW MEXICO  
UNION COUNTY**  
RECONCILIATION BUDGETARY COMPARISON SCHEDULE  
AND STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Capulin EMS	Amistad & Hayden EMS	Fire Marshall	Hospital Operations
Sources/Inflows of Operating Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 8,714	\$ 7,224	\$ 69,108	\$ -
Differences - Budget to GAAP:				
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	-	-	10,000	-
Total operating revenues are reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds	<u>\$ 8,714</u>	<u>\$ 7,224</u>	<u>\$ 79,108</u>	<u>\$ -</u>
Uses/Outflows of Operating Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 8,367	\$ 3,652	\$ 54,304	\$ 112,214
Differences - Budget to GAAP:				
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	-	1,018	782	-
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - special revenue funds	<u>\$ 8,367</u>	<u>\$ 4,670</u>	<u>\$ 55,086</u>	<u>\$ 112,214</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) transfers in and (out) and loan proceeds from the budgetary comparison statement	\$ -	\$ -	\$ 9,288	\$ 112,214
Differences - Budget to GAAP:				
Loan proceeds are restricted cash and therefore not included as other financing sources for budgetary basis.	-	-	-	-
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,288</u>	<u>\$ 112,214</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
 LEGISLATURE APPROPRIATIONS CAPITAL PROJECTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 100,000	\$ 300,000	\$ 205,255	\$ (94,745)
Expenditures:				
Current:				
Public safety	-	-	337	(337)
Current:	<u>106,993</u>	<u>306,993</u>	<u>231,121</u>	<u>75,872</u>
Total expenditures	<u>106,993</u>	<u>306,993</u>	<u>231,458</u>	<u>75,535</u>
Net change in cash balance	(6,993)	(6,993)	(26,203)	(19,210)
Cash balance, beginning of year	<u>6,993</u>	<u>6,993</u>	<u>6,993</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,210)</u>	<u>\$ (19,210)</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
CAPITAL IMPROVEMENT/EMERGENCY CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 17,500	\$ 17,500	\$ 155,727	\$ 138,227
Miscellaneous	-	13,087	-	(13,087)
Interest	7,500	7,500	-	(7,500)
Total revenues	25,000	38,087	155,727	117,640
Expenditures:				
Current:				
General government	-	-	27,756	(27,756)
Capital outlay	65,000	78,087	13,087	65,000
Total expenditures	65,000	78,087	40,843	37,244
Net change in cash balance	(40,000)	(40,000)	114,884	154,884
Cash balance, beginning of year	51,810	51,810	51,810	-
Interfund payment	-	-	13,353	13,353
Cash balance, end of year	<u>\$ 11,810</u>	<u>\$ 11,810</u>	<u>\$ 180,047</u>	<u>\$ 168,237</u>

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



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
RECONCILIATION BUDGETARY COMPARISON SCHEDULE  
AND STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Legislature Appropriation</u>	<u>Capital Improvements</u>
Sources/Inflows of Operating Resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 231,121	\$ 81,331
Differences - Budget to GAAP:		
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>(25,866)</u>	<u>74,396</u>
Total operating revenues are reported on the statement of revenues, expenditures, and changes in fund balances - capital projects funds	<u>\$ 205,255</u>	<u>\$ 155,727</u>
Uses/Outflows of Operating Resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 231,458	\$ 40,843
Differences - Budget to GAAP:		
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - capital projects funds	<u>\$ 231,458</u>	<u>\$ 40,843</u>
Other Sources (Uses) of Resources:		
Actual amounts (budgetary basis) transfers in and (out) and loan proceeds from the budgetary comparison statement	\$ -	\$ -
Differences - Budget to GAAP:		
Loan proceeds are restricted cash and therefore not included as other financing sources for budgetary basis.	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - capital projects funds	<u>\$ -</u>	<u>\$ -</u>

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

## **SUPPLEMENTAL FINANCIAL INFORMATION**

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2008**

	Balance 06/30/07	Increases/ Receipts	Decreases/ Disbursements	Balance 06/30/08
<b>Hospital - Mill Levy</b>				
Assets:				
Cash	\$ 199,697	\$ -	\$ 199,697	\$ -
Taxes receivable	10,473	-	10,473	-
Total assets	<u>\$ 210,170</u>	<u>\$ -</u>	<u>\$ 210,170</u>	<u>\$ -</u>
Liabilities:				
Deposits held for others	\$ -	\$ -	\$ -	\$ -
Due to other tax units - future collections	210,170	-	210,170	-
Total liabilities	<u>\$ 210,170</u>	<u>\$ -</u>	<u>\$ 210,170</u>	<u>\$ -</u>
<b>Taxes Fund</b>				
Assets:				
Cash	\$ 359,351	\$ 1,366,010	\$ 1,503,681	\$ 221,680
Taxes receivable	13,552	100,739	13,552	100,739
Interest receivable	1,333	-	1,333	-
Total assets	<u>\$ 374,236</u>	<u>\$ 1,466,749</u>	<u>\$ 1,518,566</u>	<u>\$ 322,419</u>
Liabilities:				
Deposits held for others	\$ 359,351	\$ 1,366,010	\$ 1,503,681	\$ 221,680
Due to other tax units - future collections	14,885	100,739	14,885	100,739
Total liabilities	<u>\$ 374,236</u>	<u>\$ 1,466,749</u>	<u>\$ 1,518,566</u>	<u>\$ 322,419</u>
<b>Total Agency Funds</b>				
Assets:				
Cash	\$ 559,048	\$ 1,366,010	\$ 1,703,378	\$ 221,680
Taxes receivable	24,025	100,739	24,025	100,739
Interest receivable	1,333	-	1,333	-
Total assets	<u>\$ 584,406</u>	<u>\$ 1,466,749</u>	<u>\$ 1,728,736</u>	<u>\$ 322,419</u>
Liabilities:				
Deposits held for others	\$ 359,351	\$ 1,366,010	\$ 1,503,681	\$ 221,680
Due to other tax units - future collections	225,055	100,739	225,055	100,739
Total liabilities	<u>\$ 584,406</u>	<u>\$ 1,466,749</u>	<u>\$ 1,728,736</u>	<u>\$ 322,419</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**SCHEDULE OF GENERAL ADMINISTRATIVE REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
<b>Revenues:</b>				
Local effort taxes	\$ 864,868	\$ 864,868	\$ 974,485	\$ 109,617
State shared taxes	157,414	157,414	278,137	120,723
Intergovernmental	399,000	399,000	394,928	(4,072)
Licenses and permits	750	750	150	(600)
Charges for services	29,980	31,190	35,238	4,048
Interest	60,000	60,000	147,885	87,885
Miscellaneous	2,000	2,000	18,574	16,574
Total revenues	1,514,012	1,515,222	1,849,397	334,175
<b>Expenditures:</b>				
<b>Commissioners:</b>				
Salaries	58,676	59,176	59,047	129
Operating expenses	279,542	280,042	255,334	24,708
Capital outlay	1,500	500	-	500
Sub-total	339,718	339,718	314,381	25,337
<b>County Manager:</b>				
Salaries	96,873	94,173	88,490	5,683
Operating expenses	21,800	21,275	17,411	3,864
Capital outlay	1,500	1,500	-	1,500
Sub-total	120,173	116,948	105,901	11,047
<b>Public Works:</b>				
Salaries	73,559	72,659	64,246	8,413
Operating expenses	45,550	46,450	34,677	11,773
Capital outlay	1,500	1,500	-	1,500
Sub-total	120,609	120,609	98,923	21,686
<b>Clerk:</b>				
Salaries	93,303	93,303	90,884	2,419
Operating expenses	23,120	23,120	18,860	4,260
Capital outlay	4,000	4,000	-	4,000
Sub-total	120,423	120,423	109,744	10,679
<b>Bureau of Elections:</b>				
Salaries	11,569	11,569	2,714	8,855
Operating expenses	65,800	67,010	19,960	47,050
Sub-total	77,369	78,579	22,674	55,905
<b>Assessor:</b>				
Salaries	107,130	107,130	106,375	755
Operating expenses	17,950	18,410	15,915	2,495
Capital outlay	2,000	1,540	-	1,540
Sub-total	127,080	127,080	122,290	4,790

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**SCHEDULE OF GENERAL ADMINISTRATIVE REVENUES AND EXPENDITURES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Expenditures:				
Treasurer:				
Salaries	\$ 94,390	\$ 94,390	\$ 90,836	\$ 3,554
Operating expenses	18,700	18,700	16,319	2,381
Capital outlay	4,000	4,000	-	4,000
Sub-total	117,090	117,090	107,155	9,935
Sheriff:				
Salaries	255,385	255,385	217,470	37,915
Operating expenses	66,050	66,050	24,902	41,148
Capital Outlay	25,000	25,000	-	25,000
Sub-total	346,435	346,435	242,372	104,063
Probate Judge:				
Salaries	17,738	18,358	17,977	381
Operating expenses	1,320	700	480	220
Sub-total	19,058	19,058	18,457	601
Loss Prevention:				
Salaries	13,129	15,829	15,013	816
Operating expenses	2,150	2,675	1,357	1,318
Capital outlay	1,000	1,000	-	1,000
Sub-total	16,279	19,504	16,370	3,134
Total expenditures	1,404,234	1,405,444	1,158,267	247,177
Excess of revenues over expenditures	109,778	109,778	691,130	581,352
Other Financing Sources (Uses):				
Transfers (out)	(200,000)	(312,214)	(113,897)	198,317
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (90,222)	\$ (202,436)	\$ 577,233	\$ 779,669
Cash available at beginning of year to absorb budget deficit	\$ -	\$ 202,436	N/A	N/A

**STATE OF NEW MEXICO  
UNION COUNTY  
SCHEDULE OF CASH ACCOUNTS  
JUNE 30, 2008**

Financial Institution/ Account Description	Type of Account	Financial Institution Balance	Reconciling Items	Reconciled Balance
The First National Bank of New Mexico 201 Main Street Clayton, New Mexico 88415				
Union County Treasurer	Checking	\$ 910,361	\$ (22,917)	\$ 887,444
Union County Clerk's Office	Checking	636	(8)	628
Total checking		910,997	(22,925)	888,072
Certificate of Deposit	CD	600,000	-	600,000
Certificate of Deposit	CD	400,000	-	400,000
Certificate of Deposit	CD	600,000	-	600,000
Certificate of Deposit	CD	200,000	-	200,000
Total certificates of deposit		1,800,000	-	1,800,000
Total First National Bank		<u>\$ 2,710,997</u>	<u>\$ (22,925)</u>	<u>\$ 2,688,072</u>
Farmer's & Stockmen's Bank P.O. Box 488 Clayton, New Mexico 88415				
Union County Treasurer	Checking	\$ 499,764	\$ 5,139	\$ 504,903
Certificate of Deposit	CD	500,000	-	500,000
Certificate of Deposit	CD	100,000	-	100,000
Certificate of Deposit	CD	400,000	-	400,000
Certificate of Deposit	CD	400,000	-	400,000
Certificate of Deposit	CD	86,416	-	86,416
Certificate of Deposit	CD	28,805	-	28,805
Total certificates of deposit		1,515,221	-	1,515,221
Total Farmer's & Stockmen's Bank		<u>\$ 2,014,985</u>	<u>\$ 5,139</u>	<u>\$ 2,020,124</u>

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF PLEDGED COLLATERAL  
TO SECURE THE DEPOSITS OF PUBLIC FUNDS  
JUNE 30, 2008

The First National Bank of New Mexico  
201 Main Street  
Clayton, New Mexico 88415

Security	CUSIP	Par Value
NM Inst at Roswell Sys	647183BB7	\$ 100,000
Eastern NM Univ Revs	276785UA8	200,000
Ruidoso NM GRT	781336AF9	135,000
Torrance Etc Cntys NM Mun SD 8	891400LK7	180,000
Torrance Etc Cntys NM Mun SD 8	891400LLF	70,000
Vaughn NM Mun Sch Dist 33	922382BZ8	95,000
Lovington NM Num Sch Dist 1	547473AZ1	100,000
Belen NM GRT	077571BR7	230,000
Total		<u>\$ 1,110,000</u>

		Market Value
FHLB Fixed Rate Note	3133XCXV0	\$ 104,115
FHLB Fixed Rate Note	3133XDTA9	256,818
FHLB Fixed Rate Note	3133XDTA9	102,727
Total		<u>\$ 463,660</u>

The holder of the New Mexico securities is the First National Bank of New Mexico at 201 Main Street, in Clayton, New Mexico. The holder of the FHLB securities is the Federal Home Loan Bank of Dallas at 8500 Freepoint Parkway South, Suite 100, Irving, Texas.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
 SCHEDULE OF PLEDGED COLLATERAL  
 TO SECURE THE DEPOSITS OF PUBLIC FUNDS  
 JUNE 30, 2008

Farmer's & Stockmen's Bank  
 P.O. Box 488  
 Clayton, New Mexico 88415

Security	CUSIP	Market Value
FHLB Fixed Rate Note	3133XDA9	\$ 307,997
FHLB Fixed Rate Note	3133XDTA9	492,796
FFCB	31331X2Q4	206,622
Total		\$ 1,007,415

The holder of the FHLB and FFCB securities is the Federal Home Loan Bank of Dallas at 8500 Freeport Parkway South, Suite 100, Irving, Texas.



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**SCHEDULE OF TAX ROLL RECONCILIATION -**  
**CHANGES IN PROPERTY TAXES RECEIVABLES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Property taxes receivable, beginning of year	\$ 295,023
Changes to Tax Roll:	
Net taxes charged to treasurer for fiscal year	2,692,916
Adjustments:	
Net adjustments and charge offs	<u>3,052</u>
Total receivables prior to collections	2,990,991
Collections for fiscal year ended June 30, 2008	<u>(2,789,163)</u>
Property taxes receivable, end of year	<u><u>\$ 201,828</u></u>

Property taxes receivable by years:

2002	\$ 5
2003	1,839
2004	954
2005	2,753
2006	18,765
2007	<u>177,512</u>
Total taxes receivable, end of year	<u><u>\$ 201,828</u></u>

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Agency	Undistributed Taxes 06/30/07	Collections	Distributions	Undistributed Taxes 06/30/08
<b>Union County:</b>				
General advalorem	\$ -	\$ 975,473	\$ 975,473	\$ -
Hospital mill levy	-	477,778	477,778	-
Re-appraisal program	-	27,882	27,882	-
Oil and gas	-	383,454	383,454	-
Subtotal	-	1,864,587	1,864,587	-
<b>Municipalities:</b>				
Town of Clayton	3,955	112,683	113,123	3,515
Village of Des Moines	133	10,106	10,142	97
Village of Folsom	180	2,153	2,323	10
Village of Grenville	1	2,382	2,382	1
Subtotal	4,269	127,324	127,970	3,623
<b>State of New Mexico:</b>				
State levy	1,904	137,533	137,838	1,599
Cattle	2,310	182,328	183,116	1,522
Sheep	-	11	11	-
Equine	35	2,288	2,267	56
State P&I	-	568	568	-
Costs to state	-	125	125	-
Children's trust	120	765	810	75
Subtotal	4,369	323,618	324,735	3,252
<b>School Districts</b>				
<i>Clayton:</i>				
Operational	13,194	42,749	42,251	13,692
Oil and gas	-	14,324	14,324	-
Debt service	-	21	21	-
HB33 Building	-	270,581	267,587	2,994
Oil and gas	-	85,946	85,946	-
Capital improvements	-	180,427	178,431	1,996
Oil and gas	-	57,297	57,297	-
Subtotal	13,194	651,345	645,857	18,682
<i>Des Moines:</i>				
Operational	1,413	9,398	9,452	1,359
Debt service	1,523	161,761	163,284	-
Ed Tech services	-	136,817	136,185	632
Capital improvements	361	41,955	42,226	90
Subtotal	3,297	349,931	351,147	2,081

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS**  
**(CONCLUDED)**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Agency	Undistributed Taxes 06/30/07	Collections	Distributions	Undistributed Taxes 06/30/08
<b>School Districts</b>				
<i>Springer:</i>				
Operational	-	507	494	13
Debt service	-	7,071	6,844	227
Capital improvements	-	2,328	2,264	64
Ed Tech services	-	1,685	1,667	18
Subtotal	-	11,591	11,269	322
<i>Luna Vocational Tech</i>				
Operational	-	3,271	3,181	90
<b>Other Trust Accounts</b>				
Overpayments	-	2,125	2,125	-
<b>Further Distributions</b>				
Paid in advance	-	476	-	476
Pre-paid livestock	110,267	169,712	204,255	75,724
Paid in protest	223,955	121,509	228,034	117,430
Subtotal	334,222	291,697	432,289	193,630
Total	<u>\$ 359,351</u>	<u>\$ 3,625,489</u>	<u>\$ 3,763,160</u>	<u>\$ 221,680</u>

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**COUNTY TREASURER'S - PROPERTY TAX SCHEDULE**  
**JUNE 30, 2008**

Year	Property Taxes Levied	Collected Current Year	Collected To Date	Distributed Current Year	Distributed To Date	County Receivable at Year End
<b>Advalorem</b>						
2002	2,204,692	23,188	2,204,687	23,188	2,204,687	5
2003	2,139,803	29,637	2,137,964	29,637	2,137,964	1,839
2004	2,248,783	46,406	2,247,829	46,406	2,247,829	954
2005	2,378,332	51,305	2,375,579	51,305	2,375,579	2,753
2006	2,501,414	84,979	2,482,649	84,979	2,482,649	18,765
2007	2,730,432	2,552,920	2,552,920	2,552,920	2,552,920	177,512
	<u>\$ 14,203,456</u>	<u>\$ 2,788,435</u>	<u>\$ 14,001,628</u>	<u>\$ 2,788,435</u>	<u>\$ 14,001,628</u>	<u>\$ 201,828</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORTS**

**Ed Fierro, CPA • Rose Fierro, CPA**527 Brown Road • Las Cruces, NM 88005  
Bus: (575) 525-0313 • Fax: (575) 525-9708  
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Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance with *Government Auditing Standards*

Hector H. Balderas, State Auditor  
and  
Board of Commissioners  
Union County  
Clayton, New Mexico

We have audited the financial statements of the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparison statement for the major fund of Union County as of and for the year ended June 30, 2008, and have issued our report thereon dated November 13, 2008, which was adverse on the governmental activities and qualified on the major fund because the County did not record depreciation expense, the related accumulated depreciation and the debt obligations associated with loan agreements for the construction of hospital improvements and because we could not determine the amounts reflected as property and equipment in the statement of net assets. We also have audited the financial statements of each of the County's nonmajor governmental funds and the respective budgetary comparison statements for each nonmajor special revenue and capital projects funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Union County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Union County's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2006-05, 2007-07, 2007-09, 2008-01 through 2008-07 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2006-05, 2007-07, 2008-01 through 2008-05 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Union County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2006-09, 2007-10, 2008-08 through 2008-13.

Union County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Union County'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, the New Mexico State Auditor, the New Mexico State Legislature and its committees, New Mexico Department of Finance and Administration Local Government Division and is not intended to be and should not be used by anyone other than these specified parties.



Fierro & Fierro, P.A.  
Las Cruces, New Mexico

November 13, 2008

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

Item 2006-05 – Tax Roll Reconciliation

**Statement of Condition** – The County Treasurer does not have an accounting system set up to gather and report by agency, the amount of taxes levied; collected in the current year; collected to-date; distributed in the current year; distributed to-date; the amount determined to be uncollectible in the current year; the uncollectible amount to-date; and the outstanding receivable balance at the end of the fiscal year. This is a repeat finding # 06-05 from the prior year audit.

**Criteria** – The information detailed in the statement of condition is necessary for proper revenue recognition on the part of the County, as well as on the part of the recipient agencies under Government Accounting Standards Board (GASB) Statement No. 33. In addition, per the New Mexico State Auditor Rule, Section 2.2.2.12 D certain information is required to be presented in supplementary schedules.

**Effect** – Without a system in place to ensure proper property tax revenue recognition places the County at risk for reporting financial information that is not in accordance with generally accepted accounting principles and the State Audit Rule.

**Cause** – The County was relying on its software vendor to supply the system for reporting under GASB 33. However, because of the numerous changes that have occurred in the recent past due to updates and conversions, some history has been lost.

**Recommendation** – We recommend the County review GASB Statement No. 33 and the State Auditor Rule Section 2.2.2.12 D and establish accounting and financial reporting procedures to comply with the standard and the rule. The County should contact its software provider to assist in the process.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and recommendation. We will work with our software vendor to ensure that we are capturing history to enable the preparation of the ten year reporting requirements set forth by the State Auditor and GASB Statement No. 33.

Item 2007-07 – Budget Accounting

**Statement of Condition** – During the fiscal year the following deficiencies regarding the County's budget accounting procedures were noted:

- Budgeted revenues are not posted to the accounting system and therefore are not being monitored throughout the year.
- The County does not always post the budget adjustments for revenues and expenditures to the accounting system.



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

Item 2007-07 – Budget Accounting (continued)

**Criteria** – Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 109 paragraph 41 states the following: “*Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives.*”

Appropriate internal control procedures over budgetary accounting include the ability to monitor and ultimately prepare financial statements on a budgetary basis. Underlining this premise is the requirement that the County will maintain the accounting records in such a manner as to allow such monitoring and preparation of such statements. The accounting system should provide the basis for appropriate budgetary control.

**Effect** – Since the County personnel failed to post budgeted revenues and budget adjustments made throughout the year, there is an increased risk that a misstatement of the County’s budgetary financial statements that is more than inconsequential will not be prevented or detected. Management loses its ability to properly monitor budget compliance and therefore runs the additional risk of expenditures in excess of budgetary authorization.

**Cause** – The County has limited staffing resources.

**Recommendation** – The County should employ an individual to serve in the position of director of finance. This employee should have the ability to prepare financial statements in accordance with GAAP. Alternately, the County could choose to consult with a separate and independent accounting firm prior to and during the audit process that would assist the County in the preparation of budgetary financial statements.

**Views of Responsible Officials and Planned Corrective Actions** – The County Manager will begin to record the budgeted revenues. County staff does monitor incoming revenues by the completion of the quarterly reports submitted to the Department of Finance and Administration. During the budget process the Board of Commissioners have access to documents indicating actual revenues received and the percentage of revenue received year to date.

Item 2007-09 – Annual Inventory of Capital Assets

**Statement of Condition** – The County failed in performing an accurate physical inventory of capital assets for June 30, 2008.

**Criteria** – According to the Administrative Code, Title 2, Public Finance, Chapter 20, *Accounting by Governmental Entities, Part 1, Accounting and Control of Fixed Assets of State Government, Accounting for Acquisitions and Establishing Controls, 2.20-1.16, Annual Inventory*, the County shall conduct a physical inventory of its capital assets consisting of those costs of \$5,000 or more, under the control of the County.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

*Item 2007-09 – Annual Inventory of Capital Assets (continued)*

**Effect** – Non-performance of an inventory of all capital assets performed could allow errors to occur and not be detected on a timely basis. Further, dishonest employees could remove items and the theft would not be detected on a timely basis.

**Cause** – There is a lack of personnel resources in the manager’s office which would give this task a priority.

**Recommendation** – We suggest that the County adhere to the administrative order regarding the performance of a complete and accurate annual inventory. Procedures must be established to ensure that County personnel are given clear and concise direction as to what constitutes a capital asset when conducting the annual physical count.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and auditors’ recommendation. The County Manager’s office will work with all departments to update their inventory records. The Board of Commissioners have approved the County Manager’s office to begin working with a local accounting firm to summarize the inventory at the end of each fiscal year.

*Item 2008-01 – Financial Statements and Disclosures*

**Statement of Condition** – The County relies upon their independent auditor to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). The accounting staff lacks the knowledge to prepare such statements, as well as the ability to detect accuracy and completeness of all required notes that explain financial activity contained in the financial statements. The County requires the independent auditor gather all necessary information in order to convert their cash basis accounting information into financial statements prepared in accordance with GAAP.

**Criteria** – Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 109, paragraph 41 states the following: *“Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives.”*

Appropriate internal control procedures over financial reporting include the ability to prepare financial statements in accordance with GAAP or at a minimum; management should have the ability to comprehend the requirements for financial reporting. Financial statements prepared in accordance with GAAP include all required statements of financial position, statements of changes in financial position, changes in cash flow, and notes.

SAS 112 paragraph 11 provides examples of factors that may affect the likelihood that a control, or combination of controls could fail to prevent or detect a misstatement. One such example is *“The nature of the financial statements accounts, disclosures, and assertions involved.”*

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

Item 2008-01 – Financial Statements and Disclosures (continued)

**Criteria (continued)** - SAS 112 paragraph 19 provides a list of indicators of a control deficiency that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control. One such example is “*Ineffective oversight of the entity’s financial reporting and internal control by those charged with governance.*”

**Effect** – Since the County personnel lack the ability to prepare, and did not prepare, the financial statements, there is an increased risk that a misstatement of the County’s financial statements, that is more than inconsequential, will not be prevented or detected. Further, since the County accounting staff lacks the proper knowledge or training regarding the requirements of GAAP financial reporting, there is more than a remote possibility that a material misstatement of the financial statements will not be prevented or detected.

**Cause** – The County’s staff lacks the proper ability to prepare financial statements and the associated disclosures. When audit services are sought, there is a requirement that the auditor will prepare the financial statements. In the past this may have been sufficient, however, the accounting profession (American Institute of Certified Public Accountants) by issuance of SAS 112, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance.

**Recommendation** – The County should employ an individual to serve in the position of director of finance. This employee should have the ability to prepare financial statements in accordance with GAAP. Alternately, the County could chose to consult with a separate accounting firm prior to and during the audit process that would assist the County in the preparation of financial statements and the related notes.

**Views of Responsible Officials and Planned Corrective Actions** – Due to the small size of the County’s annual budget, the County is severely restricted in its ability to expand staffing. The County will begin working with a local accounting firm to assist the County in the preparation of financial statements.

Item 2008-02 – Accounting Activity

**Statement of Condition** – During the fiscal year the following deficiencies regarding the County’s accounting activity were noted:

- The County failed to record financial activity related to debt of the County held by outside parties. In particular, the County failed to record activity at the New Mexico Finance Authority for gross receipts intercepts, earning of interest income, and the payment of outstanding liabilities on their records.
- Further, the County failed to record financial activity at the Bank of Albuquerque and First National Bank escrow accounts related to debt.
- The County failed to record the bank activity of the Clerk’s bank account in the accounting records.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

Item 2008-02 – Accounting Activity (continued)

**Statement of Condition (continued):**

- The County failed to authorize, reconcile and record the financial activity and bank balances of accounts that are held separately by the fire departments.
- The County recorded accounts payable payments as a charge against the June 30<sup>th</sup> cash balance subsequent to the year ending.
- At year-end, the County failed to prepare a schedule of all receivables, a schedule of accounts payable, a schedule of accrued wages by department, and a summarization of accrued compensated absences.
- The County failed to reconcile its capital assets subsidiary records with the general ledger activity.
- Similar deficiencies were reported as finding number 05-01 in the prior year report.

**Criteria** – Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 109 paragraph 41 states the following: *“Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives.”*

Appropriate internal control procedures over financial reporting include the ability to understand the key components financial statements in accordance with GAAP. Underlining this premise is the requirement that the County will maintain the accounting records in such a manner as to allow the preparation of financial statements. For example, the reconciliation of the capital assets between the general ledger and subsidiary ledgers provides assurance of proper accountability and reduces that chance of a material misstatement.

**Effect** – Since the County personnel failed to prepare or record key components of the financial statements, there is an increased risk that a misstatement of the County’s financial statements that is more than inconsequential will not be prevented or detected. Further, since the County accounting staff lacks the proper knowledge or training regarding some aspects of the conditions noted such as the reconciliation of capital assets there is more than a remote possibility that a material misstatement of the financial statements will not be prevented or detected. Besides the increased risk of a material misstatement, the auditor may lose independence and be unable to express an opinion on the financial statements since they prepared the key components of the financial statements.

**Cause** – The County’s staff lacks the necessary accounting skills to prepare all the key components of the financial statements that are prepared on the economic resources measurement focus (which includes the accrual basis of accounting) and the current financial resources measurement focus (which includes the modified accrual basis of accounting).

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

Item 2008-02 – Accounting Activity (continued)

**Cause** - The County relies upon the auditor to obtain the necessary information to prepare the financial statements.

When audit services are sought, there is a requirement that the auditor will prepare the financial statements. So, the County takes the position that the audit firm should obtain the key components of the financial statements. In the past this may have been sufficient, however, the accounting profession (American Institute of Certified Public Accountants) by issuance of SAS 112, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance.

**Recommendation** – The County should employ an individual to serve in the position of director of finance. This employee should have the ability to prepare financial statements in accordance with GAAP. Alternately, the County could choose to consult with a separate and independent accounting firm prior to and during the audit process that would assist the County in the gathering of key components of the financial statements and the related notes.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and the auditor’s recommendation. The County Manager’s office will work with each department to initiate the proper internal controls.

Item 2008-03 – Grant Accounting

**Statement of Condition** – During the fiscal year the following deficiencies regarding the County’s legislative appropriated grant accounting were noted:

- The County received advances for certain legislative appropriations projects which was not expended in full. The County failed to properly account for these advances as deferred revenues in the accounting records.
- The County failed to request reimbursements for certain legislative grants on a timely basis.
- The County records all grant activity expenses within one line item on the general ledger.
- These deficiencies were reported as finding number 06-03 in the prior year report.

**Criteria** – Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 109 paragraph 41 states the following: *“Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives.”*

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

Item 2008-03 – Grant Accounting (continued)

**Criteria (continued)** - Appropriate internal control procedures over financial reporting include the ability to understand the key components financial statements in accordance with GAAP. Underlining this premise is the requirement that the County will maintain the accounting records in such a manner as to allow the preparation of financial statements. For example, the reconciliation of the capital assets between the general ledger and subsidiary ledgers provides assurance of proper accountability and reduces that chance of a material misstatement.

**Effect** – Since the County personnel failed to prepare or record key components of the financial statements, there is an increased risk that a misstatement of the County’s financial statements that is more than inconsequential will not be prevented or detected. Further, since the County accounting staff lacks the proper knowledge or training regarding some aspects of the conditions noted such as the reconciliation of capital assets there is more than a remote possibility that a material misstatement of the financial statements will not be prevented or detected. Besides the increased risk of a material misstatement, the auditor may lose independence and be unable to express an opinion on the financial statements since they prepared the key components of the financial statements.

**Cause** – The County’s staff lacks the necessary accounting skills to prepare all the key components of the financial statements that are prepared on the economic resources measurement focus (which includes the accrual basis of accounting) and the current financial resources measurement focus (which includes the modified accrual basis of accounting). The County relies upon the auditor to obtain the necessary information to prepare the financial statements.

When audit services are sought, there is a requirement that the auditor will prepare the financial statements. So, the County takes the position that the audit firm should obtain the key components of the financial statements. In the past this may have been sufficient, however, the accounting profession (American Institute of Certified Public Accountants) by issuance of SAS 112, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance.

**Recommendation** – The County should employ an individual to serve in the position of director of finance. This employee should have the ability to prepare financial statements in accordance with GAAP. Alternately, the County could choose to consult with a separate and independent accounting firm prior to and during the audit process that would assist the County in the gathering of key components of the financial statements and the related notes.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and the auditor’s recommendation. The County is already in the process of separating grant expenditures, by project, within the general ledger and will request reimbursements in a timelier manner in the future.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

*Item 2008-04 – Capital Assets Subsidiary Records and Depreciation*

**Statement of Condition** – The following deficiencies regarding the capital assets exist at the County:

- The current practice of the County is to have the manager's office maintain control of the capital assets subsidiary records. The manager's office procedures are to add and delete capital assets to the subsidiary ledgers during the year as purchases and disposals are made.
- The County does not reconcile amounts recorded within the capital outlay accounts of the general ledger to the capital assets subsidiary ledgers. Additionally, the accounting staff does not reconcile their general ledger with the capital assets subsidiary records.
- The County does not maintain accurate records that detail costs expended on major capital projects (construction in progress). During the audit, we noted that amounts added to the capital assets subsidiary records contained errors and did not tie to the general ledger activity for the current year and prior years.
- The County does not routinely communicate with the management of the hospital to gather accurate records that detail amounts expended on hospital capital equipment purchases from the mill levy taxes. We could not locate on the subsidiary records amounts for the hospital equipment.
- There are assets on the subsidiary ledgers that appear to have incorrect beginning dates of service. Many assets have been entered with year end dates of 1900, 1901, 1902, 1903, etc.
- There were similar deficiencies reported as 07-09 and 06-02 in the prior year report.

**Criteria** – New Mexico State Statutes Section 12-6-10 directs the general services department to promulgate regulations to state agencies for the accounting and control of capital assets owned by government agencies. The New Mexico State Administrative Code, Title 2, Chapter 20, Part 1, *Accounting and Control of Fixed Assets of State Government, Accounting for Acquisitions and Establishing Controls* issued by the general services department requires that the County implement a systematic and well documented system for accounting of capital assets. The accounting system must be capable of generating lists of capital assets in sequences useful for managing them. The system must track all transactions, including acquisitions, depreciation, improvements and dispositions. The system must generate all necessary accounting entries to the County's general ledger.

**Effect** – The County's capital assets subsidiary ledgers maintained by the County are not capable of generating data necessary for the financial statements without a significant amount of manipulation. The data generated from the accounting records is not reconciled to the general ledger, causing errors to occur in the accumulation of information within the capital assets subsidiary records. Further, since the hospital and the County do not routinely communicate regarding additions to capital assets, ledger errors are made in the amounts reflected as hospital assets. Because the dates of service are incorrect, the appropriate amount of depreciation has not been calculated. The accumulation of these errors allows the amounts retained within the capital assets subsidiary records to be incorrect. The County's not in compliance with NMAC 2.20.1.

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**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

*Item 2008-04 – Capital Assets Subsidiary Records and Depreciation (continued)*

**Cause** – The County’s personnel are unable to present the data necessary for the financial statements. The staff lacks the proper knowledge and abilities to accumulate the data. The current structure of the accounting system is not conducive to the reconciliation of the capital assets subsidiary ledgers and the general ledger.

**Recommendation** – We suggest that the staff have the proper training regarding the maintenance of the capital assets subsidiary ledgers; that training would include what information is necessary for the financial statements. Once the training has occurred, we recommend the County thoroughly review the subsidiary records and make the appropriate adjustments.

Alternatively, the County could to seek proposals from accounting firms or other professional firms that provide capital asset management. The outside consultants should be able to assist the staff.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and the auditor’s recommendation. The County will begin to work with a local accounting firm in the effect of completing a timely and accurate inventory, including all capital assets and associated depreciation.

*Item 2008-05 – Capital Assets – Inventory Control Numbers*

**Statement of Condition** – The County is not in the practice of placing identification tags on its hospital capital assets.

**Criteria** – The County’s accounting personnel have the responsibility to tag all newly received capital assets at the time they are received and to record newly acquired assets as per part 2.20.1.15 NMAC, *Accounting and Control of Fixed Assets of State Government*.

**Effect** – Without tagging the capital assets the County has not established physical accountability for their custody and use. Furthermore, since the hospital is currently managed by a separate not-for-profit organization the task of identifying ownership of the assets between the County and the other organization becomes a challenge.

**Cause** – The County is not in the practice of gathering information related to the acquisition of hospital equipment. Tagging the assets as County property was not given priority.

**Recommendation** – We recommend that the County expedite the establishment and maintenance of appropriate internal controls over its fixed assets for the primary purposes of safeguarding them and establishing accountability for their custody and use.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and the auditor’s recommendation. Once the review of inventory has taken place and a more accurate list is prepared, the County will begin to tag all capital assets owned by the County.



**STATE OF NEW MEXICO**  
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FOR THE YEAR ENDED JUNE 30, 2008

Item 2008-06 – Payroll Accounting

**Statement of Condition** – During the course of the audit, we performed audit tests of the payroll records and employee personnel files. Our payroll sample size was twenty-five. There were two occasions of missing I-9 forms in the employee's personnel file.

**Criteria** – New Mexico State Statutes Section 6-6-3 provides that every local body shall keep all the books, records, and accounts in their respective offices in the form prescribed by the Local Government Division of the Department of Finance and Administration. Within Title 2, Chapter 20, Part 5, *Public Finance Accounting by Governmental Entities* of the New Mexico Administrative Code, the Department of Finance and Administration requires all accounting systems, including subsidiary systems, record transactions timely, completely, and accurately.

**Effect** – Non-compliance with New Mexico State Statutes and the Department of Finance and Administration rules could subject officials and employees to penalties and fines.

**Cause** – Poor record keeping.

**Recommendation** – We recommend that the County officials expedite the establishment and maintenance of the appropriate internal controls to provide assurance of compliance with laws and regulations.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and the auditor's recommendation. The County will review all active employee files to ensure all the proper documentation, including signatures, is included. Furthermore, the County will review their policies and procedures concerning confidential employee files.

Item 2008-07 – Agency Credit Cards

**Statement of Condition** – During our testing of the purchase of goods with a credit card, we discovered the following items. Our audit sample was thirty-eight (38) individual credit card transactions. We noted thirteen (11) instances where there were no receipts attached and thirty-eight (38) instances where the County did not retain and or prepare a purchase order or requisition. These credit card purchases are for fuel only. The total dollar amount of the lack of receipt instances was \$1,295.

**Criteria** – The County has established written internal control procedures where the necessary supporting documentation, such as a third party receipt, must be presented prior to approval for payment. Further, County's procurement policy requires the preparation of a purchase requisition and or a purchase order for all purchases to ensure authorization and to ensure that the purchase meets budget restrictions.

**Effect** – If the County does not prepare a purchase order or requisition it runs the risk that purchases may be made in excess of the approved budget limitations. By not having receipts to support the purchase, the County can not determine whether or not they are paying for items that were for County use.

**Cause** – Unknown.

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**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

Item 2008-07 – Agency Credit Cards (continued)

**Recommendation** – We recommend that the County review its policies and procedures concerning the authorized use of its credit cards. After such review, all necessary changes or adjustments should be instituted as soon as possible.

**Views of Responsible Officials and Planned Corrective Actions** – The County Manager's office has discussed the usage of credit cards with the appropriate departments and receipts will accompany the invoices in the future. Purchase orders are now being issued, printed and filed with the accounts payable invoices.

Item 2006-09 – Legal Compliance With Adopted Budget

**Statement of Condition** – The County did not prepare a budget for Special Hospital Gross Receipts Tax fund. The County recorded \$141,787 of health and welfare expenses in this fund for the year. The County did not prepare a budget for Hospital Operations. The County recorded \$112,214 of health and welfare expenses in this fund for the year.

**Criteria** – Sections 6-6-6 through 6-6-11 NMSA 1978 Compilation prohibit local governments from making expenditures in excess of the approved budget and make public officials liable for such expenditures. County officials and governing authorities have the obligation to follow applicable state statutes.

**Effect** – Noncompliance with New Mexico State Statutes could subject officials and employees to penalties and fines required by state statutes.

**Cause** – The County established this fund during the year and failed to prepare a budget adjustment request to reflect the anticipated revenues and expenditures.

**Recommendation** – We recommend that the County establish procedures that include a comprehensive monthly review of its budget. The review will allow the governing body to examine fiscal performance and make budget adjustments, if needed. It should include a comparison of revenues and expenditures to date to the approved budget. Based on the review, a resolution requesting budget adjustments should be submitted to the Local Government Division, if necessary.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and the auditor's recommendation. The County will review their budget versus actual reports on a more regular basis. If adjustments are needed to the budget, the Manager's office will present a Budget Adjustment Resolution to the Board of Commissioners for their approval.

Item 2007-10 – Bank Depositories

**Statement of Condition** – The County did not maintain its interest bearing deposits in each of the County's financial institutions in the ratio of the financial institution's total deposits.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
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FOR THE YEAR ENDED JUNE 30, 2008

Item 2007-10 – Bank Depositories (continued)

**Criteria** – Public money placed in interest-bearing deposits in banks and savings and loan associations shall be equitably distributed among all banks and savings and loan associations having their main or staffed branch offices within the geographical boundaries of the governmental unit that have qualified as public depositories by reason of insurance of the account by an agency of the United States or by depositing collateral security or by giving bond as provided by law and that desire a deposit of public money pursuant to Section 6-10-36 NMSA 1978. The deposits shall be in the proportion that each bank's or savings and loan association's deposits bears to the total deposits of all banks and savings and loan associations that have their main office or staffed branch office within the geographical boundaries of the governmental unit and that desire a deposit of public money pursuant to this section.

**Effect** – Noncompliance with the New Mexico state statutes could subject officials and employees to penalties.

**Cause** – The County did not follow through on its previous practice of determining appropriate deposit requirements.

**Recommendation** – We recommend that the County review the state statute and enact a policy and procedure that would ensure compliance.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and the auditor's recommendation. The County will begin reviewing the total deposits of all banks located within the County to ensure compliance with state statutes.

Item 2008-08 – Procurement Violations

**Statement of Condition** – During our testing of the County's adherence to the New Mexico procurement code, we discovered the following violations:

- The County did not participate in the procurement process or provide over site for the major capital improvements to the hospital currently in progress. The hospital building is the property of the County. Clayton Health Systems, a not-for-profit corporation, who operates the hospital for the County, procured and is managing the construction project
- The County does not participate in the procurement process for hospital equipment purchases. The funding for the purchases is from the County mill levy. Clayton Health Systems procured the equipment for the County.
- The County did not seek competitive sealed bids for its fuel purchases.

**Criteria** – Section 13-1-102 NMSA 1978 states that all procurement shall be by competitive sealed bid except for procurements via competitive sealed proposals; small purchases; sole source; emergency procurements; existing procurements; and antipoverty program businesses.

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*Item 2008-08 – Procurement Violations (continued)*

**Effect** – Any person, firm, or corporation that knowingly violates any provision of the Procurement Code is subject to a civil penalty of not more than one thousand dollars (\$1,000) for each procurement in violation of any provision of the Procurement Code [13-1-28 to 13-1-117 and 13-1-118 to 13-1-199].

**Cause** – There is a lack of understanding on the part of County has to its responsibilities for over site of any and all procurement projects at the hospital. Sometime ago, the County deemed its fuel purchases as sole source and therefore has not sought competitive sealed bids.

**Recommendation** – We recommend the County expedite the establishment of procedures that will provide a complete understanding and total assurance of compliance with the Procurement Code. The General Services Department of the State of New Mexico would be a good resource to answers questions concerning its role in the procurement process. Because of the limitations of staffing in the managers office, the County officials should consider the formation of a task force or committee specially dedicated to over site of all hospital dealings.

**Views of Responsible Officials and Planned Corrective Actions** – The County will review all aspects of the Procurement Code and will provide training to all departments to ensure compliance with the Procurement Code in the future.

*Item 2008-09 – Public Employee Retirement Association Reporting*

**Statement of Condition** – The County did not report 100% of payroll to the New Mexico Public Employee Retirement Association (PERA).

**Criteria** – The Public Employees Retirement Act (10-11-1 to 10-11-38 NMSA 1978) establishes the public employee retirement system. PERA membership is mandatory under the PERA Act, unless membership is specifically excluded by statute. Each government agency participating is responsible for reporting 100% of payroll to PERA.

**Effect** – Non-compliance with the New Mexico State Statutes could subject officials and employees to penalties and fines required by state statutes.

**Cause** – The County did capture the reporting of overtime wages, shorted hours, vacation pay and wages paid for less than full time employment. In addition, two employees were excluded from PERA calculations for a short period of time in error after a change in their employment status with the County.

**Recommendation** – We recommend that the County expedite the establishment and maintenance of the appropriate internal controls to provide reasonable assurance of compliance with laws and regulations. These would include a review of all PERA reports prior to submission and a periodic review of the employment status of each of the County's employee's.

**View of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and auditor's recommendation. We have made adjustments in our procedures to ensure compliance with the PERA regulations and will make made all necessary payments to PERA on behalf of the employees who were not included in error.

**STATE OF NEW MEXICO**  
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FOR THE YEAR ENDED JUNE 30, 2008

Item 2008-10 – Compensating Tax

**Statement of Condition** – The County has not remitted compensating tax on construction materials purchased during the year ending June 30, 2008.

**Criteria** – The purpose of compensating tax is to protect New Mexico businesses from unfair competition from untaxed transactions. The use of property by the state of New Mexico, one of its agencies, or a political subdivision is exempt [7-9-14A] with two exceptions:

1. The use of property by a New Mexico political subdivision that is or will be incorporated into a project created under the Metropolitan Redevelopment Code.
2. The use of tangible personal property that becomes an ingredient or component part of a construction project is not exempt.

**Effect** – Noncompliance with laws exposes the organization to potential interest and penalties.

**Cause** – The organization was unaware of the requirement to remit compensating tax on small items that were thought to be in the nature of repairs and not construction.

**Recommendation** – We recommend that the County review its current practices and revise its procedures to ensure compliance with New Mexico Gross Receipts and Compensating Tax Acts.

**View of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and the auditor's recommendation. The County Manager's office will review the rules concerning gross receipts taxes and/or compensating taxes paid by the County. The County will discuss this issue with the Hospital's operating company to ensure full compliance with state law.

Item 2008-11 – Disposition of Property

**Statement of Condition** – The County disposed of some of its obsolete property through auction and did not notify the Office of the State Auditor of such disposition.

**Criteria** – Section 13-6-1 and 13-6-2 NMSA 1978, and the Procurement Code govern the disposition of obsolete, worn-out or unusable tangible property owned by local public bodies. At least thirty days prior to any dispositions of property, written notification of the official finding and proposed disposition schedule that must be duly sworn and subscribed under oath by each member of the Board of Trustees approving the action. It must then be sent to the New Mexico State Auditor per 2.2.2.10 V of the State Auditor Rule.

**Effect** – Noncompliance with New Mexico State statutes could subject officials and employees to penalties.

**Cause** – The County was unaware of such a requirement.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

*Item 2008-11 – Disposition of Property (continued)*

**Recommendation** – We recommend that the County review the Procurement Code and Audit Rule and establish policies and procedures to ensure compliance.

**Views of Responsible Officials and Planned Corrective Actions** – The County will begin to comply with state statutes concerning the proper disposition of property in the future. The Board of Commissioners will review the property disposition list, approve the list, and inform the State Auditor's office of the disposition of property.

*Item 2008-12 – Travel and Per Diem*

**Statement of Condition** – During the course of the audit, we performed tests of travel and per diem expenditures. Our sample size was twenty-five transactions and contained the following discrepancies:

- We noted one instance where the per diem rate was calculated incorrectly.
- We noted seventeen instances where the travel voucher did not contain a written approval signature of the appropriate department head or supervisor.

**Criteria** – The New Mexico Department of Finance and Administration have issued regulations in the form of Title 2, Chapter 42, Part 2, *Travel and Per Diem Regulations Governing the Per Diem and Mileage Act* of the New Mexico Administrative Code. The rule was issued in accordance with Section 10-8-1 to 10-8-8 NMSA 1978. The rule states that travel may be advanced up to 80% of the anticipated travel. The rule also details per diem rates proration, which the County failed to adhere to.

**Effect** – The County is not in compliance with the travel and per diem reimbursement rules and regulations. Non-compliance with the state of New Mexico subjects officials and employees to penalties as required by State statutes.

**Cause** – County staff was unaware of the requirements of the New Mexico Administrative Code concerning travel and per diem regulations.

**Recommendation** – We recommend that the County officials expedite the establishment and maintenance of the appropriate internal controls to provide assurance of compliance with laws and regulations.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the condition and auditors' recommendation. The County will review their policies and procedures concerning travel and per diem. The County will ensure their policy is in compliance with the state rule.

*Item 2008-13 – Special Revenues Funds Authority*

**Statement of Condition** – The County has created special revenues funds with no given authority.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008

Item 2008-13 – Special Revenues Funds Authority (continued)

**Criteria** – The “Special Revenue Funds” definition in the Government Accounting Standards Board (GASB) Codification (sec 1300) is:

- To account for the proceeds of special revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. Use of Special Revenue Funds is not required unless they are legally or contractually mandated.

In addition, the authority for creation of special revenue funds must be shown in the audit report per State Audit Rule 2008 Section 2.2.2.10 M. The state auditor can promulgate reasonable regulations necessary to carry out the duties of the office, including regulations required for conducting audits in accordance with generally accepted auditing standards. The regulations become effective upon filing in accordance with the State Rules Act.

**Effect** - The County is not in compliance with GASB standards and with the State Audit Rule concerning disclose of authority for fund creation.

**Cause** – County staff was unaware of such of the rules regarding authority for fund creation.

**Recommendation** - We recommend that the County officials expedite the establishment and maintenance of the appropriate internal controls to provide assurance of compliance with laws and regulations.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the statement of condition and the auditor’s recommendation. The County Manager’s office will prepare a resolution for approval by the Board of Commissioners to provide authority for the County’s special revenue funds.

**STATUS OF PRIOR YEAR FINDINGS**

Item 07-01 – Grant Accounting

The prior year’s audit noted that the County did not properly account for its legislative appropriations grants. The prior year finding is not considered completely resolved. The finding has been consolidated and is repeated as finding 2008-03.

Item 07-02 – Allocation of Interest

The prior year’s audit noted that the County’s interest income was not properly allocated. The prior year finding has been resolved.

Item 07-03 – Errors in Accounting Data and Reports

The prior year’s audit noted inaccuracies in accounting data and reports. The finding applied to the accounting activity for year ending 6-30-2007. The finding is not repeated.

**STATE OF NEW MEXICO  
UNION COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2008**

**STATUS OF PRIOR YEAR FINDINGS (continued)**

Item 07-04 Compensated Absences

In the prior year's audit three employees accrued more annual leave than allowed. The County revised its procedures to properly account for compensated absences. The prior year finding has been resolved.

Item 07-05 – Capital Asset Accounting

The prior year's audit noted inaccuracies in the accounting for capital assets. The audit finding is not considered resolved and is repeated.

Item 07-06 – Netting of Accounts Payable Against Cash Balances

The prior year's audit noted that accounts payable at June 30, 2007, paid after the fiscal year end were charged against the cash balance rather than recorded as accounts payable. The finding has been consolidated and is repeated as finding 2008-01.

Item 07-07 – Budgetary Accounting

The prior year's audit noted inaccuracies in budgetary accounting. The audit finding is not considered resolved and is repeated.

Item 07-08 – Procurement

The prior year's audit noted noncompliance in the procurement process. The instances as reported were unique to that year. The County revised its procedures to include documentation for best obtainable price. The audit finding is repeated in a modified manner appropriate for current year noncompliance issues.

Item 07-09 – Capital Asset Accounting

The prior year's audit noted that the County had failed to perform an accurate inventory of capital assets. The prior year finding has not been resolved and is repeated.

Item 07-10 – Internal Control Policy and Bank Depositories

The prior year's audit noted that the County had failed to maintain its deposits in the same ratio of the individual banks total deposits. The prior year finding has not been resolved and is repeated.

Item 06-01 – Sole Community Provider Accounting

The prior year's audit noted that the County's Sole Community Provider funding had not been recorded in the accounting records of the County. The accounting for this type of funding has been cleared and is considered resolved.



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
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FOR THE YEAR ENDED JUNE 30, 2008

**STATUS OF PRIOR YEAR FINDINGS (continued)**

Item 06-02 – Capital Asset

The prior year's audit noted inaccuracies in the accounting for capital assets. The audit finding is not considered resolved and is repeated.

Item 06-03 – Deferred Revenue received in the Road Department

The prior year's audit noted inaccuracies in the accounting for highway Co-op grants for road projects. The finding has been consolidated and is repeated as finding 2008-03.

Item 06-05 – Tax Roll Reconciliation

The prior year's audit noted that the County Treasurer did not have an accounting system set up to gather and report by agency, the amount of taxes levied; collected in the current year; collected to-date; distributed in the current year; distributed to-date; the amount determined to be uncollectible in the current year; the uncollectible amount to-date; and the outstanding receivable balance at the end of the fiscal year. This finding is not considered resolved and is repeated.

Item 06-09– Budgetary Violations

The prior year's audit noted that budgets that were not prepared for all funds. The finding has not been resolved and was revised and repeated.

Item 05-01 – Accounting System and Processes

The prior year's audit noted inaccuracies in the County's cash basis method of accounting. The audit finding is not considered resolved. The finding has been consolidated and is repeated as finding 2008-01.

Item 05-02 – Accrual Accounting

The prior year's audit noted shortcomings in the County's ability to maintain accrual basis of accounting. The audit finding is not considered resolved. The finding has been consolidated and is repeated as finding 2008-01.

Item 05-05 – Procurement Accounting

The prior year's audit noted shortcomings in the County's ability to maintain documentation of the best price available for small purchases. The audit finding is considered resolved.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
EXIT CONFERENCE  
JUNE 30, 2008

The audit report for the fiscal year ended June 30, 2008, was discussed during the exit conference held on November 13, 2008 in Clayton, New Mexico. Present for the County was Justin Bennett, County Commissioner; Reba Rae Boyd, County Treasurer; Louis F. Trujillo, County Assessor; Joyce Ann Sowers, County Clerk; Kay Arnette, Deputy County Treasurer; Frankie J. Aragon, Deputy County Assessor, and Angie Gonzales, County Manager. Present for the auditing firm was Rose Fierro, CPA.

**Financial Statement Preparation**

The auditing firm of Fierro & Fierro, P.A., Certified Public Accountants, prepared the financial statements of Union County as of June 30, 2008. The County's upper management has reviewed and approved the financial statements and related notes, and they believe the County's books and records adequately support them.