

**STATE OF NEW MEXICO
UNION COUNTY**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2009

**STATE OF NEW MEXICO
UNION COUNTY
OFFICIAL ROSTER
JUNE 30, 2009**

Elected Officials

Richard Arguello	Commission Chairman
Justin Bennett	Commission Member
Van Robertson	Commission Member
Kay Arnett	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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UNION COUNTY
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www.fierrocpa.comIndependent Auditors' ReportHector 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, 2009, 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, 2009, 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 seven, eight, and nine, 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.

Union County has entered into loan agreements with the New Mexico Finance Authority for the construction of improvements to the County's hospital. At the beginning of the fiscal year, the County had \$7,580,757 of loan proceeds that were held by a fiscal agent. During the year, the cash earned interest income of \$44,248, and the fiscal agent transferred \$8,484 to the New Mexico Finance Authority and paid \$4,639,576 to vendors for construction expenses. At June 30, 2009, the fiscal agent held \$2,976,945. Management has not presented a major capital projects fund to display the financial position and changes in financial position of its individual governmental fund. Further, management has not included the financial activity of the capital projects fund in the statement of financial position and changes in financial position of its government-wide governmental activities. Accounting principles generally accepted in the United States of America require the presentation, and proper reporting, of all governmental funds and government-wide financial statements. Cash held at June 30, 2009 is understated by \$2,976,945, on both the missing capital projects fund and the government-wide statement of financial position. The revenue within the capital projects fund and the governmental activities is understated by \$44,248. The expenditures paid to the Finance Authority are understated by \$8,484. Capital outlay of \$4,639,576 is not reported and thus the expenditures are understated in the missing capital projects fund and capital assets on the government-wide statement of financial position are understated.

At the end of the prior fiscal year, Union County failed to report cash in the amount of \$168,311 held by the New Mexico Finance Authority in debt reserve accounts. During the year, the reserve accounts generated interest income of \$4,045 that was not reported. The lessee of the County hospital remitted \$451,864 to the New Mexico Finance Authority, along with \$172,611 remitted by the County. The beginning cash and cash remitted were used to pay the principal, interest and administrative fees.

At year end, the New Mexico Finance Authority held \$228,876 in reserve accounts that have not been reported by the County. Accounting principles generally accepted in the United States of America require the presentation, and proper reporting, of all governmental funds and government-wide financial statements. The activity related to the debt service reserve funds has not been reported by management. The revenues earned along with the debt service reduction have not been reported within a debt service governmental fund. \$228,876 held in reserve accounts at year end has not been reported. The amounts missing from the debt service fund are also missing from the government-wide statement of financial position and changes in financial position.

At the end of the prior fiscal year, the County failed to record outstanding debt issued by the New Mexico Finance Authority in the amount of \$7,179,529 for the improvements made at the County's hospital. During the fiscal year, the leasee of the hospital remitted \$451,864 to the New Mexico Finance Authority for interest expense, principal reductions and administrative fees. Management failed to record the financial activity in their accounting records. Additionally, management incorrectly reflected expenditures of \$159,332 as health and welfare expenditures within the special gross receipts tax special revenue fund. Such expenditures should be reflected as principal reduction, interest and administrative expenditures. At June 30, 2009, management failed to reflect outstanding debt owed to the New Mexico Finance Authority in the amount of \$6,885,032 within the governmental activities of statement of net assets. Accounting principles generally accepted in the United States of America require that all debt obligations be recorded and that the principal reduction and the interest expense are recorded in the current accounting period. Management failed to record principal reduction of \$294,497, along with interest and administrative expenditures of \$281,942 within a debt service fund. Management failed to record the direct payment by the leasee of the hospital within a debt service fund. Management incorrectly recorded principal and interest payments within the special gross receipts tax special revenue fund. The governmental activities statement of financial position liabilities are understated by \$6,885,032, and the statement of activities interest and administration expenses are understated by \$281,943.

As discussed in note eight 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 financial position as of June 30, 2009.

The County's five fire districts, along with the two emergency medical service districts have separate bank accounts that contain financial activity that has not been recorded in the accounting records of the County. At year-end, the amounts of the cash balances were as follows: Amistad/Hayden Fire District \$31,141; Sedan Volunteer Fire District \$15,000; Rabbit Ear Fire Department \$4,515; Capulin Volunteer Fire District \$547; Amistad/Hayden EMS \$242; and Capulin EMS \$139. Grenville Fire Department has failed to disclose the amount they held at June 30, 2009. Accounting principles generally accepted in the United States of America require the presentation, and the proper reporting of all governmental funds and government-wide financial statements. Management is unable to present financial data concerning the beginning of year balances, and the changes of the cash accounts during the fiscal year. The amount of unrecorded revenues and expenditures can not reasonably be determined.

In our opinion, because of the matters discussed in the third, fourth, fifth, sixth, seventh and eighth paragraphs, the financial statements referred to previously 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, 2009, and the changes in financial position thereof for the year then ended.

In addition, because of matters discussed in the third, fourth, fifth and sixth paragraphs, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the major funds of Union County as of June 30, 2009, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, the statement of fiduciary assets and liabilities agency funds referred to above as aggregate remaining fund information presents fairly, in all material respects, the financial position of the agency funds of Union County as of June 30, 2009.

In addition, in our opinion, the individual fund financial statements referred to above as aggregate remaining fund information presents fairly, in all material respects, the budgetary comparison for the general fund and the hospital mill levy special revenue fund of Union County for the year ended June 30, 2009 in conformity with the budgetary basis of accounting more fully described in Note 1D, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In addition, in our opinion, except for the affects of such adjustments as discussed in the sixth paragraph regarding the special gross receipts tax special revenue fund, and the affects of such adjustments as discussed in the ninth paragraph regarding the Amistad/Hayden, Sedan, Rabbit Ear, Capulin, Grenville fire districts; and Amistad/Hayden and the Capulin emergency medical services districts, the financial statements referred to above present fairly the financial position of each non-major governmental fund of Union County, as of June 30, 2009, and the respective changes in financial position thereof, in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, except for the affects of such adjustments as discussed in the ninth paragraph regarding the Amistad/Hayden, Sedan, Rabbit Ear, Capulin, Grenville fire districts; and Amistad/Hayden and the Capulin emergency medical services districts, the financial statements referred to above present fairly, in all material respects, the budgetary comparison for all non-major special revenue funds and capital projects funds of Union County for the year ended June 30, 2009 in conformity with the budgetary basis of accounting more fully described in Note 1D, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2009, 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, are 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

September 17, 2009

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
UNION COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Primary Government
	Governmental Activities
ASSETS	
Cash	\$ 4,382,110
Receivables, net of allowance for doubtful accounts:	
Accounts	7,500
Intergovernmental	678,925
Taxes	274,444
Interest	2,528
Prepaid expenses	39,178
Restricted:	
Investments held by fiscal agent	46,309
Deposit	30,000
Capital assets:	
Land and construction in progress	1,884,076
Other capital assets, net of depreciation	10,904,409
Total assets	18,249,479
 LIABILITIES	
Accounts payable	77,090
Accrued salaries payable	69,142
Accrued interest payable	963
Deferred revenues	2,686
Long-term liabilities:	
Due within one year	50,418
Due in more than one year	105,721
Total liabilities	306,020
 NET ASSETS	
Invested in capital assets, net of related debt	12,686,019
Restricted debt service	46,309
Unrestricted	5,211,131
Total net assets	\$ 17,943,459

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

STATE OF NEW MEXICO
UNION COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General government	\$ 1,029,250	\$ 43,487	\$ 656,482	\$ -	\$ (329,281)
Public safety	1,111,337	71,155	722,056	135,921	(182,205)
Public works	1,831,387	-	1,129,060	-	(702,327)
Health and welfare	1,805,484	-	60,960	1,877,254	132,730
Interest and other charges on long-term debt	2,622	-	-	-	(2,622)
Total governmental activities	<u>\$ 5,780,080</u>	<u>\$ 114,642</u>	<u>\$ 2,568,558</u>	<u>\$ 2,013,175</u>	(1,083,705)
General Revenues:					
Property taxes					1,438,483
State shared taxes					2,279,896
Investment income					<u>114,302</u>
Total general revenues					<u>3,832,681</u>
Change in net assets					2,748,976
Net assets, beginning of year					<u>15,194,483</u>
Net assets, end of year					<u>\$ 17,943,459</u>

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
UNION COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General Fund	Hospital Mill Levy Fund	Legislature Appropriations Fund	Total Non-Major Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,880,705	\$ 24,634	\$ 184,647	\$ 2,292,124	\$ 4,382,110
Receivables, net of allowance for doubtful accounts:					
Accounts	7,500	-	-	-	7,500
Taxes	92,774	21,305	-	160,365	274,444
Intergovernmental	396,269	-	226,981	55,675	678,925
Interest	1,114	-	-	1,414	2,528
Prepaid expenses	23,208	-	-	15,970	39,178
Restricted:					
Investments held by fiscal agent	-	-	-	46,309	46,309
Deposit	-	-	-	30,000	30,000
Total assets	\$ 2,401,570	\$ 45,939	\$ 411,628	\$ 2,601,857	\$ 5,460,994
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 42,535	\$ -	\$ -	\$ 34,555	\$ 77,090
Accrued salaries	62,869	-	-	6,273	69,142
Deferred revenues	24,414	12,983	-	2,686	40,083
Total liabilities	129,818	12,983	-	43,514	186,315
Fund Balances:					
Reserved:					
Debt service reported in non-major:					
Special revenue funds	-	-	-	46,309	46,309
Subsequent year's expenditures reported in non-major:					
Special revenue funds	-	-	-	1,084,646	1,084,646
Capital projects funds	-	-	-	80,000	80,000
Unreserved	2,271,752	32,956	411,628	-	2,716,336
Special revenue funds	-	-	-	1,255,089	1,255,089
Capital projects funds	-	-	-	92,299	92,299
Total fund balances	2,271,752	32,956	411,628	2,558,343	5,274,679
Total liabilities and fund balances	\$ 2,401,570	\$ 45,939	\$ 411,628	\$ 2,601,857	\$ 5,460,994

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, 2009

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

Total fund balances governmental funds (page seven)	\$	5,274,679
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		12,788,485
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.		37,397
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(156,139)
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>(963)</u>
Net assets of governmental activities (page five)	\$	<u><u>17,943,459</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, 2009

	General Fund	Hospital Mill Levy Fund	Legislature Appropriations Fund	Total Non-Major Funds	Total Governmental Funds
Revenues:					
Local effort taxes	\$ 978,139	\$ 474,992	\$ -	\$ 28,828	\$ 1,481,959
State shared taxes	818,536	111,191	-	1,350,169	2,279,896
Intergovernmental	1,758,049	-	1,882,218	941,466	4,581,733
Charges for services	31,256	-	-	65,710	96,966
Interest income	90,084	-	-	24,218	114,302
Miscellaneous	12,573	-	-	5,103	17,676
Total revenues	3,688,637	586,183	1,882,218	2,415,494	8,572,532
Expenditures:					
Current:					
General government	994,761	-	-	69,111	1,063,872
Public safety	373,199	-	-	728,631	1,101,830
Public works	1,796,605	-	-	-	1,796,605
Health and welfare	-	838,379	-	967,105	1,805,484
Capital outlay	22,651	34,777	1,877,246	365,022	2,299,696
Debt Service:					
Principal	-	-	-	24,676	24,676
Interest and other charges	-	-	-	2,051	2,051
Total expenditures	3,187,216	873,156	1,877,246	2,156,596	8,094,214
Excess (deficiency) of revenues over expenditures	501,421	(286,973)	4,972	258,898	478,318
Other Financing Sources (Uses):					
Loan proceeds	-	-	-	71,050	71,050
Transfer in	15,373	-	401,836	289,685	706,894
Transfer (out)	(501,836)	-	-	(205,058)	(706,894)
Total other financing sources (uses)	(486,463)	-	401,836	155,677	71,050
Net change in fund balances	14,958	(286,973)	406,808	414,575	549,368
Fund balance, beginning of year	2,256,794	319,929	4,820	2,143,768	4,725,311
Fund balance, end of year	<u>\$ 2,271,752</u>	<u>\$ 32,956</u>	<u>\$ 411,628</u>	<u>\$ 2,558,343</u>	<u>\$ 5,274,679</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, 2009

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

Net change in fund balances total governmental fund (page nine)	\$	549,368
Amount by which capital outlay expenditures in the governmental fund financial statements exceeded depreciation in the government-wide financial statements.		2,299,696
Some of the County's property taxes will be collected after year-end but are not available soon enough to pay for the current period expenditures, and therefore, are reported as deferred revenues in the governmental funds.		(43,476)
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. Proceeds of \$71,050 exceeded repayments of \$24,676.		(46,374)
Accrued interest expense not due within the thirty days after year-end is not considered in the current period and is not reported in the governmental funds. The increase of the accrued interest liability from the previous year increases the interest expense within the statement of activities.		(571)
Increase in the compensated absences is reflected as an expense within the statement of activities and the expense does not use a current financial resource and is not recorded in the governmental fund statements.		<u>(9,667)</u>
Change in net assets of government-wide financial statements (page six)	\$	<u><u>2,748,976</u></u>

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, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Revenues:				
Local effort taxes	\$ 1,440,800	\$ 915,800	\$ 985,056	\$ 69,256
State shared taxes	139,138	664,138	811,866	147,728
Intergovernmental	825,618	825,618	1,266,489	440,871
Charges for services	23,175	23,175	31,256	8,081
Interest income	66,000	66,000	96,394	30,394
Miscellaneous	564,800	564,800	5,617	(559,183)
Total revenues	<u>3,059,531</u>	<u>3,059,531</u>	<u>3,196,678</u>	<u>137,147</u>
Expenditures:				
Current:				
General government	1,107,423	1,185,733	992,959	192,774
Public safety	461,014	461,014	317,915	143,099
Public works	1,348,217	1,878,566	1,792,952	85,614
Capital outlay	252,000	93,651	75,335	18,316
Total expenditures	<u>3,168,654</u>	<u>3,618,964</u>	<u>3,179,161</u>	<u>439,803</u>
Excess (deficiency) of revenues over expenditures	(109,123)	(559,433)	17,517	576,950
Other Financing Sources (Uses):				
Transfers in	675,000	687,922	12,922	(675,000)
Transfers (out)	-	(1,175,000)	(500,000)	675,000
Total other financing sources (uses)	<u>675,000</u>	<u>(487,078)</u>	<u>(487,078)</u>	<u>-</u>
Net change in cash balance	565,877	(1,046,511)	(469,561)	576,950
Cash balance, beginning of year	2,391,791	2,391,791	2,391,791	-
Restatement	(41,525)	(41,525)	(41,525)	-
Cash balance restated, beginning of year	<u>2,350,266</u>	<u>2,350,266</u>	<u>2,350,266</u>	<u>-</u>
Cash balance, end of year	<u>\$ 2,916,143</u>	<u>\$ 1,303,755</u>	<u>\$ 1,880,705</u>	<u>\$ 576,950</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, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Revenues:				
Local effort taxes	\$ 847,500	\$ 847,500	\$ 478,085	\$ (369,415)
State shared taxes	-	-	106,269	106,269
Total revenues	847,500	847,500	584,354	(263,146)
Expenditures:				
Current:				
Health and welfare	1,160,935	1,160,935	873,156	287,779
Net change in cash balance	(313,435)	(313,435)	(288,802)	24,633
Cash balance, beginning of year	313,436	313,436	313,436	-
Cash balance, end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 24,634</u>	<u>\$ 24,633</u>

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, 2009

	<u>Agency Funds</u>
Assets	
Cash	\$ 119,569
Taxes receivable	<u>35,317</u>
Total assets	<u><u>\$ 154,886</u></u>
Liabilities	
Deposits held for others	\$ 119,569
Due to other taxing units - future collections	<u>35,317</u>
Total liabilities	<u><u>\$ 154,886</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, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

With the exception of the items discussed in the independent auditors' report, 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 basic financial statements include both government-wide (based on the County as a whole) and the fund financial statements.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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 County does not have any business-type activities.

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).

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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 is 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*. The focus of the governmental funds' measurement (in the fund statements) is a determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. 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.

Ad valorem taxes and sales tax revenues associated with the current fiscal period are 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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Proprietary funds financial statements of the County would 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 funds:

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

The *hospital mill levy fund* which is considered a special revenue fund was established to account for the four and one quarter mill levy revenues which are used for the maintenance and purchase of capital equipment for the County's hospital. The authority for the fund is given by Resolution 93-2.

The *legislature appropriation fund* which is considered a capital projects fund was established to account for special appropriations received from the state of New Mexico.

The County maintains twenty-four other individual governmental funds that are considered nonmajor funds; twenty-three are classified as special revenue funds and one is classified as a capital projects fund. A description of each nonmajor governmental fund is as follows:

Special Revenue Funds

The *farm and range fund* accounts 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.

The *recreation fund* accounts 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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Special Revenue Funds (continued)

The *county clerk's equipment fund* accounts for funds collected to be used for purchase of special equipment. The authority for the fund is given by NMSA 14-8-12.2.

The *indigent hospital fund* accounts 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.

The *correctional gross receipts tax fund* accounts 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.

The *correction fees fund* accounts 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.

The *DWI state grant fund* accounts 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.

The *reappraisal fund* accounts for the proceeds from property taxes and the one-percent administrative fees assessed by county treasurers to revenue recipients. The authority for the fund is given by NMSA 7-38-38.1.

The *emergency services general GRT fund* accounts 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.

The *health council fund* accounts for the revenues and expenditures of the professional service contract with the state of New Mexico to establish a health council. The authority for the fund is County Maternal and Child Plan section 24-1B-1 et seq.

The *general gross receipts tax fund* accounts 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 number 31.

The *gross receipts reserve tax fund* accounts 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 number 7.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Special Revenue Funds (continued)

The *law enforcement fund* accounts 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.

The *special hospital gross receipts tax fund* accounts 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.

The County has established five fire districts, Capulin, Sedan, Amistad and Hayden, Rabbit Ear and Grenville and each fire district financial activity is accounted in a separate fund. The funds account for State revenues allocated to each fire district and the expenditures there from. The authority for the funds is given by NMSA 59A-53-1.

The County has established two emergency medical services districts, Capulin and Amistad and Hayden. Each fund accounts for the operations and maintenance of medical service equipment in the EMS district within the County. The authority for the funds is given by NMSA 24-10A-1 to 24-10A-10.

The *fire marshal fund* accounts 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.

The *special hospital gross receipts tax fund* accounts gross receipts taxes received and reserved for the operations and maintenance of the hospital. The authority for this fund is given by County ordinance number 33.

Capital Projects Funds

The *capital improvements fund* accounts 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.

Additionally, the County reports the following fiduciary fund type:

The *agency fund* accounts 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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 1st to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a pending budget by July 1st with final certification of the budget by the first Monday of September.

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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 1st of each year based on the assessed value on the prior January 1st and are payable in two equal installments by November 10th of the year in which the tax bill is prepared and by April 10th of the following year.

Property taxes are delinquent if not paid by December 10th and May 10th. Taxes on real property are a lien from January 1st 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. Prepaid Items

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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital Assets (continued)

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. 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 for business-type capital assets.

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, however such accumulation is not paid upon termination, therefore; the accumulated sick leave liability is not recorded.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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:

Reserved for debt service – Represents amounts placed with the fiscal agent in accordance with debt instruments to satisfy future debt obligations.

Reserved for subsequent years' expenditures – Represents the amounts, other than carryover expenditures, which are required to be reserved for subsequent years' expenditures.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Fund Equity Reservation and Designations

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

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.

12. Presentation

Certain reclassifications of prior year information have been made to conform to current year presentation.

2. 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.

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

2. CASH DEPOSITS (continued)

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, 2009, 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:

	<u>Per Institution</u>	<u>Reconciling Items</u>	<u>Per Financial Statements</u>
Cash on hand	\$ -	\$ 250	\$ 250
First National Bank	2,685,986	(117,646)	2,568,340
Farmer's & Stockmen's Bank	1,934,051	(962)	1,933,089
	<u>\$ 4,620,037</u>	<u>\$ (118,358)</u>	<u>\$ 4,501,679</u>
Statement of net assets - cash			\$ 4,382,110
Statement of fiduciary assets and liabilities - agency funds			<u>119,569</u>
Total cash reported on financial statements			<u>\$ 4,501,679</u>

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).

	<u>First National Bank</u>	<u>Farmer's & Stockmen's Bank</u>
Checking accounts	\$ 1,285,986	\$ 734,051
Certificates of deposit	1,400,000	1,200,000
Total deposits	2,685,986	1,934,051
FDIC coverage	<u>(500,000)</u>	<u>(500,000)</u>
Uninsured public funds	<u>\$ 2,185,986</u>	<u>\$ 1,434,051</u>
Pledged securities	\$ 1,280,000	\$ 1,191,306
Collateral requirements (50% of uninsured public funds)	<u>(1,092,993)</u>	<u>(717,026)</u>
Over (under) collateralization	<u>\$ 187,007</u>	<u>\$ 474,280</u>

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

2. CASH DEPOSITS (continued)

Cash Deposited With Financial Institutions (continued)

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 \$250,000 in aggregate and separate from the \$250,000 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, 2009, \$3,620,037 of the County's bank balance of \$4,620,037 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.	\$ 2,185,986	\$ 1,434,051

3. INVESTMENTS HELD BY FISCAL AGENT

The County has borrowed money from the New Mexico Finance Authority (NMFA) for equipment purchases for the Amistad and Hayden and Grenville Fire Districts. As part of the note agreement, the County has remitted \$46,309 to the NMFA and they have deposited the funds with the New Mexico State Treasurer. The state treasurer has placed the funds in the local government investment pool. New Mexico State Statutes authorized the state treasurer to pool monies received from local public bodies for investment purposes with other public monies under his control.

As of June 30, 2009, the combined balance of the County's deposit within the local government investment pool was \$46,309. The cost basis and the fair market basis of the deposit are equal to \$46,309 (amount of investment). The investments are valued at fair value based on quoted market prices as of the valuation date. The state treasurer's local government investment pool is not SEC registered. The fund is rated AAA_m by Standards and Poor's. Section 6-10-10.1, NMSA 1978, empowers the state treasurer, with the advice and consent of the state board of finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The local government investment pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

3. INVESTMENTS HELD BY FISCAL AGENT (continued)

Per section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the state treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary. The average yield at June 30, 2009, was 2.85%.

Interest Rate Risk – Interest rate risk is the risk that interest rate variations may adversely affect an investment’s fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio’s weighted average maturity (WAM) is a key determinant of the tolerance of a fund’s investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The portfolio’s weighted average maturity is 43-day WAM.

The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

4. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments at June 30, 2009, consisted of the following, which are fully collectible:

NM Department of Finance & Administration road projects	\$	389,812
NM State appropriations		226,981
NM State Fire Marshal		49,858
Town of Clayton, NM		8,798
Eastern Area Workforce		2,227
DWI program grant		814
NM Association of Counties		435
		678,925
	\$	678,925

5. TAXES RECEIVABLE

Amounts due from local effort and state shared taxes at June 30, 2009, consisted of the following:

		<u>Governmental Activities</u>
Property taxes	\$	48,154
State shared taxes		226,290
		274,444
	\$	274,444

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

6. INTEREST RECEIVABLE

Amounts due from county investments interest at June 30, 2009, consisted of the following:

	Governmental Activities
	<hr/>
Interest on County investments	<u>\$ 2,528</u>

7. 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 1st 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.

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 1st 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 1st 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 1st 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 1st 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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

7. PROPERTY TAX (continued)

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 2008 was \$9.150 per \$1,000 for non-residential property and \$7.188 per \$1,000 for residential property. As of June 30, 2009, the following amounts of property taxes were reflected in the respective financial statements:

	Statement of Net Assets	Agency Funds
Property tax receivable	\$ 48,154	\$ 35,317

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2009:

	Balance 06/30/08	Increases	Decreases	Balance 06/30/09
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,830	\$ -	\$ -	\$ 6,830
Construction in progress	-	1,877,246	-	1,877,246
Total capital assets, not being depreciated	6,830	1,877,246	-	1,884,076
Other capital assets, being depreciated:				
Buildings	11,474,717	-	-	11,474,717
Improvements	1,730,600	-	-	1,730,600
Furniture, fixtures, and equipment	3,883,251	387,673	-	4,270,924
Hospital mill levy	887,919	34,777	-	922,696
Total other capital assets, being depreciated	17,976,487	422,450	-	18,398,937
Less accumulated depreciation for:				
Buildings	(3,935,247)	-	-	(3,935,247)
Improvements	(959,048)	-	-	(959,048)
Furniture, fixtures, and equipment	(2,600,233)	-	-	(2,600,233)
Total accumulated depreciation	(7,494,528)	-	-	(7,494,528)
Other capital assets, net	10,481,959	422,450	-	10,904,409
Total capital assets, net	\$ 10,488,789	\$ 2,299,696	\$ -	\$ 12,788,485

The County did not record depreciation expense for the year ended June 30, 2009.

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

9. LONG-TERM OBLIGATIONS

Changes in governmental activities obligations during the year ended June 30, 2009, were as follows:

	Balance 06/30/08	Additions	Deletions	Balance 06/30/09	Amounts Due Within One Year
Notes payable	\$ 41,283	\$ 71,050	\$ (9,867)	\$ 102,466	\$ 10,163
Capital lease	14,809	-	(14,809)	-	-
Compensated absences	52,580	64,820	(63,727)	53,673	40,255
	<u>\$ 108,672</u>	<u>\$ 135,870</u>	<u>\$ (88,403)</u>	<u>\$ 156,139</u>	<u>\$ 50,418</u>

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
2010	\$ 10,163	\$ 864	\$ 11,027
2011	10,469	584	11,053
2012	10,784	297	11,081
	<u>\$ 31,416</u>	<u>\$ 1,745</u>	<u>\$ 33,161</u>

On June 19, 2009, the County borrowed \$71,050 from the New Mexico Finance Authority for the purchase of a fire tanker for the Grenville Fire District. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures on May 1, 2015. The annual payment is approximately \$15,740 with accrued interest at rates between 1.62% to 3.26% (includes administrative charge). The following is a schedule of the annual payments required for the note:

Due in Fiscal Ending June 30:	Principal	Interest	Total
2010	\$ -	\$ -	\$ -
2011	12,386	3,357	15,743
2012	14,142	1,598	15,740
2013	14,460	1,279	15,739
2014	14,820	919	15,739
2015	15,242	497	15,739
	<u>\$ 71,050</u>	<u>\$ 7,650</u>	<u>\$ 78,700</u>

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

9. 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.

10. DEFICIT FUND BALANCE

The non-major DWI State Grant Special Revenue Fund has a deficit fund balance of \$1,103 at June 30, 2009. At year end, the County recorded accounts payable of \$1,537, and accrued salaries and benefits of \$1,424 that contributed to the deficit fund balance. These liabilities will be paid from the subsequent year's revenues.

11. INTERFUND TRANSFERS

Interfund transfers during the year are as follows:

	Transfer In			
	General Fund	Legislature Appropriations Fund	Non-Major Governmental Funds	Total
Transfer (out):				
General fund	\$ -	\$ 401,836	\$ 100,000	\$ 501,836
Non-major funds	15,373	-	189,685	205,058
	\$ 15,373	\$ 401,836	\$ 289,685	\$ 706,894

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.

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

12. TAXES

Local effort and state shared revenues as of June 30, 2009:

	<u>General Fund</u>	<u>Hospital Mill Levy Fund</u>	<u>Total Non-Major Funds</u>	<u>Total</u>
Local effort taxes:				
Property taxes	\$ 978,139	\$ 474,992	\$ 28,828	\$ 1,481,959
State shared taxes:				
Motor vehicle	\$ 389,311	\$ -	\$ -	\$ 389,311
Oil and gas	240,114	111,191	-	351,305
Gasoline	188,153	-	-	188,153
Gross receipts	800	-	1,350,089	1,350,889
Cigarette	158	-	80	238
Total	<u>\$ 818,536</u>	<u>\$ 111,191</u>	<u>\$ 1,350,169</u>	<u>\$ 2,279,896</u>

13. 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, 2010	\$	135,848
June 30, 2011		124,630
June 30, 2012		104,957
June 30, 2013		<u>3,792</u>
	<u>\$</u>	<u>369,227</u>

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, 2009, the County expended \$45,428 for the computer agreement.

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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

	General Fund	Hospital Mill Levy Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 3,196,678	\$ 584,354
Differences - Budget to GAAP:		
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenue for financial purposes.	<u>491,959</u>	<u>1,829</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund balances.	<u><u>\$ 3,688,637</u></u>	<u><u>\$ 586,183</u></u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) " expenditures" from the budgetary comparison schedule.	\$ 3,179,161	\$ 873,156
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.	(13,829)	-
The County budgets for claims and expenses paid for during the current accounting period. Prepaid expenses are not included in the budgetary basis but are expenditures for financial reporting purposes.	2,148	-
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>19,736</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenses and changes in fund balances.	<u><u>\$ 3,187,216</u></u>	<u><u>\$ 873,156</u></u>

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

**RECONCILIATION OF BUDGETARY COMPARISON SCHEDULE AND
14. STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (continued)**

Other Sources (Uses) of Resources:

Actual amounts (budgetary basis) transfer in and (out) from the budgetary comparison statement.	\$	(487,078)	\$	-
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Differences - Budget to GAAP:

In the previous fiscal year, the County reported an amount due from and to other funds in the general fund. The County has reflected a transfer in and out to reduce the receivable and payable within the financial reporting statements. The transfer out did not affect the budgetary basis.

		615		-
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Total other financing sources (uses) as reported on the statement of revenues, expenses and changes in fund balances.

	\$	(486,463)	\$	-
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15. 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.

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, 2009, 2008, and 2007 were \$185,379, \$165,320 and \$137,696, respectively, equal to the amount of the required contributions for each year.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

16. 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.

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. 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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

16. POST-EMPLOYMENT BENEFITS (continued)

Funding Policy (continued)

The County's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$12,188, \$11,409 and \$8,958, 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.

17. 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.

18. 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.

19. 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.

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.

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
UNION COUNTY
COMBINING BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	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
<u>ASSETS</u>										
Cash	\$ 122	\$ 80	\$ 23,215	\$ 15,271	\$ 319,485	\$ 78,336	\$ 2,868	\$ 53,415	\$ 35,067	\$ 7,500
Receivables, net of allowances for doubtful accounts:										
Taxes	-	-	-	42,432	21,192	-	-	1,031	21,185	-
Intergovernmental	-	-	-	-	-	-	814	-	5,003	-
Interest	-	-	-	-	263	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Restricted:										
Investment held by fiscal agent	-	-	-	-	-	-	-	-	-	-
Deposit	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 122</u>	<u>\$ 80</u>	<u>\$ 23,215</u>	<u>\$ 57,703</u>	<u>\$ 340,940</u>	<u>\$ 78,336</u>	<u>\$ 3,682</u>	<u>\$ 54,446</u>	<u>\$ 61,255</u>	<u>\$ 7,500</u>
<u>LIABILITIES AND FUND BALANCE</u>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,257	\$ 13,495	\$ 1,537	\$ -	\$ 547	\$ 5,250
Accrued salaries and benefits	-	-	-	-	-	-	1,424	1,668	2,345	-
Deferred revenues	-	-	-	-	-	-	1,824	862	-	-
Total liabilities	-	-	-	-	2,257	13,495	4,785	2,530	2,892	5,250
Fund Balance:										
Reserved for debt service	-	-	-	-	-	-	-	-	-	-
Reserved for subsequent year's expenditures	-	80	23,200	15,200	103,000	64,841	-	9,651	58,363	2,250
Unreserved	122	-	15	42,503	235,683	-	(1,103)	42,265	-	-
Total fund balance	<u>122</u>	<u>80</u>	<u>23,215</u>	<u>57,703</u>	<u>338,683</u>	<u>64,841</u>	<u>(1,103)</u>	<u>51,916</u>	<u>58,363</u>	<u>2,250</u>
Total liabilities and fund balance	<u>\$ 122</u>	<u>\$ 80</u>	<u>\$ 23,215</u>	<u>\$ 57,703</u>	<u>\$ 340,940</u>	<u>\$ 78,336</u>	<u>\$ 3,682</u>	<u>\$ 54,446</u>	<u>\$ 61,255</u>	<u>\$ 7,500</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, 2009**

	Special Revenue Funds								
	General Gross Receipts Tax	Gross Receipts Tax Reserve	Law Enforcement	Special Hospital Gross Receipts Tax	Capulin Fire District	Sedan Fire District	Amistad and Hayden Fire District	Rabbit Ear Fire District	Grenville Fire District
ASSETS									
Cash	\$ 473,580	\$ 525,271	\$ 210	\$ 55,714	\$ 91,408	\$ 111,535	\$ 104,709	\$ 148,370	\$ 36,715
Receivables, net of allowances for doubtful accounts:									
Taxes	21,215	10,608	-	42,702	-	-	-	-	-
Intergovernmental	-	-	-	-	-	30,000	1,331	-	14,657
Interest	526	371	-	-	5	81	90	18	18
Prepaid expenses	-	-	-	-	3,152	3,076	3,087	3,662	2,993
Restricted:									
Investment held by fiscal agent	-	-	-	-	-	-	31,652	-	14,657
Deposit	-	-	-	-	-	30,000	-	-	-
Total assets	\$ 495,321	\$ 536,250	\$ 210	\$ 98,416	\$ 94,565	\$ 174,692	\$ 140,869	\$ 152,050	\$ 69,040
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 80	\$ 1,219	\$ 177	\$ 1,947	\$ 200
Accrued salaries and benefits	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	80	1,219	177	1,947	200
Fund Balance:									
Reserved for debt service	-	-	-	-	-	-	31,652	-	14,657
Reserviced for subsequent year's expenditures	-	303,000	210	-	87,408	107,535	100,709	144,370	32,715
Unreserved	495,321	233,250	-	98,416	7,077	65,938	8,331	5,733	21,468
Total fund balance	495,321	536,250	210	98,416	94,485	173,473	140,692	150,103	68,840
Total liabilities and fund balance	\$ 495,321	\$ 536,250	\$ 210	\$ 98,416	\$ 94,565	\$ 174,692	\$ 140,869	\$ 152,050	\$ 69,040

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, 2009**

	Special Revenue Funds					Capital Projects Fund	Total Non-Major Funds
	Capulin EMS	Amistad and Hayden EMS	Fire Marshall	Special Gross Receipts Tax	Total Special Revenue Funds	Capital Improvements	
<u>ASSETS</u>							
Cash	\$ 366	\$ 252	\$ 28,891	\$ 1	\$ 2,112,381	\$ 179,743	\$ 2,292,124
Receivables, net of allowances for doubtful accounts:							
Taxes	-	-	-	-	160,365	-	160,365
Intergovernmental	-	-	3,870	-	55,675	-	55,675
Interest	-	-	42	-	1,414	-	1,414
Prepaid expenses	-	-		-	15,970	-	15,970
Restricted:							
Investment held by fiscal agent	-	-		-	46,309	-	46,309
Deposit	-	-		-	30,000	-	30,000
Total assets	\$ 366	\$ 252	\$ 32,803	\$ 1	\$ 2,422,114	\$ 179,743	\$ 2,601,857
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Accounts payable	\$ 175	\$ -	\$ 227	\$ -	\$ 27,111	\$ 7,444	\$ 34,555
Accrued salaries and benefits	-	-	836	-	6,273	-	6,273
Deferred revenues	-	-	-	-	2,686	-	2,686
Total liabilities	175	-	1,063	-	36,070	7,444	43,514
Fund Balance:							
Reserved for debt service	-	-	-	-	46,309	-	46,309
Reserved for subsequent year's expenditures	191	183	31,740	-	1,084,646	80,000	1,164,646
Unreserved	-	69	-	1	1,255,089	92,299	1,347,388
Total fund balance	191	252	31,740	1	2,386,044	172,299	2,558,343
Total liabilities and fund balance	\$ 366	\$ 252	\$ 32,803	\$ 1	\$ 2,422,114	\$ 179,743	\$ 2,601,857

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, 2009

	Special Revenue Funds								
	Farm and Range	Recreation	County Clerk's Fees	Indigent Hospital	Correctional Gross Receipts Tax	Correction Fees	DWI State Grant	Re-appraisal	Emergency Services General GRT
Revenues:									
Local effort taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,828	\$ -
State shared taxes	-	80	-	360,446	179,753	-	-	-	180,485
Intergovernmental	23	-	-	-	-	-	64,852	-	18,758
Charges for services	-	-	4,401	-	-	58,570	2,739	-	-
Interest income	-	-	-	-	756	-	-	2,231	-
Miscellaneous	-	-	-	-	-	-	27	-	220
Total revenues	23	80	4,401	360,446	180,509	58,570	67,618	31,059	199,463
Expenditures:									
Current:									
General government	-	-	17	-	-	-	-	21,987	-
Public safety	-	-	-	-	34,703	107,172	76,194	-	230,818
Health and welfare	-	-	-	428,426	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	58,202
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	17	428,426	34,703	107,172	76,194	21,987	289,020
Excess (deficiency) of revenues over expenditures	23	80	4,384	(67,980)	145,806	(48,602)	(8,576)	9,072	(89,557)
Other Financing Sources (Uses):									
Loan proceeds	-	-	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-	-	-
Transfer (out)	-	-	-	-	(12,922)	-	(2,451)	-	-
Total other financing sources (uses)	-	-	-	-	(12,922)	-	(2,451)	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	23	80	4,384	(67,980)	132,884	(48,602)	(11,027)	9,072	(89,557)
Fund balance, beginning of year	99	-	18,831	125,683	205,799	113,443	9,924	42,844	147,920
Fund balance, end of year	<u>\$ 122</u>	<u>\$ 80</u>	<u>\$ 23,215</u>	<u>\$ 57,703</u>	<u>\$ 338,683</u>	<u>\$ 64,841</u>	<u>\$ (1,103)</u>	<u>\$ 51,916</u>	<u>\$ 58,363</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, 2009

Special Revenue Funds									
	Health Council	General Gross Receipts Tax	Gross Receipts Tax Reserve	Law Enforcement	Special Hospital Gross Receipts Tax	Capulin Fire District	Sedan Fire District	Amistad and Hayden Fire District	Rabbit Ear Fire District
Revenues:									
Local effort taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State shared taxes	-	180,221	90,111	-	359,073	-	-	-	-
Intergovernmental	44,750	-	-	22,400	-	149,475	148,703	90,799	206,659
Charges for services	-	-	-	-	-	-	-	-	-
Interest income	-	9,302	4,049	-	-	349	1,666	2,543	1,148
Miscellaneous	-	-	-	-	-	-	-	39	4,817
Total revenues	44,750	189,523	94,160	22,400	359,073	149,824	150,369	93,381	212,624
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	2,101	-	41,205	44,035	29,819	35,717
Health and welfare	42,500	-	-	-	326,392	-	-	-	-
Capital outlay	-	-	-	25,588	-	27,955	-	-	142,688
Debt service:									
Principal	-	-	-	-	-	-	-	9,867	14,809
Interest and other charges	-	-	-	-	-	-	-	1,238	813
Total expenditures	42,500	-	-	27,689	326,392	69,160	44,035	40,924	194,027
Excess (deficiency) of revenues over expenditures	2,250	189,523	94,160	(5,289)	32,681	80,664	106,334	52,457	18,597
Other Financing Sources (Uses):									
Loan proceeds	-	-	-	-	-	-	-	-	-
Transfer in	-	-	-	4,800	-	-	-	-	112,199
Transfer (out)	-	(159,333)	-	-	-	-	-	-	(18,153)
Total other financing sources (uses)	-	(159,333)	-	4,800	-	-	-	-	94,046
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,250	30,190	94,160	(489)	32,681	80,664	106,334	52,457	112,643
Fund balance, beginning of year	-	465,131	442,090	699	65,735	13,821	67,139	88,235	37,460
Fund balance, end of year	\$ 2,250	\$ 495,321	\$ 536,250	\$ 210	\$ 98,416	\$ 94,485	\$ 173,473	\$ 140,692	\$ 150,103

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, 2009

	Special Revenue Funds					Capital Project Funds	Total Non-Major Funds	
	Grenville Fire District	Capulin EMS	Amistad and Hayden EMS	Fire Marshal	Special Gross Receipts Tax	Total Special Revenue Funds		Capital Improvements
Revenues:								
Local effort taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,828	\$ -	\$ 28,828
State shared taxes	-	-	-	-	-	1,350,169	-	1,350,169
Intergovernmental	92,397	8,894	7,316	60,434	-	915,460	26,006	941,466
Charges for services	-	-	-	-	-	65,710	-	65,710
Interest income	834	-	-	1,340	-	24,218	-	24,218
Miscellaneous	-	-	-	-	-	5,103	-	5,103
Total revenues	93,231	8,894	7,316	61,774	-	2,389,488	26,006	2,415,494
Expenditures:								
Current:								
General government	-	-	-	-	-	22,004	47,107	69,111
Public safety	19,909	-	-	106,958	-	728,631	-	728,631
Health and welfare	-	9,136	1,319	-	159,332	967,105	-	967,105
Capital outlay	101,050	-	9,539	-	-	365,022	-	365,022
Debt service:								
Principal	-	-	-	-	-	24,676	-	24,676
Interest and other charges	-	-	-	-	-	2,051	-	2,051
Total expenditures	120,959	9,136	10,858	106,958	159,332	2,109,489	47,107	2,156,596
Excess (deficiency) of revenues over expenditures	(27,728)	(242)	(3,542)	(45,184)	(159,332)	279,999	(21,101)	258,898
Other Financing Sources (Uses):								
Loan proceeds	71,050	-	-	-	-	71,050	-	71,050
Transfer in	-	-	-	-	159,333	276,332	13,353	289,685
Transfer (out)	-	-	-	-	-	(192,859)	(12,199)	(205,058)
Total other financing sources (uses)	71,050	-	-	-	159,333	154,523	1,154	155,677
Excess (deficiency) of revenues and other sources over expenditures and other uses	43,322	(242)	(3,542)	(45,184)	1	434,522	(19,947)	414,575
Fund balance, beginning of year	25,518	433	3,794	76,924	-	1,951,522	192,246	2,143,768
Fund balance, end of year	<u>\$ 68,840</u>	<u>\$ 191</u>	<u>\$ 252</u>	<u>\$ 31,740</u>	<u>\$ 1</u>	<u>\$ 2,386,044</u>	<u>\$ 172,299</u>	<u>\$ 2,558,343</u>

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 25	\$ 25	\$ 23	\$ (2)
Expenditures:				
Current:				
General government	<u>122</u>	<u>122</u>	<u>-</u>	<u>122</u>
Net change in cash balance	(97)	(97)	23	120
Cash balance, beginning of year	<u>99</u>	<u>99</u>	<u>99</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 2</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 122</u></u>	<u><u>\$ 120</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, 2009

	<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	\$ -	\$ -	\$ 80	\$ 80
Expenditures:				
Current:				
General government	-	-	-	-
Net change in cash balance	-	-	80	80
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 80</u>

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

STATE OF NEW MEXICO
UNION COUNTY
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, 2009

	<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	\$ 4,800	\$ 4,800	\$ 4,401	\$ (399)
Expenditures:				
Current:				
General government	3,614	3,614	17	3,597
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>23,614</u>	<u>23,614</u>	<u>17</u>	<u>23,597</u>
Net change in cash balance	(18,814)	(18,814)	4,384	23,198
Cash balance, beginning of year	<u>18,831</u>	<u>18,831</u>	<u>18,831</u>	<u>-</u>
Cash balance, end of year	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 23,215</u>	<u>\$ 23,198</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, 2009

	<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	\$ 415,000	\$ 404,688	\$ (10,312)
Expenditures:				
Current:				
Health and welfare	<u>364,009</u>	<u>454,009</u>	<u>428,426</u>	<u>25,583</u>
Net change in cash balance	(39,009)	(39,009)	(23,738)	15,271
Cash balance, beginning of year	<u>39,009</u>	<u>39,009</u>	<u>39,009</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,271</u></u>	<u><u>\$ 15,271</u></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, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Revenues:				
State shared taxes	\$ 72,000	\$ 72,000	\$ 201,821	\$ 129,821
Interest income	-	-	493	493
Total revenues	72,000	72,000	202,314	130,314
Expenditures:				
Current:				
Public safety	92,000	92,000	32,704	59,296
Excess (deficiency) of revenues over expenditures	(20,000)	(20,000)	169,610	189,610
Other Financing Sources (Uses):				
Transfer (out)	-	(12,922)	(12,922)	-
Net change in cash balance	(20,000)	(32,922)	156,688	189,610
Cash balance, beginning of year	171,209	171,209	171,209	-
Restatement	(8,412)	(8,412)	(8,412)	-
Cash balance restated, beginning of year	162,797	162,797	162,797	-
Cash balance, end of year	<u>\$ 142,797</u>	<u>\$ 129,875</u>	<u>\$ 319,485</u>	<u>\$ 189,610</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, 2009

	<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	\$ 35,000	\$ 35,000	\$ 58,816	\$ 23,816
Expenditures:				
Current:				
Public safety	<u>148,197</u>	<u>148,197</u>	<u>93,677</u>	<u>54,520</u>
Net change in cash balance	(113,197)	(113,197)	(34,861)	78,336
Cash balance, beginning of year	116,922	116,922	116,922	-
Restatement of beginning cash	<u>(3,725)</u>	<u>(3,725)</u>	<u>(3,725)</u>	<u>-</u>
Cash balance restated, beginning of year	<u>113,197</u>	<u>113,197</u>	<u>113,197</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 78,336</u></u>	<u><u>\$ 78,336</u></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, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 70,606	\$ 70,606	\$ 68,309	\$ (2,297)
Charges for services	5,980	5,980	2,739	(3,241)
Miscellaneous	20	20	27	7
Total revenues	76,606	76,606	71,075	(5,531)
Expenditures:				
Current:				
Public safety	84,953	84,953	78,554	6,399
Capital outlay	2,000	2,000	-	2,000
Total expenditures	86,953	86,953	78,554	8,399
Net change in cash balance	(10,347)	(10,347)	(7,479)	2,868
Cash balance, beginning of year	17,359	17,359	17,359	-
Restatement	(7,012)	(7,012)	(7,012)	-
Cash balance restated, beginning of year	10,347	10,347	10,347	-
Cash balance, end of year	\$ -	\$ -	\$ 2,868	\$ 2,868

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, 2009

	<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	\$ 23,000	\$ 23,000	\$ 29,139	\$ 6,139
Interest income	-	-	2,231	2,231
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>31,370</u>	<u>8,370</u>
Expenditures:				
Current:				
General government	32,123	32,548	20,319	12,229
Capital outlay	<u>2,000</u>	<u>1,575</u>	<u>-</u>	<u>1,575</u>
Total expenditures	<u>34,123</u>	<u>34,123</u>	<u>20,319</u>	<u>13,804</u>
Net change in cash balance	(11,123)	(11,123)	11,051	22,174
Cash balance, beginning of year	43,248	43,248	43,248	-
Restatement	<u>(884)</u>	<u>(884)</u>	<u>(884)</u>	<u>-</u>
Cash balance restated, beginning of year	<u>42,364</u>	<u>42,364</u>	<u>42,364</u>	<u>-</u>
Cash balance, end of year	<u>\$ 31,241</u>	<u>\$ 31,241</u>	<u>\$ 53,415</u>	<u>\$ 22,174</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, 2009

	<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	\$ 72,000	\$ 249,000	\$ 202,551	\$ (46,449)
Intergovernmental	-	-	13,755	13,755
Miscellaneous	25,000	25,000	220	(24,780)
Total revenues	<u>97,000</u>	<u>274,000</u>	<u>216,526</u>	<u>(57,474)</u>
Expenditures:				
Current:				
Public safety	148,043	275,043	230,206	44,837
Capital outlay	-	50,000	58,202	(8,202)
Total expenditures	<u>148,043</u>	<u>325,043</u>	<u>288,408</u>	<u>36,635</u>
Net change in cash balance	(51,043)	(51,043)	(71,882)	(20,839)
Cash balance, beginning of year	113,735	113,735	113,735	-
Restatement	<u>(6,786)</u>	<u>(6,786)</u>	<u>(6,786)</u>	<u>-</u>
Cash balance restated, beginning of year	<u>106,949</u>	<u>106,949</u>	<u>106,949</u>	<u>-</u>
Cash balance, end of year	<u>\$ 55,906</u>	<u>\$ 55,906</u>	<u>\$ 35,067</u>	<u>\$ (20,839)</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Varinace with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 50,000	\$ 60,000	\$ 59,750	\$ (250)
Expenditures:				
Current:				
Health & welfare	<u>50,000</u>	<u>60,000</u>	<u>52,250</u>	<u>7,750</u>
Net change in cash balance	-	-	7,500	7,500
Cash balance, beginning of year	11,000	11,000	11,000	-
Restatement	<u>(11,000)</u>	<u>(11,000)</u>	<u>(11,000)</u>	<u>-</u>
Cash balance restated, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>

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

STATE OF NEW MEXICO
UNION COUNTY
GENERAL 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, 2009

	<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	\$ 85,000	\$ 85,000	\$ 202,344	\$ 117,344
Interest income	-	-	8,776	8,776
Total revenues	85,000	85,000	211,120	126,120
Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	85,000	85,000	211,120	126,120
Other Financing Sources (Uses):				
Transfer (out)	(159,333)	(159,333)	(159,333)	-
Net change in cash balance	(74,333)	(74,333)	51,787	126,120
Cash balance, beginning of year	421,793	421,793	421,793	-
Cash balance, end of year	<u>\$ 347,460</u>	<u>\$ 347,460</u>	<u>\$ 473,580</u>	<u>\$ 126,120</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, 2009

	<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	\$ 45,000	\$ 60,000	\$ 101,172	\$ 41,172
Interest income	5,000	5,000	4,046	(954)
Total revenues	50,000	65,000	105,218	40,218
Expenditures	-	-	-	-
Net change in cash balance	50,000	65,000	105,218	40,218
Cash balance, beginning of year	420,053	420,053	420,053	-
Cash balance, end of year	<u>\$ 470,053</u>	<u>\$ 485,053</u>	<u>\$ 525,271</u>	<u>\$ 40,218</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, 2009

	<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	\$ -
Expenditures:				
Capital outlay	<u>23,099</u>	<u>27,899</u>	<u>27,689</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(699)	(5,499)	(5,289)	-
Other Financing Sources (Uses):				
Transfer in	<u>-</u>	<u>4,800</u>	<u>4,800</u>	<u>-</u>
Net change in cash balance	(699)	(699)	(489)	-
Cash balance, beginning of year	<u>699</u>	<u>699</u>	<u>699</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 210</u></u>	<u><u>\$ -</u></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, 2009

	<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	\$ 420,000	\$ 420,000	\$ 382,106	\$ (37,894)
Expenditures:				
Current:				
Health & welfare	<u>420,000</u>	<u>420,000</u>	<u>326,392</u>	<u>93,608</u>
Net change in cash balance	-	-	55,714	55,714
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,714</u>	<u>\$ 55,714</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, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 42,632	\$ 42,632	\$ 152,142	\$ 109,510
Interest income	1,000	1,000	450	(550)
Miscellaneous	1,000	42,000	-	(42,000)
Total revenues	44,632	85,632	152,592	66,960
Expenditures:				
Current:				
Public safety	31,517	39,517	31,134	8,383
Capital outlay	25,000	58,000	41,935	16,065
Total expenditures	56,517	97,517	73,069	24,448
Net change in cash balance	(11,885)	(11,885)	79,523	91,408
Cash balance, beginning of year	12,563	12,563	12,563	-
Restatement	(678)	(678)	(678)	-
Cash balance restated, beginning of year	11,885	11,885	11,885	-
Cash balance, end of year	\$ -	\$ -	\$ 91,408	\$ 91,408

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 76,304	\$ 76,304	\$ 124,408	\$ 48,104
Interest income	1,000	1,000	1,929	929
Miscellaneous	1,000	31,000	-	(31,000)
Total revenues	<u>78,304</u>	<u>108,304</u>	<u>126,337</u>	<u>18,033</u>
Expenditures:				
Current:				
Public safety	44,500	44,500	25,912	18,588
Capital outlay	91,813	121,813	46,899	74,914
Total expenditures	<u>136,313</u>	<u>166,313</u>	<u>72,811</u>	<u>93,502</u>
Net change in cash balance	(58,009)	(58,009)	53,526	111,535
Cash balance, beginning of year	58,415	58,415	58,415	-
Restatement	<u>(406)</u>	<u>(406)</u>	<u>(406)</u>	<u>-</u>
Cash balance restated, beginning of year	<u>58,009</u>	<u>58,009</u>	<u>58,009</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,535</u>	<u>\$ 111,535</u>

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

STATE OF NEW MEXICO
UNION COUNTY
AMISTAD AND HAYDEN FIRE DISTRICT 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, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 48,816	\$ 48,816	\$ 78,816	\$ 30,000
Interest income	1,000	1,000	2,240	1,240
Miscellaneous	1,000	31,000	39	(30,961)
Total revenues	50,816	80,816	81,095	279
Expenditures:				
Current:				
Public safety	31,000	31,000	25,997	5,003
Capital outlay	104,564	134,564	35,137	99,427
Total expenditures	135,564	165,564	61,134	104,430
Net change in cash balance	(84,748)	(84,748)	19,961	104,709
Cash balance, beginning of year	86,072	86,072	86,072	-
Restatement	(1,324)	(1,324)	(1,324)	-
Cash balance restated, beginning of year	84,748	84,748	84,748	-
Cash balance, end of year	\$ -	\$ -	\$ 104,709	\$ 104,709

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

STATE OF NEW MEXICO
UNION COUNTY
RABBIT EAR FIRE DISTRICT 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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 76,304	\$ 76,304	\$ 219,569	\$ 143,265
Interest income	1,000	1,000	1,447	447
Miscellaneous	<u>2,500</u>	<u>37,082</u>	<u>4,817</u>	<u>(32,265)</u>
Total revenues	79,804	114,386	225,833	111,447
Expenditures:				
Current:				
Public safety	39,000	43,582	33,244	10,338
Capital outlay	<u>79,194</u>	<u>204,394</u>	<u>177,809</u>	<u>26,585</u>
Total expenditures	<u>118,194</u>	<u>247,976</u>	<u>211,053</u>	<u>36,923</u>
Excess (deficiency) of revenues over expenditures	(38,390)	(133,590)	14,780	148,370
Other Financing Sources (Uses):				
Transfer in	-	100,000	100,000	-
Transfer (out)	<u>-</u>	<u>(4,800)</u>	<u>(4,800)</u>	<u>-</u>
Total other financing sources (uses)	-	95,200	95,200	-
Net change in cash balance	(38,390)	(38,390)	109,980	148,370
Cash balance, beginning of year	<u>41,848</u>	<u>41,848</u>	<u>41,848</u>	<u>-</u>
Restatement	<u>(3,458)</u>	<u>(3,458)</u>	<u>(3,458)</u>	<u>-</u>
Cash balance restated, beginning of year	<u>38,390</u>	<u>38,390</u>	<u>38,390</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 148,370</u></u>	<u><u>\$ 148,370</u></u>

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

STATE OF NEW MEXICO
UNION COUNTY
GRENVILLE FIRE DISTRICT 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, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 42,632	\$ 42,632	\$ 77,740	\$ 35,108
Interest income	1,000	1,000	975	(25)
Miscellaneous	500	30,500	-	(30,500)
Total revenues	44,132	74,132	78,715	4,583
Expenditures:				
Current:				
Public safety	28,000	28,000	19,718	8,282
Capital outlay	38,507	68,507	44,657	23,850
Total expenditures	66,507	96,507	64,375	32,132
Net change in cash balance	(22,375)	(22,375)	14,340	36,715
Cash balance, beginning of year	22,535	22,535	22,535	-
Restatement	(160)	(160)	(160)	-
Cash balance restated, beginning of year	22,375	22,375	22,375	-
Cash balance, end of year	\$ -	\$ -	\$ 36,715	\$ 36,715

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 8,894	\$ 8,894	\$ 8,894	\$ -
Expenditures:				
Current:				
Health and welfare	<u>9,327</u>	<u>9,327</u>	<u>8,961</u>	<u>366</u>
Net change in cash balance	(433)	(433)	(67)	366
Cash balance, beginning of year	<u>433</u>	<u>433</u>	<u>433</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 366</u></u>	<u><u>\$ 366</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 7,316	\$ 7,316	\$ 7,316	\$ -
Expenditures:				
Current:				
Health and welfare	7,609	7,609	7,357	252
Capital outlay	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Total expenditures	<u>11,109</u>	<u>11,109</u>	<u>10,857</u>	<u>252</u>
Net change in cash balance	(3,793)	(3,793)	(3,541)	252
Cash balance, beginning of year	4,812	4,812	4,812	-
Restatement	<u>(1,019)</u>	<u>(1,019)</u>	<u>(1,019)</u>	<u>-</u>
Cash balance restated, beginning of year	<u>3,793</u>	<u>3,793</u>	<u>3,793</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252</u>	<u>\$ 252</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 42,632	\$ 42,632	\$ 66,564	\$ 23,932
Interest income	-	-	1,298	1,298
Miscellaneous	<u>21,000</u>	<u>21,000</u>	<u>-</u>	<u>(21,000)</u>
Total revenues	63,632	63,632	67,862	4,230
Expenditures:				
Current:				
Public safety	96,893	75,893	52,211	23,682
Capital outlay	<u>35,000</u>	<u>56,000</u>	<u>55,021</u>	<u>979</u>
Total expenditures	<u>131,893</u>	<u>131,893</u>	<u>107,232</u>	<u>24,661</u>
Net change in cash balance	(68,261)	(68,261)	(39,370)	28,891
Cash balance, beginning of year	68,597	68,597	68,597	-
Restatement	<u>(336)</u>	<u>(336)</u>	<u>(336)</u>	<u>-</u>
Cash balance restated, beginning of year	<u>68,261</u>	<u>68,261</u>	<u>68,261</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,891</u></u>	<u><u>\$ 28,891</u></u>

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

STATE OF NEW MEXICO
UNION COUNTY
SPECIAL 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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Health and welfare	<u>159,333</u>	<u>159,333</u>	<u>159,332</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	(159,333)	(159,333)	(159,332)	1
Other Financing Sources (Uses):				
Transfer in	<u>159,333</u>	<u>159,333</u>	<u>159,333</u>	<u>-</u>
Net change in cash balance	-	-	1	1
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</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, 2009

	<u>Farm and Range</u>	<u>Recreation</u>	<u>County Clerk's Fees</u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 23	\$ 80	\$ 4,401
Differences - Budget to GAAP:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund balances.	<u>\$ 23</u>	<u>\$ 80</u>	<u>\$ 4,401</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule.	\$ -	\$ -	\$ 17
Differences - Budget to GAAP:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfer in and (out) from the budgetary comparison schedule.	\$ -	\$ -	\$ -
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.	<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, 2009

	Indigent Hospital	Correctional Gross Receipts	Correction Fees
	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 404,688	\$ 202,314	\$ 58,816
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenue for financial purposes.	<u>(44,242)</u>	<u>(21,805)</u>	<u>54</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund balances.	<u>\$ 360,446</u>	<u>\$ 180,509</u>	<u>\$ 58,870</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "expenditures from the budgetary comparison schedule.	\$ 428,426	\$ 32,704	\$ 93,677
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>1,999</u>	<u>13,495</u>
Total expenditures as reported on the statement of revenues, expenses, and change in fund balances.	<u>\$ 428,426</u>	<u>\$ 34,703</u>	<u>\$ 107,172</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfer in and (out) from the budgetary comparison statement.	\$ -	\$ (12,922)	\$ -
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.	<u>\$ -</u>	<u>\$ (12,922)</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, 2009**

	DWI State Grant	Reappraisal	Emergency Services General GRT
	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 71,075	\$ 31,370	\$ 216,526
Differences - Budget to GAAP:			
Deferred revenues are considered an inflow or revenues for budgetary basis, however, such amounts are not considered revenue for financial purposes.	(1,824)	-	-
Accrual of revenues and associated receivables that are that are not considered an inflow or revenues for budgetary basis but are considered revenue for financial purposes.	<u>(1,633)</u>	<u>(311)</u>	<u>(17,063)</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund balances.	<u><u>\$ 67,618</u></u>	<u><u>\$ 31,059</u></u>	<u><u>\$ 199,463</u></u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule.	\$ 78,554	\$ 20,319	\$ 288,408
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.	(2,011)	1,668	2,345
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>(349)</u>	<u>-</u>	<u>(1,733)</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances.	<u><u>\$ 76,194</u></u>	<u><u>\$ 21,987</u></u>	<u><u>\$ 289,020</u></u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfer in and (out) from the budgetary comparison schedule.	\$ -	\$ -	\$ -
Differences - Budget to GAAP:			
In the previous fiscal year, the County reported an amount due to other funds. The County has reflected a transfer out of the funds within the financial reporting. The transfer out did not affect the budgetary basis.	<u>(2,451)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances.	<u><u>\$ (2,451)</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
RECONCILIATION BUDGETARY COMPARISON SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Health Council</u>	<u>General Gross Receipts Tax</u>	<u>Gross Receipts Tax Reserve</u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 59,750	\$ 211,120	\$ 105,218
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenue for financial purposes.	<u>(15,000)</u>	<u>(21,597)</u>	<u>(11,058)</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund balances.	<u>\$ 44,750</u>	<u>\$ 189,523</u>	<u>\$ 94,160</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule.	\$ 52,250	\$ -	\$ -
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>(9,750)</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances.	<u>\$ 42,500</u>	<u>\$ -</u>	<u>\$ -</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfer in and (out) from the budgetary comparison statement.	\$ -	\$ (159,333)	\$ -
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.	<u>\$ -</u>	<u>\$ (159,333)</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, 2009**

	<u>Law Enforcement</u>	<u>Special Hospital GRT</u>	<u>Capulin Fire District</u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 22,400	\$ 382,106	\$ 152,592
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenue for financial purposes.	<u>-</u>	<u>(23,033)</u>	<u>(2,768)</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund balances.	<u>\$ 22,400</u>	<u>\$ 359,073</u>	<u>\$ 149,824</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule.	\$ 27,689	\$ 326,392	\$ 73,069
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.	-	-	(3,922)
The County budgets for claims and expenses paid for during the current accounting period. Prepaid expenses are included in the budgetary basis as expenditures and are not expenses for financial reporting purposes.	<u>-</u>	<u>-</u>	<u>13</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances.	<u>\$ 27,689</u>	<u>\$ 326,392</u>	<u>\$ 69,160</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfer in and (out) from the budgetary comparison statement.	\$ 4,800	\$ -	\$ -
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.	<u>\$ 4,800</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, 2009

	<u>Sedan Fire District</u>	<u>Amistad and Hayden Fire District</u>	<u>Rabbit Ear Fire District</u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 126,337	\$ 81,095	\$ 225,833
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenue for financial purposes.	<u>24,032</u>	<u>12,286</u>	<u>(13,209)</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund balances.	<u>\$ 150,369</u>	<u>\$ 93,381</u>	<u>\$ 212,624</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule.	\$ 72,811	\$ 61,134	\$ 211,053
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.	1,347	349	(3,780)
The County budgets for expenses paid for during the current accounting period. Deposits paid are included in the budgetary basis as expenditures and are not expenses for financial reporting purposes.	(30,000)	-	-
The County budgets for expenses paid for during the current accounting period. Remittance of debt service amounts to the escrow agent are included in the budgetary basis as expenditures and are not expenses for financial reporting purposes.	-	(20,547)	-
The County budgeted transfer of funds to another fund as capital outlay for the budgetary basis of accounting. For financial reporting purposes the transfer is reflected as such.	-	-	(13,353)
The County budgets for claims and expenses paid for during the current accounting period. Prepaid expenses are included in the budgetary basis as expenditures and are not expenses for financial reporting purposes.	<u>(123)</u>	<u>(12)</u>	<u>107</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances.	<u>\$ 44,035</u>	<u>\$ 40,924</u>	<u>\$ 194,027</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, 2009

	<u>Sedan Fire District</u>	<u>Amistad and Hayden Fire District</u>	<u>Rabbit Ear Fire District</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfer in and (out) from the budgetary comparison statement.	\$ -	\$ -	\$ 95,200
Differences - Budget to GAAP:			
In the previous fiscal year, the County reported an amount due to other funds. The County has reclassified the liability as a transfer of funds for financial reporting purposes. The transfer does not affect the budgetary basis of accounting.	-	-	12,199
The County budgeted transfer of funds to another fund as capital outlay for the budgetary basis of accounting. For financial reporting purposes, the transfer is reflected as such.	-	-	(13,353)
	<u>-</u>	<u>-</u>	<u>(13,353)</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,046</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, 2009**

	<u>Grenville Fire District</u>	<u>Capulin EMS</u>	<u>Amistad and Hayden EMS</u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 78,715	\$ 8,894	\$ 7,316
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenue for financial purposes.	<u>14,516</u>	<u>-</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund balances.	<u><u>\$ 93,231</u></u>	<u><u>\$ 8,894</u></u>	<u><u>\$ 7,316</u></u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule.	\$ 64,375	\$ 8,961	\$ 10,857
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.	200	175	1
The County budgets for expenses paid for during the current accounting period. Remittance of debt service to fiscal agent are included in the budgetary basis as expenditures and are not expenses for financial reporting purposes.	(14,657)	-	-
The County received a loan for capital assets and the proceeds were not recorded on the County's general ledger. The County did not record the amounts for the budgetary basis, however, the transaction was recorded for financial reporting.	71,050	-	-
The County budgets for claims and expenses paid for during the current accounting period. Prepaid expenses are included in the budgetary basis as expenditures and are not expenses for financial reporting purposes.	<u>(9)</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances.	<u><u>\$ 120,959</u></u>	<u><u>\$ 9,136</u></u>	<u><u>\$ 10,858</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, 2009

	<u>Grenville Fire District</u>	<u>Capulin EMS</u>	<u>Amistad and Hayden EMS</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfer in and (out) from the budgetary comparison statement.	\$ -	\$ -	\$ -
Differences - Budget to GAAP:			
The County borrowed funds for the purchase of capital assets. The County did not record the activity on their budgetary basis accounting records, however, the amount is recorded for financial reporting purposes.	<u>71,050</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances.	<u><u>\$ 71,050</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
RECONCILIATION BUDGETARY COMPARISON SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Fire Marshall</u>	<u>Special Gross Receipts Tax</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 67,862	\$ -
Differences - Budget to GAAP:		
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenue for financial purposes.	<u>(6,088)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund balances.	<u><u>\$ 61,774</u></u>	<u><u>\$ -</u></u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule.	\$ 107,232	\$ 159,332
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.	(277)	-
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>3</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances.	<u><u>\$ 106,958</u></u>	<u><u>\$ 159,332</u></u>
Other Sources (Uses) of Resources:		
Actual amounts (budgetary basis) transfer in and (out) from the budgetary comparison schedule.	\$ -	\$ 159,333
Differences - Budget to GAAP:		
None.	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances.	<u><u>\$ -</u></u>	<u><u>\$ 159,333</u></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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 500,000	\$ 1,664,285	\$ 1,655,237	\$ (9,048)
Expenditures:				
Capital outlay	<u>506,655</u>	<u>1,877,340</u>	<u>1,877,245</u>	<u>95</u>
Excess (deficiency) of revenues over expenditures	(6,655)	(213,055)	(222,008)	(8,953)
Other Financing Sources (Uses):				
Transfer in	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in cash balance	(6,655)	186,945	177,992	(8,953)
Cash balance, beginning of year	<u>6,655</u>	<u>6,655</u>	<u>6,655</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 193,600</u></u>	<u><u>\$ 184,647</u></u>	<u><u>\$ (8,953)</u></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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 17,500	\$ 17,500	\$ 100,402	\$ 82,902
Miscellaneous	<u>7,500</u>	<u>7,500</u>	<u>13,353</u>	<u>5,853</u>
Total revenues	25,000	25,000	113,755	88,755
Expenditures:				
Current:				
General government	<u>61,644</u>	<u>61,644</u>	<u>39,663</u>	<u>21,981</u>
Net change in cash balance	(36,644)	(36,644)	74,092	110,736
Cash balance, beginning of year	<u>105,651</u>	<u>105,651</u>	<u>105,651</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 69,007</u></u>	<u><u>\$ 69,007</u></u>	<u><u>\$ 179,743</u></u>	<u><u>\$ 110,736</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 – CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Legislature Appropriations</u>	<u>Capital Improvements</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 1,655,237	\$ 113,755
Differences - Budget to GAAP:		
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenue for financial purposes.	226,981	(74,396)
During the fiscal year, the County transferred cash from a fire district fund to the capital improvements fund. For the budgetary basis, the County reflected the receipt of the funds as miscellaneous revenue within the capital improvements fund. For financial reporting purposes, the amount is considered a transfer.	<u>-</u>	<u>(13,353)</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund balances.	<u>\$ 1,882,218</u>	<u>\$ 26,006</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule.	\$ 1,877,245	\$ 39,663
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.	-	7,444
Rounding	<u>1</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances.	<u>\$ 1,877,246</u>	<u>\$ 47,107</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, 2009

	<u>Legislature Appropriations</u>	<u>Capital Improvements</u>
Other Sources (Uses) of Resources:		
Actual amounts (budgetary basis) transfer in and (out) from the budgetary comparison statement.	\$ 400,000	\$ -
Differences - Budget to GAAP:		
In the previous fiscal year, the County reported an amount due to other funds. The County has reclassified the liability as a transfer of funds for financial reporting purposes. The transfer does not affect the budgetary basis of accounting.	1,836	-
During the fiscal year, the County transferred cash from a fire district fund to the capital improvements fund. For the budgetary basis, the County reflected the receipt of funds as miscellaneous revenue within the capital improvements fund. For financial reporting purposes, the amount is considered a transfer.	-	13,353
In the previous fiscal year, the County reported an amount due from other funds. The County has reclassified the receivable as a transfer out of funds for financial reporting purposes. The transfer does not affect the budgetary basis of accounting.	-	(12,199)
	<u> </u>	<u> </u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances.	<u>\$ 401,836</u>	<u>\$ 1,154</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, 2009

	<u>Balance</u> <u>06/30/08</u>	<u>Increases/</u> <u>Receipts</u>	<u>Decreases/</u> <u>Disbursements</u>	<u>Balance</u> <u>06/30/09</u>
Taxes Fund:				
Assets:				
Cash	\$ 221,680	\$ 2,716,531	\$ 2,818,642	\$ 119,569
Taxes receivables	100,739	-	65,422	35,317
Total assets	<u>\$ 322,419</u>	<u>\$ 2,716,531</u>	<u>\$ 2,884,064</u>	<u>\$ 154,886</u>
Liabilities:				
Deposits held for others	\$ 221,680	\$ 2,716,531	\$ 2,818,642	\$ 119,569
Due to other tax units - future collections	100,739	-	65,422	35,317
Total liabilities	<u>\$ 322,419</u>	<u>\$ 2,716,531</u>	<u>\$ 2,884,064</u>	<u>\$ 154,886</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, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Revenues:				
Taxes - Local effort	\$ 915,800	\$ 915,800	\$ 985,056	\$ 69,256
Taxes - State shared	139,138	139,138	245,163	106,025
Intergovernmental	394,000	394,000	630,341	236,341
Charges for services	23,175	23,175	31,112	7,937
Interest	51,000	51,000	91,333	40,333
Miscellaneous	3,800	3,800	5,483	1,683
Total revenues	1,526,913	1,526,913	1,988,488	461,575
Expenditures:				
Commissioners:				
Salaries	83,869	77,869	74,604	3,265
Operating expenses	280,605	313,105	291,201	21,904
Capital outlay	1,500	-	-	-
Sub-total	365,974	390,974	365,805	25,169
County Manager:				
Salaries	97,856	94,856	87,415	7,441
Operating expenses	21,800	75,800	21,390	54,410
Capital outlay	1,500	-	-	-
Sub-total	121,156	170,656	108,805	61,851
Public Works:				
Salaries	75,874	70,739	67,606	3,133
Operating expenses	47,200	52,335	42,426	9,909
Capital outlay	-	-	-	-
Sub-total	123,074	123,074	110,032	13,042
Clerk:				
Salaries	113,175	113,175	102,731	10,444
Operating expenses	23,120	23,120	15,853	7,267
Capital outlay	4,000	4,000	1,420	2,580
Sub-total	140,295	140,295	120,004	20,291
Bureau of Elections:				
Salaries	6,659	6,659	3,215	3,444
Operating expenses	50,800	51,700	11,934	39,766
Sub-total	57,459	58,359	15,149	43,210
Assessor:				
Salaries	121,571	121,571	110,647	10,924
Operating expenses	18,550	18,550	17,470	1,080
Capital outlay	2,000	2,000	1,907	93
Sub-total	142,121	142,121	130,024	12,097

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, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under)
Expenditures:				
Treasurer:				
Salaries	\$ 123,844	\$ 123,844	\$ 113,817	\$ 10,027
Operating expenses	20,300	20,300	13,377	6,923
Capital outlay	4,000	4,000	945	3,055
Sub-total	148,144	148,144	128,139	20,005
Sheriff:				
Salaries	345,166	345,166	265,888	79,278
Operating expenses	64,350	64,350	34,432	29,918
Capital outlay	60,000	60,000	48,412	11,588
Sub-total	469,516	469,516	348,732	120,784
Probate Judge:				
Salaries	20,800	20,800	18,873	1,927
Operating expenses	1,320	1,320	400	920
Sub-total	22,120	22,120	19,273	2,847
Loss Prevention:				
Salaries	46,498	46,498	14,936	31,562
Operating expenses	5,000	5,000	2,659	2,341
Capital outlay	-	-	-	-
Sub-total	51,498	51,498	17,595	33,903
Total expenditures	1,641,357	1,716,757	1,363,558	353,199
Excess (deficiency) of revenues over expenditures	(114,444)	(189,844)	624,930	814,774
Other Financing Sources (Uses):				
Transfers in	-	12,922	12,922	-
Transfers (out)	-	(1,175,000)	(1,075,000)	100,000
Total other financing sources (uses)	-	(1,162,078)	(1,062,078)	100,000
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (114,444)	\$ (1,351,922)	\$ (437,148)	\$ 914,774
Cash available at beginning of year to absorb budget deficit	\$ 114,444	\$ 1,351,922	N/A	N/A

**STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2009**

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	\$ 1,285,986	\$ (117,646)	\$ 1,168,340
Certificate of Deposit	CD	600,000	-	600,000
Certificate of Deposit	CD	600,000	-	600,000
Certificate of Deposit	CD	200,000	-	200,000
Total certificates of deposit		<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>
Total First National Bank of NM		<u>\$ 2,685,986</u>	<u>\$ (117,646)</u>	<u>\$ 2,568,340</u>
Farmer's & Stockmen's Bank P.O. Box 488 Clayton, New Mexico 88415				
Union County Treasurer	Checking	\$ 734,051	\$ (962)	\$ 733,089
Certificate of Deposit	CD	600,000	-	600,000
Certificate of Deposit	CD	600,000	-	600,000
Total certificates of deposit		<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>
Total Farmer's & Stockmen's Bank		<u>\$ 1,934,051</u>	<u>\$ (962)</u>	<u>\$ 1,933,089</u>

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF PLEDGED COLLATERAL
TO SECURE THE DEPOSITS OF PUBLIC FUNDS
JUNE 30, 2009

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

Security	CUSIP	Maturity	Par Value
Belen NM Gross Receipts Tax	077S71BR7	06/10/10	\$ 230,000
Eastern NM University Revs	276785UA8	04/01/14	200,000
Ruidoso NM Gross Receipts Tax	781336AF9	06/01/11	135,000
Vaughn NM Mun Sch Dist 33	9223828Z8	08/01/16	95,000
Gallup McKinley County NM	364010PA0	08/01/13	300,000
Torrance Etc Cnty NM Mun SD 8	891400LL5	07/15/11	70,000
Albuquerque NM Mun Sch Dist 012	013595LM3	08/01/22	250,000
		Total	<u>\$ 1,280,000</u>

The pledged securities are held in safekeeping at the Federal Home Loan Bank of Dallas at 8500 Freeport 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, 2009

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

<u>Security</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Market Value</u>	<u>Par Value</u>
FHLB	3133XDTA9	12/10/10	\$ 821,592	\$ -
FFCB	31331X2Q4	09/04/13	219,714	-
Española PSD 345 Rio Arriba	296628BV1	07/01/12	-	150,000
		Total	<u>\$ 1,041,306</u>	<u>\$ 150,000</u>

The pledged securities are held in safekeeping at 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, 2009

Property taxes receivable, beginning of year	\$	201,828
Changes to Tax Roll:		
Net taxes charged to treasurer for fiscal year		2,246,206
Adjustments:		
Increases in taxes receivable		85,103
Charge off of taxes receivable		<u>(101,929)</u>
Total receivables prior to collections		2,431,208
Collections for fiscal year ended June 30, 2009		<u>(2,347,737)</u>
Property taxes receivable, end of year	\$	<u><u>83,471</u></u>
Property taxes receivable by years:		
1999-2008	\$	24,595
2009		<u>58,876</u>
Total taxes receivable, end of year	\$	<u><u>83,471</u></u>

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULES OF TAXES RECEIVABLE BY ENTITY
JUNE 30, 2009

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total</u>
Union County:								
General Fund	\$ -	\$ -	\$ 1	\$ 37	\$ 1,444	\$ 6,136	\$ 23,123	\$ 30,741
Hospital Fund	-	-	-	22	749	3,271	12,340	16,382
Reappraisal	<u>5</u>	<u>5</u>	<u>4</u>	<u>14</u>	<u>74</u>	<u>237</u>	<u>692</u>	<u>1,031</u>
Total Union County	5	5	5	73	2,267	9,644	36,155	48,154
State of New Mexico:								
State of New Mexico	-	-	-	7	229	943	3,630	4,809
State Cattle	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790</u>	<u>557</u>	<u>1,298</u>	<u>2,645</u>
Total State of New Mexico	-	-	-	7	1,019	1,500	4,928	7,454
Town of Clayton	-	-	-	8	212	2,383	8,261	10,864
Village of Des Moines	-	-	-	12	14	184	362	572
Village of Folsom	-	-	-	-	-	177	293	470
Village of Glenville	-	-	-	-	-	-	2	2
Clayton Municipal Schools	-	-	-	13	735	3,453	6,254	10,455
Des Moines Municipal Schools	-	-	-	27	542	2,298	2,123	4,990
Springer Municipal Schools	-	-	-	-	-	9	397	406
Luna Vocational Technology	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>101</u>	<u>104</u>
Total Taxes Receivable	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 140</u>	<u>\$ 4,789</u>	<u>\$ 19,651</u>	<u>\$ 58,876</u>	<u>\$ 83,471</u>

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2009

Agency	Undistributed Taxes 06/30/08	Receipts	Disbursements	Undistributed Taxes 06/30/09
Union County:				
General Advalorem	\$ -	\$ 985,056	\$ 985,056	\$ -
Hospital Mill Levy	-	478,085	478,085	-
Re-appraisal Program	-	29,139	29,139	-
Oil and Gas	-	229,518	229,518	-
Subtotal	-	1,721,798	1,721,798	-
Municipalities:				
Town of Clayton	3,515	115,007	115,178	3,344
Village of Des Moines	97	9,214	9,014	297
Village of Folsom	10	3,184	3,165	29
Village of Grenville	1	2,620	2,598	23
Subtotal	3,623	130,025	129,955	3,693
State of New Mexico:				
State Levy	1,599	142,033	142,159	1,473
Cattle	1,522	179,987	180,542	967
Sheep	-	7	7	-
Equine	56	42	98	-
State P&I	-	1,733	1,733	-
Costs to State	-	210	210	-
Children's Trust	75	960	915	120
Subtotal	3,252	324,972	325,664	2,560
School Districts:				
<i>Clayton:</i>				
Operational	13,692	43,204	43,879	13,017
Oil and gas	-	12,542	12,542	-
HB33 Building	2,994	10,663	20,341	(6,684)
Oil and Gas Equipment	-	37,456	37,456	-
Capital Improvements	1,996	182,078	184,814	(740)
Oil and Gas	-	50,168	50,168	-
Subtotal	18,682	336,111	349,200	5,593
<i>Des Moines:</i>				
Operational	1,359	9,900	9,895	1,364
Debt Service	-	76,563	76,855	(292)
Ed Tech Services	632	31,825	32,307	150
Capital Improvements	90	43,538	43,494	134
Subtotal	2,081	161,826	162,551	1,356

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS
(CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2009

	Undistributed Taxes 06/30/08	Receipts	Disbursements	Undistributed Taxes 06/30/09
<i>Springer:</i>				
Operational	13	319	332	-
Debt Service	227	4,588	4,815	-
Capital Improvements	64	1,600	1,664	-
Ed Tech Services	18	1,826	1,844	-
Subtotal	322	8,333	8,655	-
<i>Luna Vocational Tech</i>				
Operational	90	2,219	2,309	-
Other Trust Accounts:				
Operational	-	861	603	258
Further Distributions:				
Paid in Advance	476	-	476	-
Pre-Paid Livestock	75,724	30,385	-	106,109
Paid in Protest	117,430	-	117,430	-
Subtotal	193,630	30,385	117,906	106,109
Grand Total	<u>\$ 221,680</u>	<u>\$ 2,716,531</u>	<u>\$ 2,818,641</u>	<u>\$ 119,569</u>

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF JOINT POWERS AGREEMENT
FOR THE YEAR ENDED JUNE 30, 2009

As of June 30, 2009, the County was a part of one Joint Power Agreement. In order to meet the requirements of New Mexico State Auditor's Rule 2.2.2.10W, the following is the required information concerning the Joint Power Agreement.

1. **Participants** – Union County, the Town of Clayton, and the Clayton Consolidated School District.
2. **Party responsible for operations** – The Town of Clayton.
3. **Description** – Operate a radio communications system, jointly and separately, for the peace, health, and safety of the public.
4. **Beginning and ending dates of the JPA** – Entered into September 3, 2009, and is not terminated or rescinded unless requested by one of the three participating governmental entities.
5. **Total estimated amount of project and portion applicable to the County** – For fiscal year ended June 30, 2009, the total cost of the project is budgeted at \$236,216 and the County is applicable to 45% or \$106,297.
6. **Amount the County contributed in the current fiscal year** – The County contributed \$94,239 for the fiscal year ended June 30, 2009.
7. **Audit responsibility** – The Town of Clayton.
8. **Fiscal agent** – The Town of Clayton.
9. **Name of governmental entity where revenues and expenditures are reported** – The Town of Clayton.

ADDITIONAL INDEPENDENT AUDITORS' REPORTS

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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 general and major funds of Union County as of and for the year ended June 30, 2009, and have issued our report thereon dated September 17, 2009, which was adverse on the governmental activities, on the major funds, and on a portion of the aggregate remaining fund information because the County failed to record assets, liabilities, revenues, and expenses and expenditures required by generally accepted accounting principles. We also audited the financial statements of each of the County's non-major governmental funds and the respective budgetary comparison statements for each non-major 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, 2009, and have issued our report thereon dated September 17, 2009, which was qualified due to the non-recording of cash balances, revenues and expenditures within the fire districts and emergency medical services funds. Except as discussed in the previous sentence, 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, 2007-09, 2008-01, 2008-02, 2008-04, and 2008-05 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, 2007-09, 2008-01, 2008-02, 2008-04, and 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 2006-05, 2007-09, 2008-04, 2008-05, 2006-09, 2007-10, 2008-08 and 2008-12.

We noted a certain matter that is required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and responses as finding 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

September 17, 2009

**STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009**

Item 2006-05 – Tax Roll Reconciliation

Statement of Condition – The County Treasurer is responsible for billing, collecting and distributing property taxes for Union County and for all governmental entities within the County. The Treasurer is responsible for implementing an accounting system that details for each governmental entity the amount of property 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. The County is required to report the information described above in a supplementary schedule in its annual audit report. At the present time, the accounting software utilized by the County does not produce the required data and the Treasurer is unable produce the required report.

Criteria – The information detailed above is necessary for proper revenue recognition on the part of the County, as well as on the recipient governmental entities as is required by Government Accounting Standards Board (GASB) Statement No. 33. In addition, the New Mexico State Auditor Rule, Section 2.2.2.12 D (2) requires that the information described above is presented in a supplementary schedule of the annual audit report.

Effect – Without an accounting system in place to ensure proper property tax revenue data is provided to County management and the other governmental entities errors in the revenue recognition could occur and not be detected on a timely basis, which could effect the financial information reporting for both the County and the other governmental entities.

Cause – The County relies upon its software vendor to supply the data for reporting under GASB 33. The current County Treasurer has made numerous requests to the software vendor to provide the necessary accounting data to no avail.

Recommendation – We suggest the County communicate with the computer software vendor to stress the importance of obtaining the data described above. If the vendor is unable to produce the necessary reports in a timely manner, the County should consider seeking alternative accounting solutions that would be able to produce the accounting data.

Views of Responsible Officials and Planned Corrective Actions – The Treasurer has contacted the software vendor and is in the process of getting the reports produced.

Item 2007-09 – Annual Inventory of Capital Assets

Statement of Condition – The County did not perform a physical inventory of capital assets for the fiscal year ended June 30, 2009. As such, management is unable to determine if the capital assets subsidiary ledger is accurate, correct or complete.

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, 2009

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

Effect – Non-performance of a physical observation of the capital assets owned by the County could allow errors in the capital assets subsidiary records and the financial statements to exist and not be detected on a timely basis. Further, a dishonest employee could remove assets and the theft would not be detected on a timely basis.

Cause –The County manager’s office has taken the responsibility to plan and perform the inventory for the County. Currently there are only two individuals who work in the manger’s office and there is insufficient time to perform the annual inventory of all County assets.

Recommendation – We suggest that the County adhere to the administrative code regarding the performance of a complete and accurate annual inventory. The County manager’s office could establish procedures that utilize other County employees within the various departments to assist in completing the inventory. The entire burden of the performing the inventory does not need to be placed on the County manager’s office.

Views of Responsible Officials and Planned Corrective Actions – Union County has identified that performing a physical inventory is a priority. The Commissioners’ office is working with the other departments and has already completed physical inspections of four departments. A complete; as possible, inventory will be available for audit for FY 2010.

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, as applicable, and notes.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

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

Criteria (continued) - 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.*” 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 employees maintain the County’s accounting records on the cash basis of accounting which is required by the state of New Mexico. The employees have not received accounting training which would provide knowledge regarding the differences between the cash basis of accounting and the accrual basis of accounting and how to convert accounting records from one basis to another.

County employees lack the proper abilities and training to prepare financial statements in accordance with generally accepted accounting principles. The County continues the tradition of the past by requiring the independent auditor prepare the financial statements and the notes to the statements as they perform their annual audit. 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 – In the prior fiscal year we suggested that the County either employ an accountant to assist in the accounting and prepare the financial statements in accordance with generally accepted accounting principles or contract with an independent public accountant to complete the task. During the fiscal year ended June 30, 2009, the County attempted to engage a local certified public accountant; however, the local firm felt that they did not have the necessary expertise to assist the County. We suggest the County expand their search area for potential certified public accountants to include Santa Fe and Albuquerque, New Mexico.

Views of Responsible Officials and Planned Corrective Actions – The County personnel understands the appropriate internal controls over financial reporting is a significant weakness. We will try again to address this finding with a firm that has experience in government accounting.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

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 owns a hospital located in Clayton, New Mexico and the majority of the equipment within the premises. The County has entered into an agreement with a non-profit organization to manage the daily operations of the hospital. The County has borrowed funds from the New Mexico Finance Authority (NMFA) to improve and expand the County hospital. When the County entered into the loans, the non-profit organization agreed to assist the County in debt reductions from the operations of the hospital. At the beginning of the fiscal year, the County had loan proceeds of \$7,580,757 that were held by a fiscal agent and which were designed for construction costs. During the year, the cash generated interest income of \$44,248 and construction expenses of \$4,639,576. At year-end, the fiscal agent held \$2,976,945 to be used in the next fiscal year. The County failed to record any of the financial activity within their original books of entry. During the fiscal year, the non-profit organization made payments directly to NMFA to reduce the debt obligation. The County failed to record those transactions within the general ledger of the County. At June 30, 2009, the County owed NMFA \$6,885,032 and those liabilities have not been recorded on the general ledger or reported in the financial statements of the County.
- NMFA holds funds as debt reserve with the New Mexico State Treasurer's office. At the beginning of the year, the funds amounted to \$168,311 and at the end of the fiscal year the funds amounted to \$228,776. During the fiscal year, the funds earned interest income and cash was received from both the County and the non-profit organization. The cash received was used to reduce debt obligations at the NMFA. The County failed to account for all the financial transactions regarding the NMFA. In particular, the County failed to record the transactions from the non-profit organization and the County incorrectly recorded transfers to the NMFA as health and welfare expenditures rather than principal and interest payments within the special gross receipts tax fund.
- During the fiscal year, the fire and emergency medical service districts under control of the County had bank accounts that totaled \$51,584. Those funds would be considered public funds and subject to all rules and statutes regarding receipts, disbursements and balances held. Management failed to account for those funds within the accounting records of the County.
- At year-end, the County failed to prepare a schedule of all receivables, a schedule of accounts payable, and a schedule of accrued wages by department.
- The County failed to reconcile its capital assets subsidiary records with the general ledger activity. The County failed to properly record the capital outlay transactions related to County operations and they failed to make the necessary changes to their capital assets subsidiary ledgers.
- The County received advances for intergovernmental projects which were 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 grants on a timely basis. The County failed to meet required reporting deadlines to grantor agencies.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

Item 2008-02 – Accounting Activity (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 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 the chance of a material misstatement.

Effect – Management failed to record all the financial transactions of the County thereby misstating the statement of position and the statement of changes in financial position. The misstated financial statements received an adverse opinion for the current year. County personnel failed to prepare or record key components of the financial statements, increasing the risk that a misstatement of the County’s financial statements that is more than inconsequential will not be prevented or detected.

Cause – The County’s accounting personnel have not shown to ability to maintain the general ledger beyond the cash basis of accounting. They have not been instructed on how to record items for the statement of financial position such as recording of capital assets, long-term debt, accrual and deferrals of revenues, accrual and prepayments of expenses and the recording of financial transactions that originate outside of the County’s normal accounting cycle. This inexperience hinders the preparation of some aspects of the accounting and 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). During the past fiscal year, the County attempted to engage a local certified public accountant to assist with the accounting problem; however, they were unsuccessful in engaging such an individual. The County has failed to address this accounting problem and when they entered into to these large loan transactions the lack of accounting expertise became very apparent.

Recommendation – The matters discussed above are very serious and immediate attention to the problem needs to be given as soon as possible. The Commission bears the ultimate responsibility to ensure that the accounting problems are addressed. As we recommended in the prior year, the County needs to either employ a qualified individual to perform the accounting function or contract with a public accounting firm to provide assistance to the current staff to ensure that the accounting records are properly maintained.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

Item 2008-02 – Accounting Activity (continued)

Views of Responsible Officials and Planned Corrective Actions – Union County is confident that the staff can be trained with the direction of a government experienced accounting firm.

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 manager's office does not reconcile amounts recorded within the capital outlay accounts of the general ledger to the capital assets subsidiary ledgers. Additionally, they do not reconcile the 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 manager's office does not routinely communicate with the management company of the hospital to gather accurate information that details amounts expended on hospital capital equipment purchased from the mill levy taxes that remain property of the County. The County does not maintain a subsidiary ledger that details the hospital equipment owned by the County.
- 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.

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.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

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

Effect (continued) – 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.

Cause – The accounting staff of the County responsible for maintenance of the capital assets subsidiary records do not have the proper training to perform their duties. 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 recommend the staff receive 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 – The County staff will be researching workshops that are suitable to our level of understanding to be trained in capital asset management.

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.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

Item 2008-05 – Capital Assets – Inventory Control Numbers (continued)

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

Views of Responsible Officials and Planned Corrective Actions – The staff is in the process of doing a physical inventory. All the County departments and the hospital capital purchases will be issued inventory tags and entered into the County software inventory.

Item 2006-09 – Legal Compliance With Adopted Budget

Statement of Condition – As discussed in item 2008-02 the County's fiscal agent disbursed \$4,639,576 for construction and equipment for the County's hospital. The funds were County funds and the Commission did not provide for budgetary approval for the expenditures of the funds.

Additionally, the County's fire and emergency medical services districts had bank accounts that management of the County does not have any information regarding expenditures. There is no budgetary authority to expend from those accounts.

Criteria – Sections 6-6-6 through 6-6-11 NMSA 1978A 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 – Management of the County failed to recognize the need for budgetary authority to expend the funds even though they did not flow through the normal accounting system.

Recommendation – We recommend the County establish procedures that any funds expended by the County have budgetary authority.

Views of Responsible Officials and Planned Corrective Actions – The County staff will work with our Budget Analyst from Department of Finance and Administration to establish procedures as recommended.

Item 2007-10 – Bank Depositories

Statement of Condition – The County maintains cash in interest bearing accounts in two separate financial institutions and such deposits were not invested in a ratio based upon the financial institution's total deposits.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

Item 2007-10 – Bank Depositories (continued)

Criteria – Section 6-10-36 NMSA 1978 states in part, “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. The deposits shall be in the proportion that each bank’s or savings and loan association’s deposits bear to the total deposits of all banks and savings and loan associations.”

Furthermore, in January 2009, the County passed Resolution 97-18, which states the County will follow and adhere to Section 6-10-36 NMSA 1978 concerning the County’s interest bearing deposits.

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

Cause – The County Treasurer did not adhere to state statutes and or the County resolution in determining appropriate deposit requirements between financial institutions located within the County.

Recommendation – We recommend the County Treasurer review Resolution 97-18 and Section 6-10-36 of the New Mexico state statutes and enact a policy and procedure that would ensure compliance with State and County laws.

Views of Responsible Officials and Planned Corrective Actions – The County Treasurer and Manager will research other resolutions from other counties and confer with the Board of Commissioners to address and enact a policy that would comply with the law.

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 borrowed money from the New Mexico Finance Authority to make additions and improvements to the County’s hospital. A non-profit organization provides management services for the County. During the fiscal year, capital improvements in the amount of \$6,527,478 were expended by the management company. The County did not participate in the procurement process or provide approval of the expenditures. The management company was unable to produce the necessary files for our review.
- Within the County’s hospital mill levy fund the County expended \$34,777 for hospital equipment during the fiscal year. Prior to the expenditure of the funds, the County failed to determine if the management company who selected the items to purchase, adhered to procurement State statutes. The County does not have any documents to support compliance with state statutes.
- The County did not seek competitive sealed bids for its fuel purchases totaling \$154,925 and for the purchase of a 1,500 gallon portable tank totaling \$27,955.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

Item 2008-08 – Procurement Violations (continued)

Statement of Condition (continued) –

- The County did not request written quotes from available vendors for the purchase of responders for \$11,245; police car radios for \$17,514; and for five laptops for emergency vehicles for \$14,863.

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.

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 – Overall, there is a lack of understanding on the part of the County as to its responsibilities for following the New Mexico procurement code as described in the following causes:

- The management company of the hospital is a non-profit organization that is not required to follow New Mexico state statutes and rules regarding the procurement of goods and services. The management company dictates to the County what equipment is needed at the hospital and the company does not provide documentation to the County that procurement rules have been adhered to.
- The County has chosen to make its fuel purchases from a local supplier because of convenience and they have not sought competitive sealed bids.
- The County purchased a portable tank from a vendor of their choice because of convenience and they did not seek competitive sealed bid.
- There is a lack of understanding on the part of County as to the procurement process relating to requesting written quotes and proper keeping of documentation received.

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 answer questions concerning its role in the procurement process. Because of the limitations of staffing in the manager's office, the County officials should consider the formation of a task force or committee specially dedicated to oversight of all hospital dealings.

Views of Responsible Officials and Planned Corrective Actions – The County and the management at the County hospital have agreed to be more active in the capital purchases of hospital equipment. This action not only ensures that purchases will be done as per procurement code, but also allows County staff to stay up with the hospital inventory. The tank was an error that will not be repeated, and the staff will address the fuel purchases as per procurement code. Written quotes and documentation has been addressed with departments as purchasing issues arise.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

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 that totaled \$10,085 and contained the following discrepancies:

- We noted fifteen instances where the per diem rate was calculated incorrectly. The net amount of the incorrect calculations was \$348.
- We noted eleven instances where the travel voucher did not contain a written approval signature of the appropriate department head or supervisor. The vouchers in question totaled \$5,097.
- There were four instances where the employee was required to submit receipts for expenses incurred on a County business trip. Of those four instances, three employees did not submit the necessary receipts with their travel and per diem reimbursement request. The missing receipts totaled \$275.

The results of our testing of travel and per diem expenditures indicate the County is not in compliance with the New Mexico per diem and mileage act and the County's resolution 94-4.

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.

Furthermore, the County passed Resolution 94-4 on August 9, 2005, approving the state of New Mexico travel and per diem act with an increase in mileage from .32 cents per mile to .36 cents per mile.

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 and Resolution 94-4.

Recommendation – We recommend 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 – All County officials have been informed that all travel requests must be accompanied with agendas and receipts to be reimbursed from the trip, and County staff will be aware of appropriate signatures on the requests.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

Item 2008-13 – Special Revenues Funds Authority

Statement of Condition – The County has created the fire marshal fund as a special revenue fund with no given authority.

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 2009 Section 2.2.2.10 M which states in part, “*The authority for creation of special revenue funds must be shown in the audit report (i.e., cite the statute number, code of federal regulation, executive order, resolution number, or other specific authority)....*”. The state auditor can promulgate 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 audit act.

Effect – The purpose of the standard and the state auditor rule is to ensure that special revenue funds created by governmental entities meet the requirements discussed above to avoid unnecessary creation of these funds that complicate the reporting of financial data. If the funding does not meet the necessary criteria the funding should be reported within the general fund.

Cause – In the prior year’s audit report this particular finding contained various special revenue funds that lacked the authority for creation of fund. The County has provided a description of the authority for all the funds with the exception of the fire marshal fund.

Recommendation – We suggest the Commission pass a resolution indicating the authority for the creation of this special revenue fund.

Views of Responsible Officials and Planned Corrective Actions – The County will address this finding in a commission meeting.

STATUS OF PRIOR YEAR FINDINGS

Item 2006-05 – Tax Roll Reconciliation

In the prior year’s audit we 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. The Treasurer's office has not obtained the necessary information during the current year therefore the finding is not considered resolved and is repeated.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

STATUS OF PRIOR YEAR FINDINGS (continued)

Item 2007-07 – Budget Accounting

In the prior year's audit we noted that budgeted revenues were not always posted to the accounting system and thus budgeted revenues were not always monitored by management. Additionally, we noted the budget adjustments for revenues and expenditures were not always posted to the accounting system. During the current fiscal year the County made substantial improvements in recording budgeted revenues and changes to the budgeted revenues and expenditures. The prior year's finding is considered resolved.

Item 2007-09 – Annual Inventory of Capital Assets

In the prior year we noted that the County failed to perform a physical inventory of capital assets. In the current fiscal year the County failed to perform a physical inventory therefore the finding is not considered resolved and is repeated.

Item 2008-01 – Financial Statements and Disclosures

In the prior year we noted that the County staff was unable to produce the key components of the financial statements prepared in accordance with generally accepted accounting principles. The County was unsuccessful in resolving the issue by employing an accountant or a certified public accountant firm to assisting them with the preparation of the financial statements. The prior year finding has not been resolved and is repeated.

Item 2008-02 – Accounting Information

In the previous year's audit we noted that the County had some significant deficiencies regarding the recording of all financial activity. During the current fiscal year similar deficiencies exist and the County has not made any significant progress in resolving the matters. The prior year's audit finding is repeated.

Item 2008-03 – Grant Accounting

In the previous year we noted that the County had failed to properly record cash advances from legislative appropriations which were not expended in full during the fiscal year. We also noted that the County failed to request reimbursements for grants on a timely basis. Lastly, we noted that the County records all grant expenses within one line item on the general ledger.

During the current year the County did not receive any cash advances from grant or state appropriations and thus properly reflected revenues received within their general ledger. We did note that the County failed to request reimbursements for grants on a timely basis. The County made a better effort to identify expenses by type within their general ledger. We have consolidated the outstanding issues regarding the finding with item 2008-02, thus the finding will not be repeated in the current fiscal year.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

STATUS OF PRIOR YEAR FINDINGS (continued)

Item 2008-04 – Capital Assets Subsidiary Records and Depreciation

In the previous fiscal year we noted several deficiencies regarding capital assets and in particular the capital assets subsidiary ledgers. During the current year, we noted that the County had not made any improvements regarding the issues discussed in the previous year's finding. The finding is not resolved and is repeated.

Item 2008-05 – Capital Assets – Inventory Control Numbers

In the previous year we noted that the County was not placing identification tags on its capital assets located at the hospital. No improvements regarding the tagging of capital assets have been made and thus the finding is repeated.

Item 2008-06 – Payroll Accounting

In the previous year's audit we noted that some documents within the employee's personnel files were not located within the files. During the current fiscal year's audit we noted that the County did a much better job in documenting vital employment documents. The prior year's finding is considered resolved.

Item 2008-07 – Agency Credit Cards

In the previous year's audit we noted that the County failed to attach documents such as receipts to individual credit card purchases. Additionally, we noted that the County failed to attach a purchase requisition or purchase order to the credit card purchases. During the fiscal year the County made significant improvement to their record keeping of credit card purchases. The prior year's finding is considered resolved.

Item 2006-09 – Legal Compliance with Adopted Budget

During the past fiscal year we noted that the County did not prepare a budget for the Special Hospital Gross Receipts fund. During the current year the County prepared a budget for the fund however, the County failed to prepare a budget for the capital purchases related to the renovation of the County hospital as explained in item 2006-09 in the current fiscal year audit findings. The prior year's finding is not considered resolved.

Item 2007-10 – Bank Depositories

In the prior year's audit we noted that the County did not maintain its interest bearing deposits in two financial institutions as required by State statutes. The County has not made any changes to its investment practices during the current fiscal year. The audit finding is not considered resolved and is repeated.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

STATUS OF PRIOR YEAR FINDINGS (continued)

Item 2008-08 – Procurement Violations

In the previous year's audit report we noted that the County did not adhere to the New Mexico procurement code regarding, (1) purchases for the hospital renovation and expansion, (2) purchases for hospital equipment from the County's mill levy fund, (3) fuel purchases. During the current fiscal year we noted similar deficiencies regarding compliance with the procurement code therefore the finding is not considered resolved and is repeated.

Item 2008-09 – Public Retirement Association Reporting

In the previous year we noted the County failed to report 100% of its payroll to the New Mexico Public Employee Retirement Association as required by the association. During the current fiscal year the County reported the entire payroll to the association. The prior year's finding is considered resolved.

Item 2008-10 – Compensating Tax

In the previous years audit report we noted that the County had not remitted compensating tax on construction materials. During the current fiscal year the County remitted the required compensating tax. The prior year's finding is considered resolved.

Item 2008-11 – Disposition of Property

In the prior years audit we noted the County failed to comply with State statutes regarding the proper notification to the State auditor's office of disposed assets. During the current fiscal year the County did not dispose of assets. The finding is considered resolved.

Item 2008-12 – Travel and Per Diem

In the prior year we noted that there were errors discovered during our testing of travel and per diem reimbursements to County officials and employees. During the current year we noted similar discrepancies therefore the finding is not considered resolved and is repeated in the current year.

Item 2008-13 – Special Revenues Funds Authority

During the past year we noted the County had several special revenue funds that did not have any specific authority to create the fund. During the year the County obtained the proper authority for all funds with the exception of one. The prior year's finding is not considered resolved and is repeated.

STATE OF NEW MEXICO
UNION COUNTY
EXIT CONFERENCE AND
FINANCIAL STATEMENT PREPARATION
JUNE 30, 2009

Exit Conference

The audit report for the fiscal year ended June 30, 2009, was discussed during a closed session of the County Commissioners meeting in compliance with the Open Meetings Act, on October 22, 2009, in Clayton, New Mexico. Present for the County was Richard Arguello, chairman, county commission; Justin Bennett, county commissioner; Van Robertson, county commissioner; Kay Arnett, county treasurer; Joyce Sowers, county clerk; Louis Trujillo, county assessor; Angie Gonzales, county manager; Kelly Orr, assistant county manager; Colleen Johnston, undersheriff; Brandy Thompson, deputy treasurer; Erika Anderson, county attorney; and Mike Newman financial consultant to the county. Present for the auditing firm was Ed 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, 2009. 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.