

**Union County, New Mexico**  
**June 30, 2011**

Financial Statements and Supplementary Information  
As Of And For The Year Ended June 30, 2011  
With Independent Auditor's Report Thereon

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*Certified Public Accountant*  
*A Professional Corporation*  
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*Tucumcari, NM 88401*



**STATE OF NEW MEXICO  
UNION COUNTY**

**Official Roster  
For the year ended June 30, 2011**

County Commission

Mr. Justin Bennett	Chairperson
Mr. Van Robertson	Vice Chairperson
Mr. Walter C. Hall	Member

Elected Officials

Ms. Joyce Ann Sowers	Clerk
Ms. Kay Arnett	Treasurer
Mr. Frankie Aragon	Assessor
Mr. Bill Spriggs	Sheriff
Ms. Leslie Taylor	Probate Judge

Other Officials

Ms. Angie Gonzales	County Manager
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**STATE OF NEW MEXICO  
UNION COUNTY**

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June 30, 2011**

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# **FINANCIAL SECTION**



**R. Kelly McFarland**  
**Certified Public Accountant**  
**A Professional Corporation**



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of County Commissioners  
Union County  
Clayton, New Mexico  
and  
Mr. Hector H. Balderas  
State Auditor  
Santa Fe, New Mexico

I was engaged to audit the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the General Fund, and major special revenue funds of Union County, New Mexico (County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. I was also engaged to audit the financial statements of each of the County's nonmajor governmental and fiduciary funds, and the budgetary comparisons for the major capital project fund, debt service fund and all nonmajor funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of Union County New Mexico's management.

The subsidiary capital asset ledger is not in agreement with the amount of capital assets as reflected in the financial statements in the amount of capital outlay expenditures of \$1,321,375. The amount of depreciation on the capital asset expenditures not added to the subsidiary ledger has not been determined.

Sole Community Provider pass-through grant funding of \$3,358,105 paid directly to the County Hospital by the grantor was not recorded as revenue and a disbursement to the County Hospital on the books of account. Accounting principles generally accepted in the United States of America require that pass-through grants be recorded by the recipient government if it has oversight responsibility. As state law requires oversight by the County Government, recording the revenues and disbursement to the County Hospital is required. The amount of the pass-through grant has not been determined.

During the current year, certain revenues of \$1,070,378 were misclassified as "reimbursements" in four funds rather than to the proper revenue account. These included loans from the New Mexico Finance Authority in the amount of \$510,000. Reconciliations of the revenue accounts were not prepared to properly classify the revenue.

I was unable to reconcile budget resolutions to the final budget, including budget transfers.

I was unable to apply other auditing procedures to satisfy myself about the matters discussed in paragraphs two through five in accordance with auditing standards generally accepted in the United



States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Because of the significance of the matters discussed in the second, third, fourth and fifth paragraphs above, resulting from inadequacies in the accounting records, the scope of my audit was not sufficient to enable me to express an opinion and I do not express an opinion on the financial statements of 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, 2011, referred to in the first paragraph. In addition, because of the significance of the matters referred to the first sentence above, the scope of my audit was not sufficient to enable me to express an opinion and I do not express an opinion on the financial statements of each nonmajor governmental fund as of June 30, 2011 and the respective budgetary comparisons for all nonmajor funds, the major capital project fund and debt service fund for the year then ended.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 9, 2011 on my consideration of Union County, New Mexico's internal control over financial reporting and my 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 my 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 my audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Union County, New Mexico has not presented the Management's Discussion and Analysis for the year ended June 30, 2011, which is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board.

I was engaged for the purpose of forming opinions on the financial statements that collectively comprise Union County New Mexico's basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying Supporting Schedules listed in the Table of Contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements and the combining and individual fund financial statements and budgetary comparisons of Union County, New Mexico. The scope of my audit was limited as discussed in paragraphs two, three, four and five above and because of the significance of these matters, I do not express an opinion on the basic financial statements and the combining and individual fund financial statements; accordingly, the Supporting Schedules listed in the Table of Contents have not been subjected to auditing procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*; therefore, I do not express an opinion as to the Supporting Schedules listed in the Table of Contents in relation to the basic financial statements taken as a whole.



December 9, 2011

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# **BASIC FINANCIAL STATEMENTS**

UNION COUNTY, NEW MEXICO

Statement of Net Assets  
June 30, 2011

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 5,487,285
Shared taxes receivable	202,494
Interest receivable	2,006
Delinquent property taxes receivable, net	99,908
Restricted:	
Investments held by fiscal agent	174,103
Capital assets, net	<u>4,095,819</u>
 Total assets	 <u><u>\$ 10,061,615</u></u>
<u>LIABILITIES</u>	
Accounts payable	\$ 218,277
Accrued interest payable	4,258
Compensated absences payable	56,448
Accrued salary payable	57,938
Noncurrent liabilities - due within one year	247,245
Noncurrent liabilities - due in more than one year	<u>1,061,812</u>
 Total liabilities	 <u>1,645,978</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	2,786,762
Restricted for:	
Debt service	573,706
Unrestricted	<u>5,055,169.33</u>
 Total net assets	 <u>8,415,637</u>
 Total liabilities and net assets	 <u><u>\$ 10,061,615</u></u>

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

UNION COUNTY, NEW MEXICO

Statement of Activities  
For the year ended June 30, 2011

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 1,536,589	\$ 36,100	\$ 504,625	\$ 0	\$ (995,864)
Public safety	1,255,203	0	467,797	26,433	(760,973)
Public works	1,553,441	0	878,187	0	(675,254)
Culture and recreation	15,200	0	0	0	(15,200)
Health and welfare	1,508,736	700	3,000	0	(1,505,036)
Depreciation on capital assets - Unallocated	44,185				(44,185)
Interest on long-term debt	32,532				(32,532)
<b>Total</b>	<b>\$ 5,945,886</b>	<b>\$ 36,800</b>	<b>\$ 1,853,609</b>	<b>\$ 26,433</b>	<b>(4,029,044)</b>

General revenues:		
Property taxes		1,692,766
Governmental gross receipts tax		1,123,788
Oil and gas		494,463
Motor vehicle and fuel taxes		392,931
Gas taxes		230,856
Licenses and permits		682
Fines and forfeits		49,911
Miscellaneous		542,442
<b>Total general revenues</b>		<b>4,527,839</b>
<b>Change in net assets</b>		<b>498,795</b>
Net assets - beginning of year, as previously reported		7,941,854
Adjustments to capital assets, see Note 7		4,988
Prior period adjustment, see Note 14		(30,000)
Net assets - beginning of year as restated		7,916,842
<b>Net assets - end of year</b>		<b>\$ 8,415,637</b>

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

UNION COUNTY, NEW MEXICO

Balance Sheet  
 Governmental Funds  
 June 30, 2011

	<u>ASSETS</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>Hospital Mill Levy</u>	<u>Rabbit Ear Fire District Fund</u>
Cash on hand		\$ 250	\$ 0	\$ 0	\$ 0
Cash in banks		1,888,234	844,748	301,714	117,579
Grant receivables		0	0	0	0
Shared taxes receivable		49,755	49,281	22,024	0
Due from other funds		81,902	0	0	0
Interest receivable		1,222	253	0	23
Restricted assets		0	154,244	0	56
Delinquent property tax receivable, net		78,623	0	20,288	0
		<u>\$ 2,099,986</u>	<u>\$ 1,048,526</u>	<u>\$ 344,026</u>	<u>\$ 117,658</u>
Total assets					
	<u>LIABILITIES</u>				
Accounts payable		\$ 50,253	\$ 61,621	\$ 0	\$ 50,745
Deferred revenue		28,367	0	16,408	0
Compensated absences payable		0	0	0	0
Due to other funds		0	0	0	81,902
Accrued salary payable		32,672	21,223	0	0
		<u>111,292</u>	<u>82,844</u>	<u>16,408</u>	<u>132,647</u>
Total liabilities					
	<u>FUND BALANCE</u>				
Nonspendable		463,328	110,378	0	
Restricted:					
General fund		0			
Special revenue funds			154,244	0	56
Capital projects funds					
Debt service fund					
Committed:					
General fund		555,345			
Special revenue funds			178,933	327,618	(15,045)
Capital projects funds					
Debt service fund					
Assigned			522,127	0	
Unassigned		970,022	0	0	
		<u>1,988,694</u>	<u>965,682</u>	<u>327,618</u>	<u>(14,989)</u>
Total fund balance					
Total liabilities and fund balance		<u>\$ 2,099,986</u>	<u>\$ 1,048,526</u>	<u>\$ 344,026</u>	<u>\$ 117,658</u>

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

Capital Improvements/ Emergency	Other Governmental Funds	Total Governmental Activities
\$ 0	\$ 0	\$ 250
238,398	2,096,362	5,487,035
0	0	-
0	81,434	202,494
0	0	81,902
0	508	2,006
0	19,803	174,103
0	997	99,908
<u>\$ 238,398</u>	<u>\$ 2,199,104</u>	<u>\$ 6,047,698</u>
\$ 729	\$ 54,929	\$ 218,277
0	812	45,587
0	0	0
0	0	81,902
-	4,043	57,938
<u>729</u>	<u>59,784</u>	<u>403,704</u>
		573,706
		-
	1,492,762	1,647,062
190,169	0	190,169
	0	0
		555,345
	646,558	1,138,064
47,500	0	47,500
	0	-
	0	522,127
	0	970,022
<u>237,669</u>	<u>2,139,320</u>	<u>5,643,994</u>
<u>\$ 238,398</u>	<u>\$ 2,199,104</u>	<u>\$ 6,047,698</u>

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

Fund balances - total governmental funds	\$ 5,643,994
Delinquent property tax is not recognized because it is not available	45,587
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	
Capital assets	19,378,291
Accumulated depreciation	(15,282,472)
Accrued interest payable not recognized	(4,258)
Accrued compensated absences not recognized	(56,448)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(1,309,057)
Net assets of governmental activities	<u>\$ 8,415,637</u>

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

UNION COUNTY, NEW MEXICO

Statements of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the year ended June 30, 2011

	General Fund	Road Fund	Hospital Mill Levy	Rabbit Ear Fire District Fund
<b>Revenue:</b>				
Taxes	\$ 1,476,318	\$ 608,069	\$ 701,694	\$ 0
Licenses and permits	682	0	0	0
Charges for services	27,079	56	0	0
Fines and forfeits	16,704	0	0	0
Miscellaneous	38,300	74,872	468	33,651
Intergovernmental	490,266	748,265	0	109,966
Investment earnings	27,295	3,528	1,389	1,501
<b>Total revenues</b>	<b>2,076,644</b>	<b>1,434,790</b>	<b>703,551</b>	<b>145,118</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,085,266	0	0	0
Public safety	440,135	0	0	61,542
Public works	0	1,269,710	0	0
Culture and recreation	15,200	0	0	0
Health and welfare	0	0	847,998	0
Capital outlay	11,005	23,748	0	136,818
<b>Debt service:</b>				
Principal payments	0	86,653	0	28,760
Interest payments	0	17,528	0	7,707
<b>Total expenditures</b>	<b>1,551,606</b>	<b>1,397,639</b>	<b>847,998</b>	<b>234,827</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>525,038</b>	<b>37,151</b>	<b>(144,447)</b>	<b>(89,709)</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	24,077	350,000	0	0
Operating transfers (out)	(917,000)	0	0	0
Proceeds from NMFA Loan	0	0	0	0
<b>Total other financing sources over other financing (uses)</b>	<b>(892,923)</b>	<b>350,000</b>	<b>0</b>	<b>0</b>
<b>Net change in fund balance</b>	<b>(367,885)</b>	<b>387,151</b>	<b>(144,447)</b>	<b>(89,709)</b>
<b>Fund balance, beginning of year as previously reported</b>	<b>2,256,579</b>	<b>578,531</b>	<b>472,065</b>	<b>174,720</b>
<b>Prior period adjustments:</b>				
Prior year adjustments, see Note 14	100,000	0	0	(100,000)
<b>Fund balance, beginning of year as restated</b>	<b>2,356,579</b>	<b>578,531</b>	<b>472,065</b>	<b>74,720</b>
<b>Fund balance, end of year</b>	<b>\$ 1,988,694</b>	<b>\$ 965,682</b>	<b>\$ 327,618</b>	<b>\$ (14,989)</b>

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



Capital Improvements/ Emergency	Other Governmental Funds	Total Governmental Activities
\$ 0	\$ 1,148,135	\$ 3,934,216
0	0	682
0	9,665	36,800
0	33,206	49,910
0	592,729	740,020
459,000	398,840	2,206,337
1,739	16,791	52,243
<u>460,739</u>	<u>2,199,366</u>	<u>7,020,208</u>
0	423,947	1,509,213
0	531,882	1,033,559
0	0	1,269,710
0	0	15,200
730	580,353	1,429,081
752,864	912,652	1,837,087
0		
0	207,101	322,514
0	8,069	33,304
<u>753,594</u>	<u>2,664,004</u>	<u>7,449,668</u>
(292,855)	(464,638)	(429,460)
350,000	575,962	1,300,039
0	(383,039)	(1,300,039)
<u>0</u>	<u>0</u>	<u>0</u>
<u>350,000</u>	<u>192,923</u>	<u>0</u>
<u>57,145</u>	<u>(271,715)</u>	<u>(429,460)</u>
180,524	2,441,035	6,103,454
0	(30,000)	(30,000)
<u>180,524</u>	<u>2,411,035</u>	<u>6,073,454</u>
<u>\$ 237,669</u>	<u>\$ 2,139,320</u>	<u>\$ 5,643,994</u>

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

UNION COUNTY, NEW MEXICO

Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2011

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

Net change in fund balance - total governmental funds	\$ (429,460)
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>	
Capital assets	1,837,087
Depreciation	(585,774)
<p>Revenues are recognized in governmental funds only when they are measurable and available to finance current expenditures; however, in the Statement of Activities, this amount is the net effect of revenue recognized on the accrual basis.</p>	
	588
<p>Interest is recorded in governmental funds when paid; however, in the Statements of Activities interest is recorded on the accrual basis to charge interest expense over the period borrowed funds are outstanding. This amount is the net additional interest cost for the period which has not yet been paid.</p>	
	772
<p>Compensated absences payable representing long-term liabilities is not recognized in governmental funds until it becomes a matured current liability and is recorded in the Statement of Activities on the accrual basis.</p>	
	8,838
<p>New Mexico Finance loan payable representing long-term liabilities is not recognized in governmental funds until it becomes a matured current liability and is recorded in the Statement of Activities on the accrual basis.</p>	
	242,859
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
	<u>(576,115)</u>
Change in net assets of governmental activities	<u>\$ 498,795</u>

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

UNION COUNTY, NEW MEXICO

General Fund  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Taxes - local effort:				
Property - current	\$ 909,572	\$ 909,572	\$ 1,098,060	\$ 188,488
Property - delinquent	10,000	10,000	24,653	14,653
Penalty and interest	8,000	8,000	15,548	7,548
Governmental - gross receipts	500	500	781	281
Total taxes - local effort	928,072	928,072	1,139,042	210,970
Taxes - state shared:				
Oil and gas - production	173,340	173,340	279,471	106,131
Oil and gas - equipment	42,453	42,453	27,431	(15,022)
Motor vehicle	10,000	10,000	15,523	5,523
Cigarette tax two percent	0	0	2	2
Total taxes - state shared	225,793	225,793	322,427	96,634
Licenses and permits:				
Liquor licenses	250	250	250	0
Merchandise licenses	350	350	432	82
Total licenses and permits	600	600	682	82
Charges for services:				
Clerk fees	14,500	14,500	13,772	(728)
Probate fees	300	300	390	90
Sheriff's fees	8,500	8,500	11,402	2,902
Treasurer fees	25	25	18	(7)
Administrative fee	1,300	1,300	1,174	(126)
Compliance officer fee	375	375	325	(50)
Total charges for services	25,000	25,000	27,081	2,081
Miscellaneous:				
Interest income	30,000	30,000	22,614	(7,386)
Reimbursement to county	0	0	60,395	60,395
Refunds or recoveries	0	0	1,003	1,003
Elections	0	0	0	0
Sale of county property				0
Civil penalties	0	0	0	0
Emergency Services	0	0	0	0
Miscellaneous	500	500	0	(500)
Filing Fees-Bureau of Elect.	0	0	0	0
Total miscellaneous	30,500	30,500	84,012	53,512

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

UNION COUNTY, NEW MEXICO

General Fund  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues (continued):				
Grants:				
Federal:				
Payment in lieu of taxes (PILT)	\$ 115,000	\$ 115,000	\$ 140,810	\$ 25,810
State:				
Small county assistance (DFA)	350,000	350,000	361,000	11,000
Total grants	465,000	465,000	501,810	36,810
Total revenues	1,674,965	1,674,965	2,075,054	400,089
Expenditures:				
Current:				
General Government:				
County commission:				
Elected officials	42,875	42,875	42,561	314
FICA	3,280	3,280	2,840	440
PERA	6,864	6,864	6,815	49
Group insurance 70%	22,100	22,100	12,929	9,171
Workers' compensation pool	13,550	13,550	13,532	18
Retiree Health Care Act	200	200	80	120
Mileage and per diem	13,000	13,000	10,640	2,360
Car expense	0	0	0	0
Equipment - maintenance and repair	1,000	1,000	0	1,000
Maintenance contract	2,000	2,000	0	2,000
Audit	30,000	30,000	26,750	3,250
Professional services	113,525	113,525	71,668	41,857
Telephone	1,575	1,575	1,545	30
Road viewers	50	50	0	50
Clayton literacy	0	0	0	0
Official bond	850	850	360	490
Mainstreet	2,500	2,500	2,500	0
Union County youth supporters	2,000	2,000	2,000	0
Village of Des Moines	1,000	1,000	1,000	0
Business lease	0	0	0	0
Economic development	25,000	25,000	25,000	0
Chamber of Commerce	6,000	6,000	6,000	0
Property and liability insurance	30,000	30,000	18,576	11,424
Governmental gross receipts tax	750	750	593	157
Membership dues	11,400	11,400	11,357	43
Ambulance	12,000	12,000	12,000	0
Union County fair committee	7,000	7,000	7,000	0
Summer youth program	1,000	1,000	1,000	0
Tort liability	12,500	12,500	12,447	53
Regional library	700	700	700	0
Library - Town of Clayton	2,000	2,000	2,000	0
Animal control	0	0	0	0
Other operating costs	0	0	0	0
Clayton Senior Citizens	5,500	5,500	5,500	0
Cooperative Extension Service	74,754	74,754	74,753	1
Des Moines Senior Citizens	6,000	6,000	6,000	0
Des Moines summer recreation	0	0	0	0

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

UNION COUNTY, NEW MEXICO

General Fund  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (continued):				
County commission (continued):				
Unemployment insurance	\$ 6,000	\$ 6,000	\$ 1,887	\$ 4,113
Capital outlay	0	0	0	0
Total county commission	<u>456,973</u>	<u>456,973</u>	<u>380,033</u>	<u>76,940</u>
Administrative:				
Full-time salaries	81,280	81,280	81,287	(7)
Part-time salaries	0	0	0	0
FICA	6,218	6,218	6,080	138
PERA	13,013	13,013	12,994	19
Retiree Health Care Act	1,354	1,354	1,352	2
Group insurance 70%	4,100	4,100	4,020	80
Workers' compensation pool	20	20	18	2
Mileage and per diem	3,500	3,500	2,449	1,051
Equipment - maintenance and repair	300	300	261	39
Office supplies	2,000	2,000	1,132	868
Postage	675	675	221	454
Telephone	2,150	2,150	2,133	17
Printing and publishing	2,000	2,000	1,938	62
Rental of equipment	14,400	14,400	14,389	11
Utilities	0	0	0	0
Capital outlay	0	0	0	0
Total administrative	<u>131,010</u>	<u>131,010</u>	<u>128,274</u>	<u>2,736</u>
Maintenance, operations and buildings:				
Full-time salaries	48,385	48,385	45,172	3,213
Temporary salaries	3,675	3,675	3,654	21
Over-time salaries	0	0	0	0
FICA	3,982	3,982	3,163	819
PERA	7,935	7,935	7,221	714
Retiree Health Care Act	826	826	751	75
Group insurance 70%	9,000	9,000	8,880	120
Workers' compensation pool	20	20	18	2
Car expense	1,150	1,150	1,146	4
Equipment - maintenance and repair	3,250	3,250	2,166	1,084
Court house repairs	6,000	6,000	4,290	1,710
Other building repairs	4,675	4,675	4,657	18
Grounds - maintenance and improvements	5,085	5,085	4,716	369
Janitor supplies	2,750	2,750	2,560	190
Tools and supplies	3,000	3,000	274	2,726
Rental of equipment	770	770	769	1
Utilities	24,000	24,000	20,243	3,757

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

UNION COUNTY, NEW MEXICO

General Fund  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (continued):				
Maintenance, operations and buildings (continued)				
Capital outlay	\$ 2,020	\$ 2,020	\$ 2,020	\$ -
Total maintenance, operations and buildings	126,523	126,523	111,700	14,823
Recording and filing:				
Elected official	46,090	46,090	46,112	(22)
Full-time salaries	41,481	41,481	38,910	2,571
Part-time salaries	6,000	6,000	0	6,000
FICA	7,157	7,157	6,123	1,034
PERA	14,020	14,020	13,612	408
Retiree Health Care Act	1,459	1,459	1,416	43
Group insurance 70%	15,800	15,800	11,742	4,058
Workers' compensation pool	28	28	12	16
Mileage and per diem	3,000	3,000	1,230	1,770
Equipment - maintenance and repair	0	0	0	0
Office supplies	1,200	1,200	459	741
Record books	2,500	2,500	709	1,791
Microfilm supplies	2,000	2,000	504	1,496
Postage	1,000	1,000	73	927
Telephone	1,000	1,000	782	218
Printing and reproduction	500	500	149	351
Rental of equipment	12,100	12,100	12,081	19
Vault rent	120	120	120	0
Maintenance contract	1,150	1,150	944	206
Other recoding and filing expenses	0	0	0	0
Capital outlay	6,000	6,000	5,926	74
Total recording and filing	162,605	162,605	140,904	21,701
Elections:				
Clerical assistance	6,000	6,000	0	6,000
Voting machine tech	4,000	4,000	0	4,000
Precinct board	10,000	10,000	7,388	2,612
Board of registry	100	100	0	100
FICA	765	765	0	765
PERA	0	0	0	0
Workers' compensation pool	10	10	0	10
Mileage and per diem	4,500	4,500	2,441	2,059
Equipment - maintenance and repair	1,000	1,000	626	374
Maintenance contract	0	0	0	0
Postage	3,500	3,500	738	2,762
Printing and publication	13,000	13,000	2,611	10,389
Rental of equipment	0	0	0	0
Mapping	500	500	0	500
Equipment lease	1,000	1,000	0	1,000

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

UNION COUNTY, NEW MEXICO

General Fund  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (continued):				
Elections (continued)				
Telephone	\$ 2,000	\$ 2,000	\$ 1,377	\$ 623
Other election expenses	13,400	13,400	7,712	5,688
<b>Total elections</b>	<b>59,775</b>	<b>59,775</b>	<b>22,893</b>	<b>36,882</b>
Property assessments:				
Elected official	42,392	42,392	42,022	370
Full-time salaries	38,898	38,898	38,606	292
Part-time salaries	23,587	23,587	23,627	(40)
Overtime salaries	2,633	2,633	2,631	2
FICA	8,184	8,184	8,046	138
PERA	16,791	16,791	16,679	112
Retiree Health Care Act	1,747	1,747	1,735	12
Group insurance 70%	6,405	6,405	3,766	2,639
Workers' compensation pool	28	28	25	3
Mileage and per diem	3,000	3,000	2,466	534
Car expense	1,000	1,000	166	834
Office supplies	1,260	1,260	1,255	5
Record books	200	200	0	200
Postage	1,600	1,600	1,356	244
Telephone	1,200	1,200	820	380
Capital outlay	0	0	0	0
Printing and reproduction	700	700	507	193
Rental of equipment	13,155	13,155	13,152	3
Mapping	925	925	925	0
<b>Total property assessments</b>	<b>163,705</b>	<b>163,705</b>	<b>157,784</b>	<b>5,921</b>
Collections:				
Elected official	46,090	46,090	46,149	(59)
Full-time salaries	41,481	41,481	41,540	(59)
Part-time salaries	4,000	4,000	0	4,000
FICA	7,004	7,004	6,263	741
PERA	14,020	14,020	14,020	0
Retiree Health Care Act	1,459	1,459	1,459	0
Group insurance 70%	14,100	14,100	13,501	599
Workers' compensation pool	30	30	18	12
Mileage and per diem	3,000	3,000	25	2,975
Office supplies	2,000	2,000	791	1,209
Record books	575	575	0	575
Postage	2,525	2,525	2,523	2
Telephone	1,500	1,500	554	946
Printing and reproduction	500	500	32	468
Rental of equipment	10,750	10,750	10,643	107
Other collection expenses	0	0	0	0
Capital outlay	4,000	4,000	0	4,000
<b>Total collection</b>	<b>153,034</b>	<b>153,034</b>	<b>137,518</b>	<b>15,516</b>

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

UNION COUNTY, NEW MEXICO

General Fund  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (continued):				
Law enforcement:				
Elected official	\$ 44,326	\$ 44,326	\$ 43,941	\$ 385
Full-time salaries	209,332	209,332	163,427	45,905
Part-time salaries	10,760	10,760	10,758	2
Overtime salaries	33,000	33,000	30,818	2,182
FICA	22,162	22,162	18,050	4,112
PERA	67,121	67,121	56,326	10,795
Retiree Health Care Act	4,225	4,225	4,369	(144)
Group insurance 70%	29,600	29,600	29,091	509
Workers' compensation pool	70	70	53	17
Mileage and per diem	15,000	15,000	8,695	6,305
Car expense	48,000	48,000	36,934	11,066
Equipment - maintenance and repair	25,000	25,000	5,835	19,165
Joint committee agreement	0	0	0	0
Jail agreement	0	0	0	0
Office supplies	2,420	2,420	2,420	0
Uniforms	5,000	5,000	4,002	998
Postage	700	700	366	334
Telephone	6,750	6,750	6,536	214
Printing and reproduction	750	750	122	628
Care of prisoners	0	0	0	0
Animal care	1,500	1,500	0	1,500
Rental of equipment	3,800	3,800	2,022	1,778
Contractual	0	0	0	0
Juvenile detention expense	0	0	0	0
Capital outlay	31,785	31,785	22,363	9,422
Sheriff's expense	3,500	3,500	350	3,150
Prisoners' travel and entertainment	0	0	0	0
Feeding of prisoners	535	535	533	2
<b>Total law enforcement</b>	<b>565,336</b>	<b>565,336</b>	<b>447,011</b>	<b>118,325</b>
Probate judge:				
Elected official	9,670	9,670	9,567	103
FICA	740	740	657	83
PERA	1,548	1,548	1,531	17
Retiree Health Care Act	161	161	159	2
Group insurance 70%	11,800	11,800	2,334	9,466
Workers' compensation pool	10	10	9	1
Mileage and per diem	1,170	1,170	667	503
Office supplies	100	100	15	85
Postage	50	50	43	7
<b>Total probate judge</b>	<b>25,249</b>	<b>25,249</b>	<b>14,982</b>	<b>10,267</b>
Loss prevention:				
Full-time salaries	0	0	0	0
FICA	0	0	0	0
PERA	0	0	0	0

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



UNION COUNTY, NEW MEXICO

General Fund  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (continued):				
Loss prevention (continued)				
Retiree Health Care Act	\$ 0	\$ 0	\$ 0	\$ 0
Group insurance 70%	0	0	0	0
Workers' compensation pool	0	0	0	0
Mileage and per diem	2,110	2,110	1,931	179
Office supplies	850	850	844	6
Postage	100	100	0	100
Telephone	675	675	673	2
Equipment maintenance and repair	4,000	4,000	2,202	1,798
Capital outlay	1,365	1,365	518	847
Total loss prevention	9,100	9,100	6,168	2,932
Total expenditures	1,853,310	1,853,310	1,547,267	306,043
Excess (deficiency) revenues over expenditures	(178,345)	(178,345)	527,787	706,132
Other financing sources (uses):				
Operating transfers in	0	0	24,077	24,077
Operating transfers (out)	0	0	(917,000)	(917,000)
Total other financing sources (uses)	0	0	(892,923)	(892,923)
Excess (deficiency) revenues over expenditures and other financing (uses)	(178,345)	(178,345)	(365,136)	(186,791)
Budgeted cash balance, beginning of year	2,253,590	2,253,590	2,253,590	0
Budgeted cash balance, end of year	\$ 2,075,245	\$ 2,075,245	\$ 1,888,454	\$ (186,791)

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

UNION COUNTY, NEW MEXICO

Road Fund

Statement of Revenue, Expenditures and Changes in Budgetary Cash

Budget and Actual (Non-GAAP Budgetary Basis)

June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Maps and Data Receipts	\$ 100	\$ 100	\$ 56	\$ (44)
Refunds	0	0	7,213	7,213
Reimbursements to county	100	100	1,544	1,444
Interest income	2,000	2,000	3,015	1,015
State shared taxes:				
Motor vehicle	325,000	325,000	372,621	47,621
Gas - motor vehicle HB-137	75,000	75,000	54,614	(20,386)
Grants:				
State:				
Road Co-op	91,025	91,025	118,300	27,275
School bus project	75,880	75,880	69,375	(6,505)
County Arterial Project	225,000	225,000	231,512	6,512
Special road project	0	0	326,295	326,295
Federal:				
Bank Head Jones	1,500	1,500	2,783	1,283
Total revenues	795,605	795,605	1,187,328	391,723
Expenditures:				
Current:				
Public works				
Full-time salaries	473,226	473,226	470,964	2,262
Temporary salaries	0	0	0	0
Over-time salaries	2,500	2,500	2,434	66
FICA	36,967	36,967	33,077	3,890
PERA	75,763	75,763	75,229	534
Retiree Health Care Act	7,882	7,882	7,318	564
Group insurance 70%	95,000	95,000	95,434	(434)
Workmers' compensation	13,640	13,640	13,633	7
Mileage and per diem	0	0	0	0
Building - maintenance and repair	0	0	0	0
Equipment repairs	81,350	81,350	80,989	361
Road construction and maintenance	0	0	0	0
Sign shop maintenance	0	0	0	0
Cooperative agreement	0	0	0	0
E-911 maintenance	15,000	15,000	6,470	8,530
Office supplies	200	200	200	0
Tools and supplies	160	160	153	7
Telephone	2,000	2,000	1,308	692
Printing and publishing	0	0	0	0
Rental of equipment	133,550	133,550	124,885	8,665
Utilities	5,000	5,000	4,098	902
Property and liability insurance	4,600	4,600	4,581	19
Equipment operating expense	243,100	243,100	241,884	1,216
Bridge and culverts	21,000	21,000	9,988	11,012
Safety equipment	3,600	3,600	3,588	12

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

UNION COUNTY, NEW MEXICO

Road Fund

Statement of Revenue, Expenditures and Changes in Budgetary Cash

Budget and Actual (Non-GAAP Budgetary Basis)

June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public works (continued):				
Lease purchase	\$ 0	\$ 0	\$ (53,314)	\$ 53,314
Contractual	84,000	84,000	83,229	771
C.A.P agreement	0	0	0	0
Capital outlay	26,000	26,000	0	26,000
Total expenditures	<u>1,324,538</u>	<u>1,324,538</u>	<u>1,206,148</u>	<u>118,390</u>
Excess (deficiency) revenues over expenditures	<u>(528,933)</u>	<u>(528,933)</u>	<u>(18,820)</u>	<u>510,113</u>
Other financing sources (uses):				
Operating transfers in	0	0	350,000	350,000
Operating transfers (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>350,000</u>	<u>350,000</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(528,933)</u>	<u>(528,933)</u>	<u>331,180</u>	<u>860,113</u>
Budgeted cash balance, beginning of year	<u>513,568</u>	<u>513,568</u>	<u>513,568</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (15,365)</u>	<u>\$ (15,365)</u>	<u>\$ 844,748</u>	<u>\$ 860,113</u>

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

UNION COUNTY, NEW MEXICO

Hospital Mill Levy - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Current property taxes	\$ 400,000	\$ 400,000	\$ 532,722	\$ 132,722
Delinquent property taxes	10,000	10,000	12,886	2,886
Oil and gas adovorlem tax	30,000	30,000	129,785	99,785
Oil and gas equipment tax	10,000	10,000	12,741	2,741
Reimbursements to county	0	0	468	468
Investment interest	0	0	1,389	1,389
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>689,991</u>	<u>239,991</u>
Expenditures:				
Current:				
Health and welfare				
Operating expense	850,000	850,000	847,998	2,002
Total expenditures	<u>850,000</u>	<u>850,000</u>	<u>847,998</u>	<u>2,002</u>
Excess (deficiency) revenues over expenditures	<u>(400,000)</u>	<u>(400,000)</u>	<u>(158,007)</u>	<u>241,993</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(400,000)</u>	<u>(400,000)</u>	<u>(158,007)</u>	<u>241,993</u>
Budgeted cash balance, beginning of year	<u>459,721</u>	<u>459,721</u>	<u>459,721</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 59,721</u>	<u>\$ 59,721</u>	<u>\$ 301,714</u>	<u>\$ 241,993</u>

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

UNION COUNTY, NEW MEXICO

Rabbit Ear Fire District  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Refunds or recoveries	\$ 0	\$ 0	\$ 27,699	\$ 27,699
Donations	0	0	5,952	5,952
Interest income	0	0	1,522	1,522
Grants:				
State:				
Fire allotment	78,499	78,499	78,499	0
Fire grant	100,000	100,000	0	(100,000)
Total revenues	<u>178,499</u>	<u>178,499</u>	<u>113,672</u>	<u>(64,827)</u>
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	7,000	7,000	6,496	504
Equipment repairs	20,500	20,500	20,487	13
Building repairs	7,000	7,000	6,976	24
Utilities	12,500	12,500	11,295	1,205
Property and liability insurance	8,000	8,000	7,298	702
Postage	100	100	0	100
Printing and publishing	500	500	192	308
Training, mileage and per diem	1,000	1,000	230	770
Operating expense	4,500	4,500	4,125	375
Contractual	1,000	1,000	0	1,000
Capital outlay	523,394	523,394	110,894	412,500
Total expenditures	<u>585,494</u>	<u>585,494</u>	<u>167,993</u>	<u>417,501</u>
Excess (deficiency) revenues over expenditures	(406,995)	(406,995)	(54,321)	352,674
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Sale of county property	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	(406,995)	(406,995)	(54,321)	352,674
Budgeted cash balance, beginning of year	<u>171,900</u>	<u>171,900</u>	<u>171,900</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (235,095)</u>	<u>\$ (235,095)</u>	<u>\$ 117,579</u>	<u>\$ 352,674</u>

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

UNION COUNTY, NEW MEXICO

Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 98,565
Shared taxes receivable	24,729
Interest receivable	<u>0</u>
Total assets	<u>\$ 123,294</u>
<u>LIABILITIES</u>	
Other taxing units	\$ 123,294
Invested in capital assets	<u>0</u>
Total liabilities	<u>\$ 123,294</u>

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies**

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 Section 4-31 of the New Mexico Statutes Annotated, 1978 Compilation. The County is granted powers pursuant to Section 4-37 NMSA 1978. The county provides the following services as authorized by its charter: public safety (sheriff, emergency medical and fire), public works (highways and streets), health and welfare, planning and zoning, and general administration.

Except as discussed in the independent auditor's report, the County's basic financial statements are prepared in accordance with generally accepted accounting principles of the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body of establishing governmental accounting and financial reporting standards. The more significant accounting policies of the County are described below.

A. *Financial Reporting Entity*

The County has a three-member County Commission; staggering positions will expire each election. The financial statements of Union County include the various departments, agencies and organizational units under oversight of the Commission.

The basic criterion determining the County's reporting entity is the exercise of oversight responsibility by the County Commission. The specific criteria used for establishing oversight responsibility are:

- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Factors, other than oversight, which may significantly influence the entity relationship, are:

- Scope of public service
- Special financing relationships

In evaluating how to define Union County, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14. The basic - but not only - criterion for including a potential component unit within the reporting entity is in the interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the County is able to exercise oversight responsibilities.

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies, continued**

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by GASB Statement No. 14.

*B. Basis of Accounting/Masurement Focus*

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

1. Government-Wide Financial Statements

The County Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental Activities for the County accompanied by a total column. Fiduciary activities of the County are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the County's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Property taxes are recognized as revenues in the year for which they are levied, net of estimated refunds and uncollectible amounts. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

The government-wide statement of activities reflects 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 segments. Program revenues for the County are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

The County collects charges for services including fees from the clerk, administration, probate, sheriff, treasurer, and reappraisal. The County received several operating grants and contributions including fire and EMS allotments, road co-op, school bus projects, and capital improvements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated.



Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies, continued**

The County applies all applicable GASB pronouncements as of November 30, 1989, unless the following pronouncements conflict with or contradicts GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

2. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available (collected up to 60 days after year-end) to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, gross receipts tax, intergovernmental revenues and other state-shared taxes. Derived revenues are recognized when the underlying exchange transaction takes place. Grant revenues are recognized when eligibility requirements are met. Property tax revenues not collected within 60 days are not considered available and are therefore recorded as deferred revenue. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

3. Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Assets. The County's Fiduciary funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting.

4. The government reports the following major governmental funds:

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

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies, continued**

Special Revenue Funds

*Road Fund* - To account for the operation and maintenance of the County roads. Financing is primarily from state shared revenues from motor vehicle taxes. 7-1-6.9 and 7-1-6.26 NMSA 1978.

*Hospital Mill Levy Fund* – 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.

*Fire Fund* - To account for funds received from the State Fire Allotment for operating expenses and capital outlay for the Rabbit Ear Fire Department. These funds were established in accordance with Section 59A-53-1 to 59A52-17, NMSA, 1978.

Capital Project Funds

*Capital Improvements/Emergency Fund* - To account for the cost of capital improvements such as erecting, remodeling, making additions to, providing equipment for, and furnishing county buildings. This includes an American Recovery and Reinvestment Act Grant for court house heating and cooling improvements.

5. Additionally, the government reports the following non-major funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources - which are legally restricted to expenditures for specified purposes. The financial statements contain the following special revenue funds:

*Farm and Range Fund* - To account for the operation and maintenance of County farm and range activities such as rodent and predatory animal control, livestock parasite control, and soil and water conservancy. Financing is primarily for the Taylor Grazing Act. 6-11-6 NMSA 1978.

*Recreation Fund* - To account for revenues from cigarette tax restricted to recreation facilities. This fund was established in accordance with Section 7-12-11 through 7-12-17, NMSA, 1978.

*Clerks Fees Fund* - To account for monies received reserved for future expenditures of equipment associated with recording, filing, maintaining or reproducing documents in the county clerk's office. Financing is from charges for services. 14-8-12.2, NMSA, 1978.

*EMS Funds* - To account for County emergency medical services programs. There are two EMS districts in the County: Capulin and Amistad-Hayden. Financing is primarily from the State of New Mexico. 24-10A-1, NMSA, 1978.

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies, continued**

*Correction Fees* - To account for training and other expense for law enforcement officers. Financing is from a correction fee assessed in addition to fines. 33-3-25 and 34-14-11, NMSA, 1978.

*Fire Funds* - To account for funds received from the State Fire Allotment for operating expenses and capital outlay for the fire department. There are five districts: Sedan, Amistad-Hayden, Rabbit Ear, Capulin and Grenville with Rabbit Ear Fire Department reported as a major fund. These funds were established in accordance with Section 59A-53-1 to 59A52-17, NMSA, 1978.

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

*Hospital Indigent Fund* - To account for indigent hospital patient claims. Financing is from gross receipts taxes. 7-20E-9, NMSA, 1978.

*General Gross Receipts Tax Fund* - To account for gross receipt taxes received and expenditures deemed *necessary* by the County. Financing is from County Gross Receipts Tax Ordinance number 31.

*Gross Receipts Tax Reserve Fund* - To account for gross receipt taxes received and reserved for future expenditures deemed *necessary* by the County. Financing is from the County Gross Receipts Tax Ordinance number 7.

*Special Hospital Gross Receipts Tax Fund* – To account for the ¼ of 1% (.25%) gross receipts taxes received and reserved for the acquisition or construction of land or buildings and for operations and maintenance of the County hospital. County ordinance number 33.

*Law Enforcement Fund* - To account for capital outlay expenditures for public safety. Financing is from the State Law Enforcement Act. 29-13-1, NMSA, 1978.

*Fire Marshall Fund* - To account for monies received from a governmental services agreement with Energy Natural Minerals Research Department to coordinate wild land fire management activities in Union County. County Resolution 98-19.

*Correctional Gross Receipts Fund* - To account for gross receipt taxes received and reserved for expenditures to the Town of Clayton for housing of County inmates. Financing is from the County Gross Receipts Tax Ordinance Number 25.

*DWI Fund* - To account for monies received from a grant for intervention, prevention, education and support. 11.6A-3, NMSA, 1978.

Notes to Financial Statements

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Note 1. Summary of Significant Accounting Policies, continued

*Emergency Services Governmental Gross Receipts Fund* – To account for gross receipt taxes received and reserved for expenditures for emergency communications center and emergency medical services. 7-20E-22, NMSA, 1978.

*Legislative Appropriation Fund* – To account for special appropriations received from the New Mexico Legislature.

*Collaborative Health Council Fund* - To account for the professional service contract with the State of New Mexico to establish Health Council and fulfill contractual obligation. The authority for the fund is the County Maternal and Child Plan section 24-1B-1 et seq.

Debt Service Fund

*Debt Service Fund* – To account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Agency Funds

*Other Agency Funds* – County School Districts and other incorporated entities within the County. Union County acts as the fiscal agent for the District. For the other funds, the County collects property taxes and distributes them the following month.

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

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

State Statutes authorize the investment of the County's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The County is also allowed to invest in the United States Government obligations. All funds of the County must follow the above investment policies.

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

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

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies, continued**

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. Union County only invested in certificates of deposit during the current year. Investments for the County are reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties, as required by GASB Statement No. 25, Certificates of deposit are carried and reported at face value due to short-term maturities.

**Receivables and Payables.** All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. For the year ended June 30, 2011, an allowance for delinquent property tax receivable was not provided as Management believes all taxes are collectible. State law provides for the authority to sell property after three years for failure to pay property taxes.

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Inventory:** The County records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory. Purchases for supplies are recorded as expenditures and are not recorded as assets on the balance sheet.

**Capital Assets:** Capital assets, which include property, plant, equipment, computer software, and infrastructure, are reported in the applicable governmental-wide financial statements. The government defines capital assets as any asset for which accountability is required, which is more stringent than the \$5,000 threshold of State Government. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially add to the lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15 – 50
Machinery and equipment	5 – 10
Infrastructure	5 – 10

Notes to Financial Statements

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Note 1. Summary of Significant Accounting Policies, continued

**NET ASSETS:**

The government-wide financial statements reflect net assets in three components as follows:

Invested in Capital Assets, net of related debt - This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets - Net assets are reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation, of which there were none in the current year.

Unrestricted Net Assets - Net assets that do not meet the definition of "restricted" and "invested in capital assets, net of related debt."

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

**FUND EQUITY REPORTING**

Nonspendable - The portion of fund balance that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - The portion of fund balance that are restricted to specific purposes when constraints are placed on the use of the resources either externally by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed - The portion of fund balance established to be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

Assigned - The portion of fund balance that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned - The residual classification for the general fund representing the fund balance that has not been assigned to other funds or other classification.

*D. Other Significant Account Policies*

**Compensated Absences:** County employees are entitled to certain compensated absences based on their employment classification and length of employment. Upon termination, employees shall receive payment for unused accrued vacation. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds for amounts that will be used or have matured, for example, as a result of employee resignations and retirements.

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies, continued**

An accumulated compensated absence that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated compensated absences that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations. Vested or accumulated compensated absences of proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees.

**Operating Leases:** Union County has entered into operating leases for road equipment for terms of generally 60 months. The lease agreements include a provision which allows the County to terminate the leases in the event no funds or insufficient funds are appropriated for the succeeding fiscal year; however, the agreement further provides that to the extent provided by law, the County will not cancel the leases if funds are available. Management presently does not anticipate cancellation of the leases.

**Capital Leases:** The County finances acquisitions of road and fire equipment through capital leases which are typically for periods of 60 months. The present value of future lease payments is included as long-term debt. The lease agreements include a provision which allows the County to terminate the leases in the event no funds or insufficient funds are appropriated for the succeeding fiscal year; however, the agreement further provides that to the extent provided by law, the County will not cancel the leases if funds are available. The County did not have any capital leases in the fiscal year 2011.

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

**Note 2. Stewardship, Compliance and Accountability**

A. *Budget Policy*

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

1. The County administrator submits a proposed operating budget for the fiscal year commencing the following July 1, prior to June 30. The operating budget includes proposed expenditures and the means of financing them. A budget is proposed for all funds, except agency funds.
2. Public hearings are conducted to obtain taxpayer comments. The budgets are then submitted to the Department of Finance and Administration for review, adjustment and approval.
3. Prior to June 30, the budget is legally enacted through passage of a resolution. The County Commission is authorized to transfer budgeted amounts between departments within any fund. Department of Finance and Administration, Local Government Division, must approve any revisions that alter the total expenditures of any fund.

Notes to Financial Statements

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**Note 2. Stewardship, Compliance and Accountability, continued**

4. Budgets for all funds are adopted on a regulatory prescribed cash basis. The level of budgetary control is by fund total. Budgetary information is presented as amended, with the amendments being adopted in a legally prescribed manner. Estimated cash balances are included as a budgetary resource. These estimates may vary from actual cash balances.
5. Expenditures for each budget may not legally exceed the appropriation for funds. Appropriations lapse at year-end with any unspent cash balance being available for expenditures and appropriation in the subsequent year's budget.

**B. Property Taxes**

1. Articles 35 through 38, Chapter 7 New Mexico Statutes annotated, 1978 is the Property Tax Code. The code provides for valuation, administration and enforcement of property taxes. The Department of Finance and Administration sets tax rates for the governmental units sharing in the tax.
2. The Constitution of the State of New Mexico provides maximum tax rates and restrictions concerning the use of tax proceeds.
3. Taxes levied upon tangible property shall be in proportion of the value thereof; the taxes shall be equal and uniform upon subjects of taxation of the same class. Different methods may be provided by law to determine value of different kinds of property, but the percentage of value against which tax rates are assessed shall not exceed thirty-three and one-third percent.
4. Taxes levied upon real or personal property for state revenue shall not exceed four mills annually on each dollar of the assessed valuation thereof, except for the support of the educational, penal, and charitable institutions of the state, payment of the state debt and institutions of the state, payment of the state debt and interest thereon; and the total annual tax levy upon such property for all state purposes exclusive of necessary levies for the state debt shall not exceed ten mills; provided, however, that taxes levied upon real or personal tangible property for all purposes, except special levies on specific classes of property and except necessary levies for public debt, shall not exceed twenty mills annually on each dollar of the assessed valuation thereof, but laws may be passed authorizing additional taxes to be levied outside of such limitations when approved by at least a majority of the qualified electors of the taxing district who paid a property tax therein during the preceding year voting on such proposition.
5. Property taxes attach as an enforceable lien on property as of January 1. Tax notices are sent by the County treasurer to property owners by November 1<sup>st</sup> of each year to be paid in whole or in two installments by December 10th and May 10th of the following year. The County collects such taxes and distributes them on a monthly basis. Only the taxes collected are recorded as revenues. Taxes collected within sixty days of the fiscal year end are recognized as revenue.



Notes to Financial Statements

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**Note 2. Stewardship, Compliance and Accountability, continued**

6. The County is permitted by the State Property Tax Code to levy taxes up to \$11.85 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amount for the payment of principal and interest on long-term debt. Statutes limits the rates the County may impose by a growth control factor.
7. The County's operating tax rate to finance general government services for the current fiscal year was \$9.15 per \$1,000 for non-residential property and \$7.063 for residential property.

*C. Excess of Expenditures over Budget*

For the year ended June 30, 2011, there were no funds where the expenditures exceeded the budget.

*D. Deficit Fund Equity*

The Rabbit Ear Fire District Fund had a deficit balance of (\$14,989) as of June 30, 2011. At year end, accounts payable were \$50,745 which contributed to the deficit fund balance. The deficit will be funded from future revenue.

**Union County, New Mexico**  
**For the Year ended, June 30, 2011**

**Notes to Financial Statements**

**Note 3. Deposits and Investments**

At June 30, 2011, the County had \$3,600,000 invested in certificates of deposits and \$1,985,600 in demand and interest bearing accounts for a total carrying amount of \$5,585,600, not including currency of \$250.

The County has no exposure to interest rate risk, credit risk, or concentration of credit risk because it invests only in certificates of deposits with maturities generally of 30 days.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$4,651,231 of the County's bank balance of \$5,651,231 was exposed to custodial credit risk as follows:

	First National Bank of New Mexico Clayton, NM Demand Deposits	Farmers and Stockmens Bank Clayton, NM Demand Deposits	First National Bank of New Mexico Clayton, NM Time Deposits	Farmers and Stockmens Bank Clayton, NM Time Deposits
Total amount of deposits on June 30, 2011	\$ 1,524,539	\$ 526,692	\$ 1,500,000	\$ 2,100,000
Less: FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>
Total uninsured public funds	1,274,539	276,692	1,250,000	1,850,000
Pledged Collateral held by pledging bank's agent but not in Union County's name	<u>637,270</u>	<u>138,346</u>	<u>1,067,039</u>	<u>1,418,410</u>
Uninsured and uncollateralized	<u>\$ 637,269</u>	<u>\$ 138,346</u>	<u>\$ 182,961</u>	<u>\$ 431,590</u>
50% collateral requirement (as per Section 6-10-17, NMSA 1978)	\$ 637,270	\$ 138,346	\$ 625,000	\$ 925,000
Total pledged collateral	<u>(637,270)</u>	<u>(138,346)</u>	<u>(1,067,039)</u>	<u>(1,418,410)</u>
Pledged collateral (over) under the requirement	<u>\$0</u>	<u>\$0</u>	<u>\$ (442,039)</u>	<u>\$ (493,410)</u>

Notes to Financial Statements

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**Note 4. Risk Management**

The County is exposed to various risk of loss related to torts, theft, damage or destruction of assets, errors and omissions, injury to employees, and natural disasters. For these risks of loss the County belongs to a public entity risk pool (pursuant to Section 11 NMSA 1978) currently operated as a common risk management and insurance program for counties (New Mexico County Insurance Authority). The County pays an annual premium for its general insurance coverage.

A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and State Auditor Rule NMAC 2.2 covers the officials and certain employees of the County.

The County is involved in various legal actions in which claims of varying amounts are assessed against the County. The County follows the practice of providing of these claims when a loss is probable and a loss becomes fixed or determinable in amount. In the opinion of Counsel, these actions will not result in significant, if any, effect on the County's financial position.

**Note 5. Pension Plan – Public Employees Retirement Association**

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

**Funding Policy.** Plan members are required to contribute 9.15% (ranges from 4.0% 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. Union County is required to contribute 9.15% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the Union 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, 2011, 2010, and 2009 were \$216,321, \$209,953, and \$185,379, respectively, which equal the amount of the required contributions for each fiscal year.

**Note 6. Post-Employment Benefits – State Retiree Health Care Plan**

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

Notes to Financial Statements

**Note 6. Post-Employment Benefits – State Retiree Health Care Plan, continued**

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 through June 30, 2013 the contribution rates for employees and employers will rise as follows: (1) for employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 2012	1.834%	.917%
FY 2013	2.000%	1.00 %

(2) For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 2.084% of each participating employee's annual salary, and each participating employee was required to contribute 1.042% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contributions rates for both employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 2012	2.292%	1.146%
FY 2013	2.500%	1.250%

**Union County, New Mexico**  
**For the Year ended, June 30, 2011**

**Notes to Financial Statements**

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**Note 6. Post-Employment Benefits – State Retiree Health Care Plan, continued**

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals. The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Union County's contributions to the RHCA for the years ended June 30, 2011, 2010, and 2009 were \$19,876, \$14,944, and \$12,188, respectively, which equal the required contributions for each year.

**Note 7. Changes in Capital Assets**

County government has adopted GASB No. 34, however, management continues to develop methodology for recording the carrying amount of road infrastructure assets and depreciation methods for roads.

The accompanying schedule reflects adjustments of the beginning capital asset balances as reflected in the subsidiary capita ledger for unidentified difference of the \$4,987, to agree with the ending balance of the capital asset ledger of the prior year.

The accompanying schedule also reflects capital outlay expenditures as reflected in the books of account, not included in the subsidiary capital asset ledger.

Net adjustment of capital outlay expenditures  
not added to capital asset subsidiary ledger  
outlay - current year \$1,321,375

Depreciation Expense by function	FY 2011
General government	\$ 28,142
Public safety	221,119
Public works	292,328
Culture and recreation	
Health and welfare	
Depreciation unallocated by function	<u>44,185</u>
Total depreciation	<u>\$ 585,774</u>

Union County, New Mexico  
For the Year ended, June 30, 2011

Notes to Financial Statements

Note 7. Changes in Capital Assets, continued

Capital asset activities for the year ending June 30, 2011, were as follows:

	Capital Asset Ledger and Government Wide Balance July 1, 2010	Additions	Dispositions	Unreconciled Differences	Balance per Capital Asset Ledger	Additions not included on Capital Asset Ledger	Government Wide Balance June 30, 2011
Governmental activities:							
Capital assets not being depreciated							
Land	\$ 6,830	\$ -			\$ 6,830		\$ 6,830
Construction in Progress	-				-		-
Land	\$ 6,830	\$ -			\$ 6,830		\$ 6,830
Capital assets being depreciated							
Infrastructure	\$ 12,805,726	\$ 2,020			\$ 12,807,746	\$ 858,146	\$ 13,665,892
Less: accumulated depreciation	(11,342,271)	(287,451)			(11,629,722)	-	(11,629,722)
Infrastructure, net	\$ 1,463,455	\$ (285,431)			\$ 1,178,024	\$ 858,146	\$ 2,036,170
Buildings and Improvements	\$ 48,475	\$ -			\$ 48,475		\$ 48,475
Less: accumulated depreciation	(45,659)	(823)			(46,482)		(46,482)
Buildings and Improvements, net	\$ 2,816	\$ (823)			\$ 1,993		\$ 1,993
Equipment	\$ 4,672,623	\$ 513,693			\$ 7,549	\$ 463,229	\$ 5,657,094
Less: accumulated depreciation	(3,306,206)	(297,500)			(2,562)	-	(3,606,268)
Equipment, net	\$ 1,366,417	\$ 216,193			\$ 4,987	\$ 463,229	\$ 2,050,826
Total capital assets being depreciated	\$ 17,526,824	\$ 515,713			\$ 7,549	\$ 18,050,086	\$ 1,321,375
Total accumulated depreciation	(14,694,136)	(585,774)			(2,562)	(15,282,472)	(15,282,472)
Total capital assets being depreciated, net	\$ 2,832,688	\$ (70,061)			\$ 4,987	\$ 2,767,614	\$ 4,088,989
Hospital Mill Levy Assets	-				-		-
Governmental activity capital assets	\$ 2,839,518	\$ (70,061)			\$ 4,987	\$ 2,774,444	\$ 1,321,375
							\$ 4,095,819

**Notes to Financial Statements**

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**Note 8. Changes in Long-Term Debt and Compensated Absences**

Capital Leases and Note Payable

Union County is obligated under the terms of the following New Mexico Finance Administration (NMFA) loan agreements:

A loan agreement with a blended interest rate of 1.817%, dated May 12, 2009, for the acquisition of a fire tanker by the Grenville Fire Fund.

A loan agreement with a blended interest rate of 3.092%, dated August 14, 2009 for the acquisition of three motor graders for use on the County's public roads.

A loan agreement with a blended interest rate of 1.817%, dated March 5, 2010 for the acquisition of an initial attack fire truck by the Rabbit Ear Fire Fund.

A loan agreement with a blended interest rate of 1.817%, dated March 5, 2010 for the acquisition of an initial attack fire truck by the Sedan Fire Fund.

Additional obligations were acquired in the current year as follows:

A loan agreement with a blended interest rate of 1.064%, dated November 19, 2010 for the acquisition of a bulldozer.

**Union County, New Mexico  
For the Year ended, June 30, 2011**

**Notes to Financial Statements**

**Note 8. Changes in Long-Term Debt and Compensated Absences, continued**

A summary of changes in the capital leases, long-term debt and compensated absences is presented as follows:

	June 30, 2010		June 30, 2011		Amount Due Within One Year
	Balance	Additions	Payments	Balance	
NMFA Loan-Rabbit Ear Initial Attack Fire Truck	\$ 147,358	\$ -	\$ 28,760	\$ 118,598	\$ 29,025
NMFA Loan Three Motor Graders NMFA Loan Bulldozer	622,398	576,115	112,360	559,392	63,937
NMFA Loan Sedan Initial Attack Fire Truck	134,995	-	26,347	108,648	26,590
NMFA Loan Grenville Tanker	71,050		12,386	58,664	14,142
	<u>\$ 975,801</u>	<u>\$ 576,115</u>	<u>\$ 242,859</u>	<u>\$ 1,309,057</u>	<u>\$ 247,245</u>

Compensated Absences

Major Funds					
General	\$ 23,427		\$ 766	22,661	\$ -
Road	41,757		8,597	33,160	-
DWI	102	525		627	-
Balance	<u>\$ 65,286</u>	<u>\$ 525</u>	<u>\$ 9,363</u>	<u>\$ 56,448</u>	<u>\$ -</u>

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: (a) leave or compensation is attributable to services already rendered and (b) leave or compensation is not contingent on a specific event (such as illness). Information for compensated absences accrued and used was not available.

Long-term liabilities are typically liquidated from the related applicable fund incurring the obligation.



**Union County, New Mexico**  
**For the Year ended, June 30, 2011**

**Notes to Financial Statements**

**Note 8. Changes in Long-Term Debt and Compensated Absences, continued**

The annual requirement to amortize the debt as of June 30, 2011, is as follows:

Year	NMFA Loan Fire Truck		NMFA Loan Grenville Tanker		NMFA Loan fire truck	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 26,590	\$ 1,904	\$ 14,142	\$ 1,598	\$ 29,025	\$ 2,078
2013	26,909	1,585	14,460	1,279	29,373	1,730
2014	27,312	1,181	14,820	919	29,814	1,290
2015	27,837	657	15,242	497	30,386	717
2016	0	0	0	0	0	0
2017-21	0	0	0	0	0	0
<b>Total</b>	<b>\$108,648</b>	<b>\$ 5,327</b>	<b>\$ 58,664</b>	<b>\$ 4,293</b>	<b>\$ 118,598</b>	<b>\$ 5,815</b>

Year	NMFA Loan Motor Graders		NMFA Loan Bulldozer		NMFA Loans Total Annual Requirement
	Principal	Interest	Principal	Interest	
2012	\$ 63,937	\$ 16,598	\$ 113,551	\$ 4,488	\$ 273,911
2013	65,111	15,424	114,947	3,841	274,659
2014	66,562	13,973	116,626	2,921	275,418
2015	68,322	12,212	118,631	1,708	276,209
2016	70,324	10,211	0	0	80,535
2017-21	225,136	16,470	0	0	241,606
<b>Total</b>	<b>\$559,392</b>	<b>\$ 84,887</b>	<b>\$ 463,755</b>	<b>\$ 12,958</b>	<b>\$ 1,422,338</b>

**Union County, New Mexico**  
**For the Year ended, June 30, 2011**

**Notes to Financial Statements**

**Note 9. Budget Reconciliation**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - All governmental fund types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when payable in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The following reconciliation between the Non-GAAP budgetary (cash) basis amounts and the governmental fund financial statements by fund type:

	General Fund	Road Fund	Hospital Mill Levy	Rabbit Ear Fire District	Capital Improvements /Emergency	Other Governmental Funds	Total
Excess (deficiency) of revenues over expenditures (GAAP Basis)	\$ 525,016	\$ 37,151	\$ (144,447)	\$ (89,709)	\$ (292,855)	\$ (464,638)	\$ (429,482)
Adjustments:							-
Receivables (net)	2,092	(7,346)	(14,198)	(35)	42	74,023	54,578
Accounts payable (net)	(18,091)	22,854		31,929	730	16,268	53,690
Prepaid insurance	18,840	2,628		3,438		2,835	27,741
Deferred Revenue	(70)		638			4,985	5,553
NMFA reserve		(74,107)		56			(74,051)
Excess (deficiency) of revenues over expenditures (Budget Basis)	\$ 527,787	\$ (18,820)	\$ (158,007)	\$ (54,321)	\$ (292,083)	\$ (366,527)	\$ (361,971)

**Union County, New Mexico**  
**For the Year ended, June 30, 2011**

**Notes to Financial Statements**

**Note 10. Interfund Receivables, Payables, and Operating Transfers**

The following operating transfers were made between funds:

	Operating Transfers In	Operating Transfers Out
Major Funds		
General	\$ 24,077	\$ 917,000
Special Revenue Funds		
Road	350,000	-
Total Major Funds	<u>\$ 374,077</u>	<u>\$ 917,000</u>
Nonmajor Funds		
Capulin Fire	120,000	
Fire Marshall	22,000	
DWI	5,000	
Corrections		24,077
Emergency Gross Receipts Tax	190,000	
Debt Service	79,655	159,307
Governmental Gross Receipts Tax	159,307	79,655
Gross Receipts Tax Reserve		120,000
Capital Improvement	350,000	-
Total Nonmajor Funds	<u>925,962</u>	<u>383,039</u>
Total	<u>\$ 1,300,039</u>	<u>\$ 1,300,039</u>

Interfund receivables and payables were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 81,902	
Rabbit Ear Fire District Fund		\$ (81,902)

**Note 11. Operating Leases**

As discussed in Note 1, the County is committed under various equipment operating leases (in the Road Fund) 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:

Year ending June 30	
2012	111,904
	<u>\$ 111,904</u>

Notes to Financial Statements

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**Note 12. Conduit Debt Obligations and Hospital Operations**

Pursuant to Section 4-48B-1 NMSA 1978, Union County Government and Clayton Health Systems, Inc., a New Mexico Nonprofit corporation, (CHS) entered into an agreement for operations of the County Hospital. The terms of the agreement require the nonprofit to operate the hospital to provide health care services to County residents. County Government provides the health care facility and certain equipment for the use of the nonprofit in providing the health care services and has set aside the proceeds of the mill levy collected, pursuant to the Hospital Funding Act, for use by the nonprofit for hospital maintenance and hospital equipment. The term of the agreement extends through November 1, 2029. CHS is an independent entity and not a component unit of County Government.

Union County has entered into a series of four special limited obligation loan agreements with the New Mexico Finance Authority to provide financial assistance to Clayton Health Services, Inc. for the remodeling and construction of the County Hospital. As of June 30, 2011, four loans are outstanding as follows:

2005 Loan Agreement	\$2,943,568
2006 Loan Agreement	1,499,389
2007 Loan Agreement	1,587,803
2009 Loan Agreement	<u>2,121,806</u>
Total Loan Agreements outstanding.	<u>\$8,152,566</u>

Simultaneously, with the execution of the loan agreements, the Operating Agreements with CHS were amended to require payment of the loan obligations by CHS from hospital revenues.

The loans are special limited obligations of the County, payable solely from revenues of the hospital and do not constitute indebtedness to the County within the meaning of any State constitutional provision or statutory debt limitation. Nor, do the obligations constitute a charge against County Government's general credit or taxing power and, accordingly, therefore, have not been reported in the accompanying financial statements, pursuant to GASB Codification Section C65.

The County, however, remains contingently liable in the event of default to the extent of its third 1/8<sup>th</sup> of one percent County Gross Receipts Tax, which is also pledged to secure the loan. This tax is presently committed to the Hospital Indigent Fund, combined with other gross receipts taxes. The amount of the third 1/8 County Gross Receipts Tax is not obligated, so long as the loan is not in default as to any monthly loan payment or the rate covenant as set forth in the loan agreement, the Gross Receipts Tax revenues will not be used for the purpose of loan payments.

The operating agreement between County Government and CHS also requires CHS to pledge its revenues and to directly pay the principal and interest payments required under the loan agreement. In addition, the operating agreement imposes certain other obligations on CHS to include a rate covenant, which requires that rates be established by CHS to produce gross revenues sufficient to pay the annual operation and maintenance expenses and 130% of the aggregate annual debt service requirements payable during the current fiscal year.

**Union County, New Mexico**  
**For the Year ended, June 30, 2011**

**Notes to Financial Statements**

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**Note 12. Conduit Debt Obligations and Hospital Operations, continued**

In 2007, Union County and Clayton Health Systems entered into a memorandum of understanding in which the County Government agreed to provide a subsidy to the CHS in the amount of the principal and interest payments on the 2007 loan agreement. For the current fiscal year, Union County budgeted a payment of \$79,655 through its debt service fund and \$79,655 through its Governmental Gross Receipts Tax General Special Revenue Fund for this subsidy. The total subsidy for FY 2011 is \$159,308.

**Note 13. Receivables**

Receivables for delinquent property taxes as of June 30, 2011, for the County's General Fund, and shared taxes, are as follows:

	Property tax	Shared tax	Allowance for uncollectible	Net taxes receivable
General Fund	\$ 78,623	\$ 49,755		\$ 128,378
Road Fund		49,281		49,281
Recreation Fund		0		0
Indigent Hospital Fund		21,739		21,739
Correctional Gross Receipts Tax Fund		10,859		10,859
Emergency Gross Receipts Tax Fund		10,857		10,857
Reappraisal Fund	997	0		997
Hospital Mill Levy Fund	20,288	22,024		42,312
Special Hospital Gross Receipts Tax Fund		21,674		21,674
General Gross Receipts Tax Fund		10,870		10,870
Gross Receipts Tax Reserve Fund		5,435		5,435
Total	<u>\$ 99,908</u>	<u>\$ 202,494</u>	<u>\$ -</u>	<u>\$ 302,402</u>

Delinquent property taxes receivable includes delinquent property taxes collected for other governmental units that have not been distributed in the amount of \$39,922.

**Union County, New Mexico**  
**For the Year ended, June 30, 2011**

**Notes to Financial Statements**

**Note 13. Receivables, continued**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes deferred	<u>\$ 45,587</u>	<u>\$ -</u>

There were no other receivables at year end for the government's individual major and non-major funds. All receivables are expected to be collected within one year except property taxes.

Grant revenues are recognized for reimbursable-type grants when all eligibility requirements have been met.

The County has not provided an allowance for uncollectible property tax receivables. Historical collection of property taxes reflects full collection of all taxes.

Certain non-reimbursable grants require reversion of funds not expended within specified time limits. Revenues from these grants are recognized upon receipt. Revenues in which the County is unable to meet the timelines are recognized as liabilities or deferred at the end of the fiscal year.

Other voluntary non-exchange grants are recognized as revenue in the period eligibility requirements have been met.

**Note 14. Prior Period Adjustments**

During the 2009 fiscal year, the Union County Commission approved a loan from the General Fund to the Rabbit Ear Fire District Fund in the amount of \$100,000 payable over 5 years at 5% interest. The loan was initially recorded as a transfer, the effect of which decreased the fund balance of the General Fund and increased the fund balance of Rabbit Ear Fire District Fund.

In prior years, Sedan Fire District Fund made a deposit for the purchase of a fire truck. In the subsequent year upon acquisition of the fire truck, the deposit inadvertently, was not reclassified to the purchase cost.

Fund balances of the respective funds have been restated to reflect the loan as follows:

	<u>General Fund</u>	<u>Rabbit Ear Fire District Fund</u>	<u>Sedan Fire District Fund</u>
Adjustment to Fund Balance as previously reported Increase (Decrease)	<u>\$ 100,000</u>	<u>\$ (100,000)</u>	<u>\$ (30,000)</u>

**Union County, New Mexico  
For the Year ended, June 30, 2011**

**Notes to Financial Statements**

**Note 15. Joint Powers Agreements**

The County has entered into the following joint powers agreement:

Description:	Joint Communications Center
Purpose:	To operate and maintain a consolidated communications center.
Participants:	Union County, Town of Clayton and Clayton Consolidated School District
Party responsible for operations:	A joint Governing Board to include a County Commissioner, Mayor of Clayton and Superintendent of the Clayton Consolidated School District; Town of Clayton is designated as Controlling Agency.
Beginning date of agreement:	July 20, 2010
Ending date:	Indefinite, may be terminated in 90 days
Total estimated amount of project:	Cost of the project is allocated for FY 2011 as 60% Town of Clayton; 35% Union County and 5% Clayton Consolidated School District. The cost allocation is reduced to 33% for fiscal year 2012. The allocation may be revised on an annual basis.
Amount County contributed in current fiscal year:	\$ 98,650
Audit responsibility:	Town of Clayton
Fiscal Agent:	Town of Clayton
Name of government where revenues and expenditures are reported:	Town of Clayton

**Note 16 Reconciliation of Debt Service Payments**

During the current fiscal year subsidies to Clayton Health Systems, a nonprofit, made to assist the Hospital with its debt service as discussed in Note 12 to the Financial Statements, was budgeted in the Debt Service Fund. Reported debt service, as reflected in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds, is as follows:

Principal Payments on County Debt Issues	\$242,859
Subsidy to Hospital - Debt Service Fund	<u>79,655</u>
Debt Service Reported in Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	<u>\$322,514</u>

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## **SUPPLEMENTARY INFORMATION**

UNION COUNTY, NEW MEXICO

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

	Special Revenue Funds			
	Farm and Range Fund	Recreation Fund	Clerk's Fees Fund	Indigent Hospital Fund
ASSETS				
Cash on hand	\$ 0	\$ 0	\$ 0	\$ 0
Cash in bank	171	88	25,228	12,962
Receivables	0	0	0	0
Taxes receivable	0	0	0	21,739
Due from other funds	0	0	0	0
Interest receivable	0	0	0	0
Delinquent property taxes receivable	0	0	0	0
Restricted assets				
Capital assets, net	0	0	0	0
<b>Total assets</b>	<b>\$ 171</b>	<b>\$ 88</b>	<b>\$ 25,228</b>	<b>\$ 34,701</b>
LIABILITIES				
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0
Deferred revenue	0	0	0	0
Compensated absences payable	0	0	0	0
Due to other funds	0	0	0	0
Accrued salary payable	0	0	0	0
Noncurrent liabilities - due within one year	0	0	0	0
Noncurrent liabilities - due in more than one year	0	0	0	0
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
FUND BALANCE				
Nonspendable	0	0	0	0
Restricted:				
Special revenue funds	33	88	818	34,661
Capital projects funds				
Debt service fund				
Committed:				
Special revenue funds	138	0	24,410	40
Capital projects funds				
Debt service fund				
Assigned				
Unassigned				
<b>Total fund balance</b>	<b>171</b>	<b>88</b>	<b>25,228</b>	<b>34,701</b>
<b>Total liabilities and fund balance</b>	<b>\$ 171</b>	<b>\$ 88</b>	<b>\$ 25,228</b>	<b>\$ 34,701</b>

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

Special Revenue Funds

Capulin Fire District Fund	Sedan Fire District Fund	Amistad and Hayden Fire District Fund	Grenville Fire District Fund
\$ 0	\$ 0	\$ 0	\$ 0
13,020	67,669	174,272	29,634
0	0	0	0
0	0	0	0
0	0	0	0
0	24	59	0
0	0	0	0
0	48	0	14,736
0	0	0	0
<u>\$ 13,020</u>	<u>\$ 67,741</u>	<u>\$ 174,331</u>	<u>\$ 44,370</u>
\$ 1,457	\$ 757	\$ 8,323	\$ 708
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>1,457</u>	<u>757</u>	<u>8,323</u>	<u>708</u>
0	0	0	0
(1,457)	48	(5,892)	14,736
13,020	66,936	171,900	28,926
<u>11,563</u>	<u>66,984</u>	<u>166,008</u>	<u>43,662</u>
<u>\$ 13,020</u>	<u>\$ 67,741</u>	<u>\$ 174,331</u>	<u>\$ 44,370</u>

UNION COUNTY, NEW MEXICO

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

	Special Revenue Funds			
	Capulin EMS Fund	Amistad and Hayden EMS Fund	Correction Fees Fund	DWI State Grant Fund
ASSETS				
Cash on hand	\$ 0	\$ 0	\$ 0	\$ 0
Cash in bank	588	12,346	74,672	8,385
Receivables	0	0	0	0
Taxes receivable	0	0	0	0
Due from other funds	0	0	0	0
Interest receivable	0	0	0	0
Delinquent property taxes receivable	0	0	0	0
Restricted assets				
Capital assets, net	0	0	0	0
<b>Total assets</b>	<b>\$ 588</b>	<b>\$ 12,346</b>	<b>\$ 74,672</b>	<b>\$ 8,385</b>
LIABILITIES				
Accounts payable	\$ 0	\$ 0	\$ 1,888	\$ 101
Deferred revenue	0	0	0	0
Compensated absences payable	0	0	0	0
Due to other funds	0	0	0	-
Accrued salary payable	0	0	0	1,255
Noncurrent liabilities - due within one year	0	0	0	0
Noncurrent liabilities - due in more than one year	0	0	0	0
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>1,888</b>	<b>1,356</b>
FUND BALANCE				
Nonspendable	0	0	0	0
Restricted:				
Special revenue funds	0	5,104	37,784	1,700
Capital projects funds				
Debt service fund				
Committed:				
Special revenue funds	588	7,242	35,000	5,329
Capital projects funds				
Debt service fund				
Assigned				
Unassigned				
<b>Total fund balance</b>	<b>588</b>	<b>12,346</b>	<b>72,784</b>	<b>7,029</b>
<b>Total liabilities and fund balance</b>	<b>\$ 588</b>	<b>\$ 12,346</b>	<b>\$ 74,672</b>	<b>\$ 8,385</b>

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

Special Revenue Funds

Re-appraisal Fund	Law Enforcement Grant Fund	Emergency Services General Gross Receipts Tax	GRT Reserve Fund	Fire Marshall Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
61,404	22,536	147,896	351,002	122,790
0	0	0	0	0
0	0	10,857	5,435	0
0	0	0	0	0
9	0	0	399	1
997	0	0	0	0
0	0	0	5,019	0
0	0	0	0	0
<u>\$ 62,410</u>	<u>\$ 22,536</u>	<u>\$ 158,753</u>	<u>\$ 361,855</u>	<u>\$ 122,791</u>
\$ 0	\$ 0	\$ 16,358	\$ 0	\$ 490
812	0	0	0	0
0	0	0	0	0
0	0	0	0	0
368	0	1,707	0	713
0	0	0	0	0
0	0	0	0	0
<u>1,180</u>	<u>0</u>	<u>18,065</u>	<u>0</u>	<u>1,203</u>
0	0	0	0	0
54,484	136	140,688	361,855	53,123
6,746	22,400			68,465
<u>61,230</u>	<u>22,536</u>	<u>140,688</u>	<u>361,855</u>	<u>121,588</u>
<u>\$ 62,410</u>	<u>\$ 22,536</u>	<u>\$ 158,753</u>	<u>\$ 361,855</u>	<u>\$ 122,791</u>

UNION COUNTY, NEW MEXICO

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

	Special Revenue Funds			
	Correctional Gross Receipts Fund	General Gross Receipts Tax Fund	Special Hospital Gross Receipts Tax Fund	Legislature Appropriations
ASSETS				
Cash on hand	\$ 0	\$ 0	\$ 0	\$ 0
Cash in bank	266,029	445,595	248,379	11,696
Receivables	0	0	0	0
Taxes receivable	10,859	10,870	21,674	0
Due from other funds	0	0	0	0
Interest receivable	7	9	0	0
Delinquent property taxes receivable	0	0	0	0
Restricted assets				
Capital assets, net	0	0	0	0
<b>Total assets</b>	<b>\$ 276,895</b>	<b>\$ 456,474</b>	<b>\$ 270,053</b>	<b>\$ 11,696</b>
LIABILITIES				
Accounts payable	\$ 24,847	\$ 0	\$ 0	\$ 0
Deferred revenue	0	0	0	0
Compensated absences payable	0	0	0	0
Due to other funds	-	-	-	-
Accrued salary payable	0	0	0	0
Noncurrent liabilities - due within one year	0	0	0	0
Noncurrent liabilities - due in more than one year	0	0	0	0
<b>Total liabilities</b>	<b>24,847</b>	<b>0</b>	<b>0</b>	<b>0</b>
FUND BALANCE				
Nonspendable	0	0	0	0
Restricted:				
Special revenue funds	252,048	456,474	74,635	11,696
Capital projects funds				
Debt service fund				
Committed:				
Special revenue funds			195,418	
Capital projects funds				
Debt service fund				
Assigned				
Unassigned				
<b>Total fund balance</b>	<b>252,048</b>	<b>456,474</b>	<b>270,053</b>	<b>11,696</b>
<b>Total liabilities and fund balance</b>	<b>\$ 276,895</b>	<b>\$ 456,474</b>	<b>\$ 270,053</b>	<b>\$ 11,696</b>

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

<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	
<u>Health Council</u>	<u>Debt Service Fund</u>	<u>Total Non-Major Funds</u>
\$ 0	\$ 0	\$ 0
0	0	2,096,362
0	0	0
0	0	81,434
0	0	0
0	0	508
0	0	997
0	0	19,803
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,199,104</u>
\$ 0	\$ 0	\$ 54,929
0	0	812
0	0	0
0	0	0
0	0	4,043
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>59,784</u>
0	0	0
0	0	1,492,762
0	0	0
0	0	0
0	0	646,558
0	0	0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>2,139,320</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,199,104</u>

UNION COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the year ended June 30, 2011

	Special Revenue Funds			
	Farm and Range Fund	Recreation Fund	Clerk's Fees Fund	Indigent Hospital Fund
Revenue:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 297,821
Licenses and permits	0	0	0	0
Charges for services	0	0	3,918	0
Fines and forfeits	0	0	0	0
Miscellaneous	0	0	0	0
Intergovernmental	32	0	0	0
Investment earnings	1	1	151	197
Contributions and donations	0	0	0	0
Total revenues	<u>33</u>	<u>1</u>	<u>4,069</u>	<u>298,018</u>
Expenditures:				
Current:				
General government	0	0	2,451	0
Public safety	0	0	0	0
Public works	0	0	0	0
Culture and recreation	0	0	0	0
Health	0	0	0	305,035
Capital outlay	0	0	0	0
Debt service:				
Principal payments	0	0	0	0
Interest payments	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>2,451</u>	<u>305,035</u>
Excess (deficiency) of revenues over expenditures	<u>33</u>	<u>1</u>	<u>1,618</u>	<u>(7,017)</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Sale of capital assets	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	33	1	1,618	(7,017)
Fund balance, beginning of year as previously reported	<u>138</u>	<u>87</u>	<u>23,610</u>	<u>41,718</u>
Prior period adjustments See Note 14	-	-	-	-
Fund balance, beginning of year as restated	<u>138</u>	<u>87</u>	<u>23,610</u>	<u>41,718</u>
Fund balance, end of year	<u>\$ 171</u>	<u>\$ 88</u>	<u>\$ 25,228</u>	<u>\$ 34,701</u>

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



Special Revenue Funds

Capulin Fire District Fund	Sedan Fire District Fund	Amistad and Hayden Fire District Fund	Grenville Fire District Fund
\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0
0	0	0	0
0	0	0	0
8,127	7	65	568
50,754	90,088	51,172	50,332
864	1,421	1,523	487
0	0	0	0
<u>59,745</u>	<u>91,516</u>	<u>52,760</u>	<u>51,387</u>
0	0	0	0
73,654	30,857	25,784	33,606
0	0	0	0
0	0	0	0
0	0	0	0
230,833	135,867	14,520	21,432
0	26,347	0	12,386
0	2,480	0	3,357
<u>304,487</u>	<u>195,551</u>	<u>40,304</u>	<u>70,781</u>
<u>(244,742)</u>	<u>(104,035)</u>	<u>12,456</u>	<u>(19,394)</u>
120,000	0	0	0
0	0	0	0
0	0	0	0
<u>120,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
(124,742)	(104,035)	12,456	(19,394)
<u>136,305</u>	<u>201,019</u>	<u>153,552</u>	<u>63,056</u>
-	(30,000)	-	-
<u>136,305</u>	<u>171,019</u>	<u>153,552</u>	<u>63,056</u>
<u>\$ 11,563</u>	<u>\$ 66,984</u>	<u>\$ 166,008</u>	<u>\$ 43,662</u>

UNION COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the year ended June 30, 2011

	Special Revenue Funds			
	Capulin EMS Fund	Amistad and Hayden EMS Fund	Correction Fees Fund	DWI State Grant Fund
Revenue:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and permits	0	0	0	0
Charges for services	0	0	0	0
Fines and forfeits	0	0	33,206	0
Miscellaneous	0	0	0	0
Intergovernmental	8,532	7,045	0	65,153
Investment earnings	22	40	403	51
Contributions and donations	0	0	0	0
<b>Total revenues</b>	<b>8,554</b>	<b>7,085</b>	<b>33,609</b>	<b>65,204</b>
Expenditures:				
Current:				
General government	0	0	9,440	0
Public safety	8,342	1,981	0	71,887
Public works	0	0	0	0
Culture and recreation	0	0	0	0
Health	0	0	0	0
Capital outlay	0	0	0	0
Debt service:				
Principal payments	0	0	0	0
Interest payments	0	0	0	0
<b>Total expenditures</b>	<b>8,342</b>	<b>1,981</b>	<b>9,440</b>	<b>71,887</b>
Excess (deficiency) of revenues over expenditures	212	5,104	24,169	(6,683)
Other financing sources (uses):				
Operating transfers in	0	0	0	5,000
Operating transfers (out)	0	0	0	0
Sale of capital assets	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>
Net change in fund balance	212	5,104	24,169	(1,683)
Fund balance, beginning of year as previously reported	376	7,242	48,615	8,712
Prior period adjustments See Note 14	-	-	-	-
Fund balance, beginning of year as restated	376	7,242	48,615	8,712
Fund balance, end of year	<u>\$ 588</u>	<u>\$ 12,346</u>	<u>\$ 72,784</u>	<u>\$ 7,029</u>

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

Special Revenue Funds

Re-appraisal Fund	Law Enforcement Grant Fund	Emergency Services General Gross Receipts Tax	GRT Reserve Fund	Fire Marshall Fund
\$ 25,128	\$ 0	\$ 148,611	\$ 74,454	\$ 0
0	0	0	0	0
5,047	0	0	0	0
0	0	0	0	0
0	0	14,494	510,000	9,681
0	22,400	0	0	50,332
390	136	224	4,021	0
0	0	0	0	0
<u>30,565</u>	<u>22,536</u>	<u>163,329</u>	<u>588,475</u>	<u>60,013</u>
24,228	0	0	39,892	0
0	0	257,746	0	28,025
0	0	0	0	0
0	0	0	0	0
0	0	0	510,000	0
0	0	0	88,713	0
0	0	0	2,232	0
<u>24,228</u>	<u>0</u>	<u>257,746</u>	<u>640,837</u>	<u>28,025</u>
<u>6,337</u>	<u>22,536</u>	<u>(94,417)</u>	<u>(52,362)</u>	<u>31,988</u>
0	0	190,000	0	22,000
0	0	0	(120,000)	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>190,000</u>	<u>(120,000)</u>	<u>22,000</u>
6,337	22,536	95,583	(172,362)	53,988
<u>54,893</u>	<u>0</u>	<u>45,105</u>	<u>534,217</u>	<u>67,600</u>
-	-	-	-	-
<u>54,893</u>	<u>0</u>	<u>45,105</u>	<u>534,217</u>	<u>67,600</u>
<u>\$ 61,230</u>	<u>\$ 22,536</u>	<u>\$ 140,688</u>	<u>\$ 361,855</u>	<u>\$ 121,588</u>

UNION COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the year ended June 30, 2011

	Special Revenue Funds			
	Correctional Gross Receipts Fund	General Gross Receipts Tax Fund	Special Hospital Gross Receipts Tax Fund	Legislature Appropriations
Revenue:				
Taxes	\$ 148,711	\$ 148,911	\$ 304,499	\$ 0
Licenses and permits	0	0	0	0
Charges for services	0	0	0	0
Fines and forfeits	0	0	0	0
Miscellaneous	49,787	0	0	0
Intergovernmental	0	0	0	0
Investment earnings	2,394	3,365	1,043	68
Contributions and donations	0	0	0	0
Total revenues	<u>200,892</u>	<u>152,276</u>	<u>305,542</u>	<u>68</u>
Expenditures:				
Current:				
General government	267,583	79,653	0	0
Public safety	0	0	0	0
Public works	0	0	0	0
Culture and recreation	0	0	0	0
Health	0	0	275,318	0
Capital outlay	0	0	0	0
Debt service:				
Principal payments	0	0	0	0
Interest payments	0	0	0	0
Total expenditures	<u>267,583</u>	<u>79,653</u>	<u>275,318</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>(66,691)</u>	<u>72,623</u>	<u>30,224</u>	<u>68</u>
Other financing sources (uses):				
Operating transfers in	0	79,655	0	0
Operating transfers (out)	(24,077)	(159,307)	0	0
Sale of capital assets	0	0	0	0
Total other financing sources over other financing (uses)	<u>(24,077)</u>	<u>(79,652)</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(90,768)	(7,029)	30,224	68
Fund balance, beginning of year as previously reported	<u>342,816</u>	<u>463,503</u>	<u>239,829</u>	<u>11,628</u>
Prior period adjustments See Note 14	-	-	-	-
Fund balance, beginning of year as restated	<u>342,816</u>	<u>463,503</u>	<u>239,829</u>	<u>11,628</u>
Fund balance, end of year	<u>\$ 252,048</u>	<u>\$ 456,474</u>	<u>\$ 270,053</u>	<u>\$ 11,696</u>

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

Special Revenue Funds	Debt Service Fund	
Health Council	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 1,148,135
0	0	0
700	0	9,665
0	0	33,206
0	0	592,729
3,000	0	398,840
0	(11)	16,791
<u>3,700</u>	<u>(11)</u>	<u>2,199,366</u>
700	0	423,947
0	0	531,882
0	0	0
0	0	0
0	0	580,353
0	0	912,652
0	79,655	207,101
<u>0</u>	<u>0</u>	<u>8,069</u>
<u>700</u>	<u>79,655</u>	<u>2,664,004</u>
<u>3,000</u>	<u>(79,666)</u>	<u>(464,638)</u>
0	159,307	575,962
0	(79,655)	(383,039)
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>79,652</u>	<u>192,923</u>
3,000	(14)	(271,715)
<u>(3,000)</u>	<u>14</u>	<u>2,441,035</u>
-	-	(30,000)
<u>(3,000)</u>	<u>14</u>	<u>2,411,035</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,139,320</u>

UNION COUNTY, NEW MEXICO

Farm and Range - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal:				
Taylor Grazing Act	\$ 24	\$ 24	\$ 32	\$ 8
Miscellaneous:				
Investment interest	0	0	1	1
Total revenues	<u>24</u>	<u>24</u>	<u>33</u>	<u>9</u>
Expenditures:				
Current:				
General government:				
Road construction /maintenance	<u>162</u>	<u>162</u>	<u>0</u>	<u>162</u>
Total expenditures	<u>162</u>	<u>162</u>	<u>0</u>	<u>162</u>
Excess (deficiency) revenues over expenditures	<u>(138)</u>	<u>(138)</u>	<u>33</u>	<u>171</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(138)</u>	<u>(138)</u>	<u>33</u>	<u>171</u>
Budgeted cash balance, beginning of year	<u>138</u>	<u>138</u>	<u>138</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 171</u>	<u>\$ 171</u>

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

UNION COUNTY, NEW MEXICO

Recreation - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State shared taxes:				
Cigarette tax (one cent)	\$ 0	\$ 0	\$ 1	\$ 1
Miscellaneous:				
Investment interest	0	0	1	1
Total revenues	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>
Expenditures:				
Current:				
Culture and recreation:				
Regional library	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues over expenditures	0	0	2	2
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	0	0	2	2
Budgeted cash balance, beginning of year	<u>86</u>	<u>86</u>	<u>86</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 86</u>	<u>\$ 86</u>	<u>\$ 88</u>	<u>\$ 2</u>

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

UNION COUNTY, NEW MEXICO

Clerk's Fees - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Charges for services:				
Clerk's equipment fees	\$ 3,500	\$ 3,500	\$ 3,918	\$ 418
Miscellaneous:				
Investment interest	0	0	151	151
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>4,069</u>	<u>569</u>
Expenditures:				
Current:				
General government:				
Equipment - maintenance and repair	18,610	18,610	44	18,566
Contractual	6,000	6,000	3,207	2,793
Capital outlay	<u>3,300</u>	<u>3,300</u>	<u>0</u>	<u>3,300</u>
Total expenditures	<u>27,910</u>	<u>27,910</u>	<u>3,251</u>	<u>24,659</u>
Excess (deficiency) revenues over expenditures	<u>(24,410)</u>	<u>(24,410)</u>	<u>818</u>	<u>25,228</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(24,410)</u>	<u>(24,410)</u>	<u>818</u>	<u>25,228</u>
Budgeted cash balance, beginning of year	<u>24,410</u>	<u>24,410</u>	<u>24,410</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,228</u>	<u>\$ 25,228</u>

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



UNION COUNTY, NEW MEXICO

Indigent Hospital - Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Taxes - local effort:				
Gross receipts	\$ 245,000	\$ 245,000	\$ 317,760	\$ 72,760
Miscellaneous:				
Recoveries	0	0	0	0
Investment interest	0	0	197	197
Total revenues	<u>245,000</u>	<u>245,000</u>	<u>317,957</u>	<u>72,957</u>
Expenditures:				
Current:				
Health and welfare:				
Office supplies	510	510	508	2
Indigent	0	0	0	0
Sole county provider	238,950	238,950	238,948	2
County supported indigent	<u>65,580</u>	<u>65,580</u>	<u>65,579</u>	<u>1</u>
Total expenditures	<u>305,040</u>	<u>305,040</u>	<u>305,035</u>	<u>5</u>
Excess (deficiency) revenues over expenditures	<u>(60,040)</u>	<u>(60,040)</u>	<u>12,922</u>	<u>72,962</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	(60,040)	(60,040)	12,922	72,962
Budgeted cash balance, beginning of year	<u>40</u>	<u>40</u>	<u>40</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ 12,962</u>	<u>\$ 72,962</u>

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

UNION COUNTY, NEW MEXICO

Capulin Fire District - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Investment interest	\$ 0	\$ 0	\$ 920	\$ 920
National park service	0	0	8,000	8,000
Donations	0	0	127	127
Grants:				
State:				
State grant	75,000	75,000	0	(75,000)
Fire allotment	50,332	50,332	50,754	422
Total revenues	<u>125,332</u>	<u>125,332</u>	<u>59,801</u>	<u>(65,531)</u>
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	2,150	2,150	2,122	28
Equipment - maintenance and repair	51,850	51,850	51,079	771
Building - maintenance and repair	7,000	7,000	92	6,908
Utilities	8,000	8,000	6,847	1,153
Property and liability insurance	7,000	7,000	6,678	322
Capital outlay	278,502	278,502	234,135	44,367
Total expenditures	<u>354,502</u>	<u>354,502</u>	<u>300,953</u>	<u>53,549</u>
Excess (deficiency) revenues over expenditures	<u>(229,170)</u>	<u>(229,170)</u>	<u>(241,152)</u>	<u>(11,982)</u>
Other financing sources (uses):				
Operating transfers in	0	0	120,000	120,000
Operating transfers (out)	0	0	0	0
Sale of county property	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>120,000</u>	<u>120,000</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(229,170)</u>	<u>(229,170)</u>	<u>(121,152)</u>	<u>108,018</u>
Budgeted cash balance, beginning of year	<u>134,172</u>	<u>134,172</u>	<u>134,172</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (94,998)</u>	<u>\$ (94,998)</u>	<u>\$ 13,020</u>	<u>\$ 108,018</u>

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

UNION COUNTY, NEW MEXICO

Sedan Fire District - Special Revenue Fund  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Refunds or recoveries	\$ 0	\$ 0	\$ 7	\$ 7
Interest income	0	0	1,449	1,449
Grants:				
State:				
Fire allotment	61,260	61,260	61,261	1
Fire grant	100,000	100,000	0	(100,000)
Total revenues	<u>161,260</u>	<u>161,260</u>	<u>62,717</u>	<u>(98,543)</u>
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	2,500	2,500	2,236	264
Equipment repair	25,000	25,000	11,603	13,397
Building repair and maintenance	5,000	5,000	0	5,000
Utilities	10,000	10,000	8,032	1,968
Property and liability insurance	7,500	7,500	6,830	670
Capital outlay	180,780	180,780	135,867	44,913
Total expenditures	<u>230,780</u>	<u>230,780</u>	<u>164,568</u>	<u>66,212</u>
Excess (deficiency) revenues over expenditures	<u>(69,520)</u>	<u>(69,520)</u>	<u>(101,851)</u>	<u>(32,331)</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Sale of county property	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(69,520)</u>	<u>(69,520)</u>	<u>(101,851)</u>	<u>(32,331)</u>
Budgeted cash balance, beginning of year	<u>169,520</u>	<u>169,520</u>	<u>169,520</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 67,669</u>	<u>\$ (32,331)</u>

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

UNION COUNTY, NEW MEXICO

Amistad and Hayden Fire District  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Refunds or recoveries	\$ 0	\$ 0	\$ 65	\$ 65
Interest income	0	0	1,668	1,668
Grants:				
State:				
Fire allotment	50,332	50,332	51,172	840
Fire grant	31,591	31,591	0	(31,591)
Total revenues	<u>81,923</u>	<u>81,923</u>	<u>52,905</u>	<u>(29,018)</u>
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	500	500	0	500
Equipment repairs	12,900	12,900	4,876	8,024
Building repair and maintenance	10,000	10,000	0	10,000
Utilities	11,800	11,800	11,798	2
Property and liability insurance	7,000	7,000	6,699	301
Capital outlay	159,392	159,392	6,520	152,872
Total expenditures	<u>201,592</u>	<u>201,592</u>	<u>29,893</u>	<u>171,699</u>
Excess (deficiency) revenues over expenditures	<u>(119,669)</u>	<u>(119,669)</u>	<u>23,012</u>	<u>142,681</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Proceeds from NMFA Loan	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(119,669)</u>	<u>(119,669)</u>	<u>23,012</u>	<u>142,681</u>
Budgeted cash balance, beginning of year	<u>151,260</u>	<u>151,260</u>	<u>151,260</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 31,591</u>	<u>\$ 31,591</u>	<u>\$ 174,272</u>	<u>\$ 142,681</u>

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

UNION COUNTY, NEW MEXICO

Grenville Fire District - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Investment interest	\$ 0	\$ 0	\$ 493	\$ 493
Refund or recoveries	0	0	568	568
Sale of county property	0	0	0	0
State grant:				
Fire allotment	34,589	34,589	34,589	0
Fire grant	100,000	100,000	0	(100,000)
Total revenues	<u>134,589</u>	<u>134,589</u>	<u>35,650</u>	<u>(98,939)</u>
Expenditures:				
Current:				
Public safety				
Mileage and per diem	2,000	2,000	1,958	42
Equipment - maintenance and repair	25,000	25,000	14,495	10,505
Buildings - maintenance and repair	4,000	4,000	0	4,000
Utilities	7,100	7,100	7,019	81
Property and liability insurance	7,000	7,000	6,565	435
Capital outlay	60,183	60,183	21,673	38,510
Total expenditures	<u>105,283</u>	<u>105,283</u>	<u>51,710</u>	<u>53,573</u>
Excess (deficiency) revenues over expenditures	<u>29,306</u>	<u>29,306</u>	<u>(16,060)</u>	<u>(45,366)</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Sale of county property	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	29,306	29,306	(16,060)	(45,366)
Budgeted cash balance, beginning of year	<u>45,694</u>	<u>45,694</u>	<u>45,694</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 29,634</u>	<u>\$ (45,366)</u>

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

UNION COUNTY, NEW MEXICO

Capulin Emergency Medical Service - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Investment interest	\$ 0	\$ 0	\$ 22	\$ 22
State grant:				
Emergency medical services	8,662	8,662	8,532	(130)
Total revenues	8,662	8,662	8,554	(108)
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	3,818	3,818	3,813	5
Equipment - maintenance and repairs	580	580	539	41
Tools and supplies	4,900	4,900	4,250	650
Total expenditures	9,298	9,298	8,602	696
Excess (deficiency) revenues over expenditures	(636)	(636)	(48)	588
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Excess (deficiency) revenues and other financing sources (uses) over expenditures	(636)	(636)	(48)	588
Budgeted cash balance, beginning of year	636	636	636	0
Budgeted cash balance, end of year	\$ 0	\$ 0	\$ 588	\$ 588

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

UNION COUNTY, NEW MEXICO

Amistad and Hayden Emergency Medical Service - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State grant:				
Emergency medical services	\$ 7,049	\$ 7,049	\$ 7,045	\$ (4)
Miscellaneous:				
Investment interest	0	0	40	40
Total revenues	7,049	7,049	7,085	36
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	2,000	2,000	100	1,900
Equipment - maintenance and repair	3,000	3,000	624	2,376
Capital outlay	1,500	1,500	0	1,500
Tools and supplies	7,791	7,791	1,257	6,534
Total expenditures	14,291	14,291	1,981	12,310
Excess (deficiency) revenues over expenditures	(7,242)	(7,242)	5,104	12,346
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Excess (deficiency) revenues and other financing sources (uses) over expenditures	(7,242)	(7,242)	5,104	12,346
Budgeted cash balance, beginning of year	7,242	7,242	7,242	0
Budgeted cash balance, end of year	\$ 0	\$ 0	\$ 12,346	\$ 12,346

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

UNION COUNTY, NEW MEXICO

Correctional Fees - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Correction fees	\$ 40,000	\$ 40,000	\$ 33,206	\$ (6,794)
Investment interest	0	0	403	403
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>33,609</u>	<u>(6,391)</u>
Expenditures:				
Current:				
Public safety:				
Care of prisoners	2,000	2,000	1,393	607
Juvenile detention expense	10,000	10,000	6,159	3,841
Jail agreement	<u>63,000</u>	<u>63,000</u>	<u>0</u>	<u>63,000</u>
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>7,552</u>	<u>67,448</u>
Excess (deficiency) revenues over expenditures	<u>(35,000)</u>	<u>(35,000)</u>	<u>26,057</u>	<u>61,057</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	(35,000)	(35,000)	26,057	61,057
Budgeted cash balance, beginning of year	<u>48,615</u>	<u>48,615</u>	<u>48,615</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 13,615</u>	<u>\$ 13,615</u>	<u>\$ 74,672</u>	<u>\$ 61,057</u>

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



UNION COUNTY, NEW MEXICO

DWI Grant - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Investment interest	\$ 0	\$ 0	\$ 51	\$ 51
Miscellaneous	0	0	0	0
State grant:				
DWI grant	65,000	65,000	70,546	5,546
Total revenues	<u>65,000</u>	<u>65,000</u>	<u>70,597</u>	<u>5,597</u>
Expenditures:				
Current:				
Public safety:				
Full-time salaries	27,500	27,500	26,995	505
FICA	1,954	1,954	1,951	3
PERA	4,318	4,318	4,317	1
Retiree Health Care Act	458	458	449	9
Health insurance (70%)	3,450	3,450	3,437	13
Workers' compensation	10	10	2	8
Training, mileage and per diem	4,050	4,050	2,761	1,289
Office supplies	4,290	4,290	3,745	545
Contractual	18,175	18,175	18,150	25
Operating expense	8,195	8,195	7,806	389
Prevention	0	0	0	0
Distribution refund	2,929	2,929	2,928	1
Total expenditures	<u>75,329</u>	<u>75,329</u>	<u>72,541</u>	<u>2,788</u>
Excess (deficiency) revenues over expenditures	<u>(10,329)</u>	<u>(10,329)</u>	<u>(1,944)</u>	<u>8,385</u>
Other financing sources (uses):				
Operating transfers in	0	0	5,000	5,000
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(10,329)</u>	<u>(10,329)</u>	<u>3,056</u>	<u>13,385</u>
Budgeted cash balance, beginning of year	<u>5,329</u>	<u>5,329</u>	<u>5,329</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 8,385</u>	<u>\$ 13,385</u>

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

UNION COUNTY, NEW MEXICO

Reappraisal - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Taxes:				
Current property taxes	\$ 23,000	\$ 23,000	\$ 24,517	\$ 1,517
Delinquent property taxes	0	0	662	662
Charges for services:				
Reappraisal fees	0	0	5,047	5,047
Miscellaneous:				
Investment interest	0	0	390	390
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>30,616</u>	<u>7,616</u>
Expenditures:				
Current:				
General government:				
Full-time salaries	7,862	7,862	7,876	(14)
Temporary salaries	7,543	7,543	7,500	43
FICA	1,214	1,214	829	385
PERA	1,259	1,259	1,259	0
Retiree Health Care Act	264	264	131	133
Group insurance 70%	2,575	2,575	1,255	1,320
Workers' compensation	4	4	2	2
Mileage and per diem	3,000	3,000	857	2,143
Car expense	800	800	124	676
Equipment rental and lease	1,725	1,725	1,503	222
Office supplies	500	500	479	21
Postage	500	500	73	427
Record books	100	100	69	31
Capital outlay	2,400	2,400	2,255	145
Total expenditures	<u>29,746</u>	<u>29,746</u>	<u>24,212</u>	<u>5,534</u>
Excess (deficiency) revenues over expenditures	<u>(6,746)</u>	<u>(6,746)</u>	<u>6,404</u>	<u>13,150</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(6,746)</u>	<u>(6,746)</u>	<u>6,404</u>	<u>13,150</u>
Budgeted cash balance, beginning of year	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 48,254</u>	<u>\$ 48,254</u>	<u>\$ 61,404</u>	<u>\$ 13,150</u>

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

UNION COUNTY, NEW MEXICO

Law Enforcement Protection - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State grants:				
Law Enforcement Fund	\$ 22,400	\$ 22,400	\$ 22,400	\$ 0
Miscellaneous:				
Investment interest	0	0	136	136
Total revenues	<u>22,400</u>	<u>22,400</u>	<u>22,536</u>	<u>136</u>
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	0	0	0	0
Capital outlay	<u>22,400</u>	<u>22,400</u>	<u>0</u>	<u>22,400</u>
Total expenditures	<u>22,400</u>	<u>22,400</u>	<u>0</u>	<u>22,400</u>
Excess (deficiency) revenues over expenditures	<u>0</u>	<u>0</u>	<u>22,536</u>	<u>22,536</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	0	0	22,536	22,536
Budgeted cash balance, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,536</u>	<u>\$ 22,536</u>

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

UNION COUNTY, NEW MEXICO

Emergency Services Governmental Gross Receipts Tax - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State shared taxes:				
General gross receipts	\$ 97,000	\$ 97,000	\$ 158,529	\$ 61,529
Miscellaneous:				
Investment interest	0	0	224	224
Reimbursements to County	0	0	14,494	14,494
Total revenues	<u>97,000</u>	<u>97,000</u>	<u>173,247</u>	<u>76,247</u>
Expenditures:				
Current:				
Public safety:				
Full-time salaries	39,900	39,900	39,484	416
Emergency repeater	190,000	190,000	59,373	130,627
Capulin EMS	4,500	4,500	3,983	517
Retiree Health Care Act	733	733	657	76
PERA	6,084	6,084	6,318	(234)
FICA	2,907	2,907	2,805	102
Health insurance (70%)	8,000	8,000	6,572	1,428
Workers' compensation	10	10	9	1
Folsom EMS	12,925	12,925	12,925	0
Des Moines EMS	12,500	12,500	12,500	0
Grenville EMS	4,500	4,500	4,500	0
Clayton EMS	7,500	7,500	7,500	0
MCI trailer	2,000	2,000	35	1,965
EMS pickup	3,000	3,000	2,003	997
Tower lease	2,905	2,905	1,884	1,021
Ambulance and social services	0	0	0	0
Joint commission agreement	112,100	112,100	98,650	13,450
Total expenditures	<u>409,564</u>	<u>409,564</u>	<u>259,198</u>	<u>150,366</u>
Excess (deficiency) revenues over expenditures	<u>(312,564)</u>	<u>(312,564)</u>	<u>(85,951)</u>	<u>226,613</u>
Other financing sources (uses):				
Operating transfers in	0	0	190,000	190,000
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>190,000</u>	<u>190,000</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(312,564)</u>	<u>(312,564)</u>	<u>104,049</u>	<u>416,613</u>
Budgeted cash balance, beginning of year	<u>43,847</u>	<u>43,847</u>	<u>43,847</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (268,717)</u>	<u>\$ (268,717)</u>	<u>\$ 147,896</u>	<u>\$ 416,613</u>

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

UNION COUNTY, NEW MEXICO

Gross Receipts Tax Reserve - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State shared taxes:				
General gross receipts	\$ 45,000	\$ 45,000	\$ 54,629	\$ 9,629
Miscellaneous:				
Refund or recoveries	0	0	0	0
Fees or reimbursements	0	0	510,000	510,000
Investment income	0	0	4,417	4,417
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>569,046</u>	<u>524,046</u>
Expenditures:				
Current:				
General Government:				
Lease purchase	80,000	80,000	71,154	8,846
Road construction maintenance	45,000	45,000	39,892	5,108
Capital outlay	<u>510,000</u>	<u>510,000</u>	<u>510,000</u>	<u>0</u>
Total expenditures	<u>635,000</u>	<u>635,000</u>	<u>621,046</u>	<u>13,954</u>
Excess (deficiency) revenues over expenditures	<u>(590,000)</u>	<u>(590,000)</u>	<u>(52,000)</u>	<u>538,000</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	<u>0</u>	<u>0</u>	<u>(120,000)</u>	<u>(120,000)</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(120,000)</u>	<u>(120,000)</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	(590,000)	(590,000)	(172,000)	418,000
Budgeted cash balance, beginning of year	<u>523,002</u>	<u>523,002</u>	<u>523,002</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (66,998)</u>	<u>\$ (66,998)</u>	<u>\$ 351,002</u>	<u>\$ 418,000</u>

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

UNION COUNTY, NEW MEXICO

Fire Marshall - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Refunds and recoveries	\$ 0	\$ 0	\$ 8,924	\$ 8,924
Interest	0	0	757	757
State grant:				
State allotment	50,332	50,332	50,332	0
State grant	0	0	0	0
Total revenues	<u>50,332</u>	<u>50,332</u>	<u>60,013</u>	<u>9,681</u>
Expenditures:				
Current:				
Public safety:				
Part-time salaries	20,000	20,000	20,093	(93)
Postage	1,500	1,500	0	1,500
Printing and publishing	500	500	0	500
Utilities	2,500	2,500	679	1,821
Capital outlay	70,797	70,797	0	70,797
FICA	1,530	1,530	1,530	0
Workers' compensation	10	10	9	1
Membership dues	2,000	2,000	0	2,000
Operating expense	8,460	8,460	4,124	4,336
Non-capital purchases	15,000	15,000	514	14,486
Safety equipment	12,000	12,000	0	12,000
Office supplies	4,000	4,000	378	3,622
Training, mileage and per diem	2,500	2,500	361	2,139
Total expenditures	<u>140,797</u>	<u>140,797</u>	<u>27,688</u>	<u>113,109</u>
Excess (deficiency) revenues over expenditures	<u>(90,465)</u>	<u>(90,465)</u>	<u>32,325</u>	<u>122,790</u>
Other financing sources (uses):				
Operating transfers in	0	0	22,000	22,000
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>22,000</u>	<u>22,000</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(90,465)</u>	<u>(90,465)</u>	<u>54,325</u>	<u>144,790</u>
Budgeted cash balance, beginning of year	<u>68,465</u>	<u>68,465</u>	<u>68,465</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (22,000)</u>	<u>\$ (22,000)</u>	<u>\$ 122,790</u>	<u>\$ 144,790</u>

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

UNION COUNTY, NEW MEXICO

Corrections Gross Receipts Tax - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Correction fees receipts	\$ 72,000	\$ 72,000	\$ 0	\$ (72,000)
Investment interest	0	0	2,597	2,597
Miscellaneous	0	0	49,787	49,787
Taxes:				
Gross receipts tax	0	0	158,616	158,616
Total revenues	<u>72,000</u>	<u>72,000</u>	<u>211,000</u>	<u>139,000</u>
Expenditures:				
Current:				
General government:				
Jail agreement	301,250	301,250	239,759	61,491
Part-time salaries	0	0	0	0
Training, mileage and per diem	3,000	3,000	0	3,000
Care of prisoners	3,250	3,250	3,164	86
Juvenile detention expense	17,500	17,500	17,069	431
Workers' compensation	0	0	0	0
FICA	0	0	0	0
Total expenditures	<u>325,000</u>	<u>325,000</u>	<u>259,992</u>	<u>65,008</u>
Excess (deficiency) revenues over expenditures	<u>(253,000)</u>	<u>(253,000)</u>	<u>(48,992)</u>	<u>204,008</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	(24,077)	(24,077)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(24,077)</u>	<u>(24,077)</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(253,000)</u>	<u>(253,000)</u>	<u>(73,069)</u>	<u>179,931</u>
Budgeted cash balance, beginning of year	<u>339,098</u>	<u>339,098</u>	<u>339,098</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 86,098</u>	<u>\$ 86,098</u>	<u>\$ 266,029</u>	<u>\$ 179,931</u>

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

UNION COUNTY, NEW MEXICO

Governmental Gross Receipts Tax General - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State shared taxes:				
General gross receipts	\$ 97,000	\$ 97,000	\$ 158,880	\$ 61,880
Miscellaneous:				
Investment interest	0	0	3,668	3,668
Total revenues	97,000	97,000	162,548	65,548
Expenditures:				
Current:				
General government:				
Operating expense	79,655	79,655	79,653	2
Total expenditures	79,655	79,655	79,653	2
Excess (deficiency) revenues over expenditures	17,345	17,345	82,895	65,550
Other financing sources (uses):				
Operating transfers in	0	0	79,655	79,655
Operating transfers (out)	0	0	(159,307)	(159,307)
Total other financing sources (uses)	0	0	(79,652)	(79,652)
Excess (deficiency) revenues and other financing sources (uses) over expenditures	17,345	17,345	3,243	(14,102)
Budgeted cash balance, beginning of year	442,352	442,352	442,352	0
Budgeted cash balance, end of year	\$ 459,697	\$ 459,697	\$ 445,595	\$ (14,102)

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



UNION COUNTY, NEW MEXICO

Special Hospital Gross Receipts Tax - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Gross receipts tax	\$ 125,000	\$ 125,000	\$ 327,236	\$ 202,236
Investment interest	0	0	1,043	1,043
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>328,279</u>	<u>203,279</u>
Expenditures:				
Current:				
Health and welfare:				
Operating expense	655,138	655,138	275,318	379,820
Total expenditures	<u>655,138</u>	<u>655,138</u>	<u>275,318</u>	<u>379,820</u>
Excess (deficiency) revenues over expenditures	<u>(530,138)</u>	<u>(530,138)</u>	<u>52,961</u>	<u>583,099</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(530,138)</u>	<u>(530,138)</u>	<u>52,961</u>	<u>583,099</u>
Budgeted cash balance, beginning of year	<u>195,418</u>	<u>195,418</u>	<u>195,418</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (334,720)</u>	<u>\$ (334,720)</u>	<u>\$ 248,379</u>	<u>\$ 583,099</u>

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

UNION COUNTY, NEW MEXICO

Legislature Appropriations - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Appropriations Revenue:				
Hospital #2260	\$ 0	\$ 0	\$ 0	\$ 0
Hospital Appropriation #340	0	0	0	0
Miscellaneous:				
Investment interest	0	0	68	68
Total revenues	0	0	68	68
Expenditures:				
Current:				
General government:				
Contractual	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) revenues over expenditures	0	0	68	68
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Excess (deficiency) revenues and other financing sources (uses) over expenditures	0	0	68	68
Budgeted cash balance, beginning of year	11,628	11,628	11,628	0
Budgeted cash balance, end of year	\$ 11,628	\$ 11,628	\$ 11,696	\$ 68

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

UNION COUNTY, NEW MEXICO

Collaborative Health Council - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State grants:				
Grant funds	\$ 18,750	\$ 18,750	\$ 3,000	\$ (15,750)
Fees and reimbursements	0	0	700	700
Total revenues	<u>18,750</u>	<u>18,750</u>	<u>3,700</u>	<u>(15,050)</u>
Expenditures:				
Current:				
Health and welfare:				
Contractual	<u>22,750</u>	<u>22,750</u>	<u>7,700</u>	<u>15,050</u>
Total expenditures	<u>22,750</u>	<u>22,750</u>	<u>7,700</u>	<u>15,050</u>
Excess (deficiency) revenues over expenditures	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>0</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	(4,000)	(4,000)	(4,000)	0
Budgeted cash balance, beginning of year	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

UNION COUNTY, NEW MEXICO

Capital Improvements/Emergency - Capital Projects Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Refund or recoveries	\$ 0	\$ 0	\$ 372,725	\$ 372,725
Fees and reimbursements	500,000	500,000	86,275	(413,725)
Investment interest	2,500	2,500	1,782	(718)
Total revenues	<u>502,500</u>	<u>502,500</u>	<u>460,782</u>	<u>(41,718)</u>
Expenditures:				
Current:				
General government:				
Courthouse repairs	850,000	850,000	714,080	135,920
Buildings repair and maintenance	50,000	50,000	38,785	11,215
Contractual	0	0	0	0
Total expenditures	<u>900,000</u>	<u>900,000</u>	<u>752,865</u>	<u>147,135</u>
Excess (deficiency) revenues over expenditures	(397,500)	(397,500)	(292,083)	105,417
Other financing sources (uses):				
Operating transfers in	0	0	350,000	350,000
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>350,000</u>	<u>350,000</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	(397,500)	(397,500)	57,917	455,417
Budgeted cash balance, beginning of year	<u>180,481</u>	<u>180,481</u>	<u>180,481</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (217,019)</u>	<u>\$ (217,019)</u>	<u>\$ 238,398</u>	<u>\$ 455,417</u>

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

UNION COUNTY, NEW MEXICO

Debt Service - Debt Service Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Refund or recoveries	\$ 0	\$ 0	\$ 0	\$ 0
Fees and reimbursements	0	0	0	0
Investment interest	0	0	(11)	(11)
Total revenues	0	0	(11)	(11)
Expenditures:				
Debt Service:				
Principal	79,655	79,655	79,655	0
Interest	0	0	0	0
Total expenditures	79,655	79,655	79,655	0
Excess (deficiency) revenues over expenditures	(79,655)	(79,655)	(79,666)	(11)
Other financing sources (uses):				
Operating transfers in	0	0	159,307	159,307
Operating transfers (out)	0	0	(79,655)	(79,655)
Total other financing sources (uses)	0	0	79,652	79,652
Excess (deficiency) revenues and other financing sources (uses) over expenditures	(79,655)	(79,655)	(14)	79,641
Budgeted cash balance, beginning of year	14	14	14	0
Budgeted cash balance, end of year	\$ (79,641)	\$ (79,641)	\$ 0	\$ 79,641

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

UNION COUNTY, NEW MEXICO  
 Budget Reconciliation  
 Nonmajor Governmental Funds  
 For the year ended June 30, 2011

	Special Revenue Funds			
	Farm and Range Fund	Recreation Fund	Clerk's Fees Fund	Indigent Hospital Fund
Excess (deficiency) of revenues over expenditures (GAAP Basis)	\$ 33	\$ 1	\$ 1,618	\$ (7,017)
Adjustments				
Receivables (net)		1		19,939
Accounts payable (net)			(800)	
Prepaid insurance				
NMFA Reserve				
Excess (deficiency) of revenues over expenditures (Budget Basis)	<u>\$ 33</u>	<u>\$ 2</u>	<u>\$ 818</u>	<u>\$ 12,922</u>

	Special Revenue Funds			
	Capulin EMS Fund	Amistad and Hayden EMS Fund	Correction Fees Fund	DWI State Grant Fund
Excess (deficiency) of revenues over expenditures (GAAP Basis)	\$ 212	\$ 5,104	\$ 24,169	\$ (6,683)
Adjustments				
Receivables (net)				5,393
Accounts payable (net)	(260)		1,888	(654)
Prepaid insurance				
Deferred Revenue				
Excess (deficiency) of revenues over expenditures (Budget Basis)	<u>\$ (48)</u>	<u>\$ 5,104</u>	<u>\$ 26,057</u>	<u>\$ (1,944)</u>

	Special Revenue Funds			
	Correctional Gross Receipts Fund	General Gross Receipts Tax Fund	Special Hospital Gross Receipts Tax Fund	Legislature Appropriations
Excess (deficiency) of revenues over expenditures (GAAP Basis)	\$ (66,691)	\$ 72,623	\$ 30,224	\$ 68
Adjustments				
Receivables (net)	10,107	10,272	22,737	
Accounts payable (net)	7,592			
Prepaid insurance				
Deferred Revenue				
Excess (deficiency) of revenues over expenditures (Budget Basis)	<u>\$ (48,992)</u>	<u>\$ 82,895</u>	<u>\$ 52,961</u>	<u>\$ 68</u>

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

Special Revenue Funds

Capulin Fire District Fund	Sedan Fire District Fund	Amistad and Hayden Fire District Fund	Grenville Fire District Fund
\$ (244,742)	\$ (104,035)	\$ 12,456	\$ (19,394)
57	28	145	60
3,533	2,156	10,411	493
			2,835
			(54)
<u>\$ (241,152)</u>	<u>\$ (101,851)</u>	<u>\$ 23,012</u>	<u>\$ (16,060)</u>

Special Revenue Funds

Re-appraisal Fund	Law Enforcement Grant Fund	Emergency Services General Gross Receipts Tax	GRT Reserve Fund	Fire Marshall Fund
\$ 6,337	\$ 22,536	\$ (94,417)	\$ (52,362)	\$ 31,988
22		9,919	(4,657)	
25		(1,453)		337
20			5,019	
<u>\$ 6,404</u>	<u>\$ 22,536</u>	<u>\$ (85,951)</u>	<u>\$ (52,000)</u>	<u>\$ 32,325</u>

Special Revenue Funds	Debt Service Fund	
Health Council	Debt Service Fund	Total
\$ 3,000	\$ (79,666)	\$ (464,638)
(7,000)		74,023
		16,268
		2,835
		4,985
<u>\$ (4,000)</u>	<u>\$ (79,666)</u>	<u>\$ (366,527)</u>

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## **SUPPORTING SCHEDULES**

UNION COUNTY, NEW MEXICO  
Schedule of Changes in Assets and Liabilities  
Agency Funds  
June 30, 2011

	Beginning of Year Balance	Additions	Deletions	End of Year Balance
<u>ASSETS</u>				
Cash - Clayton Municipal School	\$ 10,278	369,619	(323,905)	\$ 55,992
Cash - Des Moines Municipal School	4,344	106,286	(108,893)	1,737
Cash - Springer Municipal School	383	9,348	(9,580)	151
Cash - Luna Vo. Tech	97	2,360	(2,418)	39
Cash - Taxes paid in advance	72	(72)	-	-
Cash - Pre-billed livestock	9,624	15,327	0	24,951
Cash - Taxes paid under protest	-	0	-	-
Cash - Town of Clayton	5,399	124,704	(122,579)	7,524
Cash - Village of Des Moines	193	9,249	(9,264)	178
Cash - Village of Folsom	2	4,641	(4,434)	209
Cash - Village of Grenville	1	2,796	(2,779)	18
Cash - State of New Mexico	5,043	308,933	(306,468)	7,508
Other Trust accounts	258			258
Interest Receivable	-		-	-
Shared taxes receivable	4,724	24,729	(4,724)	24,729
	<u>4,724</u>	<u>24,729</u>	<u>(4,724)</u>	<u>24,729</u>
Total assets	<u>\$ 40,418</u>	<u>\$ 977,920</u>	<u>\$ (895,044)</u>	<u>\$ 123,294</u>
<u>LIABILITIES</u>				
Deposits held for others	\$ 40,418	\$ 977,920	\$ (895,044)	\$ 123,294
	<u>40,418</u>	<u>977,920</u>	<u>(895,044)</u>	<u>123,294</u>
Total liabilities	<u>\$ 40,418</u>	<u>\$ 977,920</u>	<u>\$ (895,044)</u>	<u>\$ 123,294</u>

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**BANK RECONCILIATION - ALL ACCOUNTS**  
June 30, 2010

Bank Name	June 30, 2011			June 30, 2011
	Bank Statement Balance	Outstanding Deposits	Outstanding Checks	Book Balance
The First National Bank of New Mexico Clayton, New Mexico: Checking Account: Union County Treasurer	1,524,540	6,054	(68,598)	1,461,996
Certificates of Deposit: Union County Treasurer	600,000			600,000
Union County Treasurer	600,000			600,000
Union County Treasurer	300,000			300,000
The Farmers and Stockmens Bank Clayton, New Mexico: Checking Account: Union Co. Treasurer & Tax Coll	526,692		(3,088)	523,604
Certificates of Deposit: Union Co. Treasurer & Tax Coll	600,000			600,000
Union Co. Treasurer & Tax Coll	600,000			600,000
Union Co. Treasurer & Tax Coll	500,000			500,000
Union Co. Treasurer & Tax Coll	400,000			400,000
Subtotal	5,651,232	6,054	(71,686)	5,585,600
Cash on hand	250			250
Total	5,651,482	6,054	(71,686)	5,585,850
Governmental Activities				5,487,285
Fiduciary Funds				98,565
Total				5,585,850

UNION COUNTY, NEW MEXICO  
Property Tax Schedule  
For the Year Ended June 30, 2011

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Union County:									
General Advalorem									
2001-2009	\$7,867,561.35	\$24,653.17	\$7,854,448.73	\$24,653.17	\$7,854,448.73	\$13,112.62	\$13,112.62	\$0.00	
2010	\$1,123,451.66	\$1,098,058.57	\$1,098,058.57	\$1,098,058.57	\$1,098,058.57	\$25,393.09	\$25,393.09	\$0.00	
<b>Total General Advalorem</b>	<b>\$8,991,013.01</b>	<b>\$1,122,711.74</b>	<b>\$8,952,507.30</b>	<b>\$1,122,711.74</b>	<b>\$8,952,507.30</b>	<b>\$38,505.71</b>	<b>\$38,505.71</b>	<b>\$0.00</b>	<b>\$0.00</b>
Non-rendition fees									
2001-2009	\$238.76	\$1.62	\$238.76	\$1.62	\$238.76	\$0.00	\$0.00	\$0.00	
2010	\$152.69	\$152.61	\$152.61	\$152.61	\$152.61	\$0.08	\$0.08	\$0.00	
<b>Total Non-rendition Fees</b>	<b>\$391.45</b>	<b>\$154.23</b>	<b>\$391.37</b>	<b>\$154.23</b>	<b>\$391.37</b>	<b>\$0.08</b>	<b>\$0.08</b>	<b>\$0.00</b>	<b>\$0.00</b>
Administrative Fees									
2001-2009	\$10,715.85	\$142.49	\$10,613.03	\$142.49	\$10,613.03	\$102.82	\$102.82	\$0.00	
2010	\$1,122.97	\$1,031.79	\$1,031.79	\$1,031.79	\$1,031.79	\$91.18	\$91.18		
<b>Total Administrative Fees</b>	<b>\$11,838.82</b>	<b>\$1,174.28</b>	<b>\$11,644.82</b>	<b>\$1,174.28</b>	<b>\$11,644.82</b>	<b>\$194.00</b>	<b>\$194.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Reappraisal Program									
2001-2009	\$212,181.02	\$662.29	\$211,828.44	\$662.29	\$211,828.44	\$352.58	\$352.58	\$0.00	
2010	\$25,163.39	\$24,516.77	\$24,516.77	\$24,516.77	\$24,516.77	\$646.62	\$646.62	\$0.00	
<b>Total Reappraisal</b>	<b>\$237,344.41</b>	<b>\$25,179.06</b>	<b>\$236,345.21</b>	<b>\$25,179.06</b>	<b>\$236,345.21</b>	<b>\$999.20</b>	<b>\$999.20</b>	<b>\$0.00</b>	<b>\$0.00</b>
Hospital Bond									
2001-2009	\$3,866,000.95	\$12,886.20	\$3,859,014.54	\$12,886.20	\$3,859,014.54	\$6,986.41	\$6,986.41	\$0.00	
2010	\$546,023.34	\$532,722.30	\$532,722.30	\$532,722.30	\$532,722.30	\$13,301.04	\$13,301.04	\$0.00	
<b>Total Hospital</b>	<b>\$4,412,024.29</b>	<b>\$545,608.50</b>	<b>\$4,391,736.84</b>	<b>\$545,608.50</b>	<b>\$4,391,736.84</b>	<b>\$20,287.45</b>	<b>\$20,287.45</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total Union County</b>	<b>\$13,652,611.98</b>	<b>\$1,694,827.81</b>	<b>\$13,592,625.54</b>	<b>\$1,694,827.81</b>	<b>\$13,592,625.54</b>	<b>\$59,986.44</b>	<b>\$59,986.44</b>	<b>\$0.00</b>	<b>\$0.00</b>
Municipalities:									
Town of Clayton									
2001-2009	\$935,991.79	\$8,418.01	\$929,888.92	\$7,533.43	\$929,004.34	\$6,102.87	\$6,102.87	\$884.58	
2010	\$125,425.73	\$116,285.11	\$116,285.11	\$109,645.93	\$109,645.93	\$9,140.62	\$9,140.62	\$6,639.18	
<b>Total Town of Clayton</b>	<b>\$1,061,417.52</b>	<b>\$124,703.12</b>	<b>\$1,046,174.03</b>	<b>\$117,179.36</b>	<b>\$1,038,650.27</b>	<b>\$15,243.49</b>	<b>\$15,243.49</b>	<b>\$7,523.76</b>	<b>\$0.00</b>
Village of Des Moines									
2001-2009	\$71,189.36	\$437.76	\$70,946.57	\$437.76	\$70,946.57	\$242.79	\$242.79	\$0.00	
2010	\$9,287.53	\$8,811.32	\$8,811.32	\$8,633.15	\$8,633.15	\$476.21	\$476.21	\$178.17	
<b>Total Village of Des Moines</b>	<b>\$80,476.89</b>	<b>\$9,249.08</b>	<b>\$79,757.89</b>	<b>\$9,070.91</b>	<b>\$79,579.72</b>	<b>\$719.00</b>	<b>\$719.00</b>	<b>\$178.17</b>	<b>\$0.00</b>
Village of Grenville									
2001-2009	\$20,118.63	\$26.90	\$20,117.54	\$26.74	\$20,117.38	\$1.09	\$1.09	\$0.16	
2010	\$2,843.96	\$2,769.15	\$2,769.15	\$2,751.13	\$2,751.13	\$74.81	\$74.81	\$18.02	
<b>Total Village of Grenville</b>	<b>\$22,962.59</b>	<b>\$2,796.05</b>	<b>\$22,886.69</b>	<b>\$2,777.87</b>	<b>\$22,868.51</b>	<b>\$75.90</b>	<b>\$75.90</b>	<b>\$18.18</b>	<b>\$0.00</b>
Village of Folsom									
2001-2009	\$20,311.90	\$306.57	\$20,076.07	\$147.93	\$19,917.43	\$235.83	\$235.83	\$158.64	
2010	\$4,595.40	\$4,334.33	\$4,334.33	\$4,283.72	\$4,283.72	\$261.07	\$261.07	\$50.61	
<b>Total Village of Folsom</b>	<b>\$24,907.30</b>	<b>\$4,640.90</b>	<b>\$24,410.40</b>	<b>\$4,431.65</b>	<b>\$24,201.15</b>	<b>\$496.90</b>	<b>\$496.90</b>	<b>\$209.25</b>	<b>\$0.00</b>
<b>Total Municipalities</b>	<b>\$1,189,764.30</b>	<b>\$141,389.15</b>	<b>\$1,173,229.01</b>	<b>\$133,459.79</b>	<b>\$1,165,299.65</b>	<b>\$16,535.29</b>	<b>\$16,535.29</b>	<b>\$7,929.36</b>	<b>\$0.00</b>

Schools:										
Clayton Public School										
2001-2009	\$3,442,830.68	\$6,338.73	\$3,439,283.74	\$5,742.36	\$3,438,687.37	\$3,546.94	\$3,546.94	\$596.37		
2010	\$260,030.82	\$253,515.37	\$253,515.37	\$247,372.77	\$247,372.77	\$6,515.45	\$6,515.45	\$6,142.60		
Total Clayton Public	\$3,702,861.50	\$259,854.10	\$3,692,799.11	\$253,115.13	\$3,686,060.14	\$10,062.39	\$10,062.39	\$6,738.97	\$0.00	
Des Moines Public School										
2001-2009	\$2,025,636.52	\$6,060.30	\$2,023,181.29	\$5,623.93	\$2,022,744.92	\$2,455.23	\$2,455.23	\$436.37		
2010	\$102,243.58	\$100,224.80	\$100,224.80	\$98,923.93	\$98,923.93	\$2,018.78	\$2,018.78	\$1,300.87		
Total Des Moines Public	\$2,127,880.10	\$106,285.10	\$2,123,406.09	\$104,547.86	\$2,121,668.85	\$4,474.01	\$4,474.01	\$1,737.24	\$0.00	
Springer Public School										
2001-2009	\$59,986.60	\$142.82	\$59,983.37	\$142.82	\$59,983.37	\$3.23	\$3.23	\$0.00		
2010	\$9,325.44	\$9,205.01	\$9,205.01	\$9,054.14	\$9,054.14	\$120.43	\$120.43	\$150.87		
Total Springer Public	\$69,312.04	\$9,347.83	\$69,188.38	\$9,196.96	\$69,037.51	\$123.66	\$123.66	\$150.87	\$0.00	
Luna Tech										
2001-2009	\$16,418.50	\$35.04	\$16,417.55	\$35.04	\$16,417.55	\$0.95	\$0.95	\$0.00		
2010	\$2,354.35	\$2,325.58	\$2,325.58	\$2,286.22	\$2,286.22	\$28.77	\$28.77	\$39.36		
Total Luna Tech	\$18,772.85	\$2,360.62	\$18,743.13	\$2,321.26	\$18,703.77	\$29.72	\$29.72	\$39.36	\$0.00	
Total Schools	\$5,918,826.49	\$377,847.65	\$5,904,136.71	\$369,181.21	\$5,895,470.27	\$14,689.78	\$14,689.78	\$8,666.44	\$0.00	
State of NM Treasurer:										
State of New Mexico										
2001-2009	\$1,179,313.83	\$3,606.86	\$1,177,361.88	\$3,247.65	\$1,177,002.67	\$1,951.95	\$1,951.95	\$359.21		
2010	\$198,606.86	\$193,697.32	\$193,697.32	\$189,367.39	\$189,367.39	\$4,909.54	\$4,909.54	\$4,329.93		
Total State of NM	\$1,377,920.69	\$197,304.18	\$1,371,059.20	\$192,615.04	\$1,366,370.06	\$6,861.49	\$6,861.49	\$4,689.14	\$0.00	
Cattle Levy										
2001-2009	\$1,474,473.51	\$2,608.36	\$1,474,267.32	\$2,540.97	\$1,474,199.93	\$206.19	\$206.19	\$67.39		
2010	\$105,929.97	\$104,361.55	\$104,361.55	\$101,787.25	\$101,787.25	\$1,568.42	\$1,568.42	\$2,574.30		
Total Cattle Levy	\$1,580,403.48	\$106,969.91	\$1,578,628.87	\$104,328.22	\$1,575,987.18	\$1,774.61	\$1,774.61	\$2,641.69	\$0.00	
Sheep/Goat Levy										
2001-2009	\$171.90	\$0.43	\$171.90	\$0.00	\$171.47	\$0.00	\$0.00	\$0.43		
2010	\$5.52	\$5.23	\$5.23	\$5.23	\$5.23	\$0.29	\$0.29	\$0.00		
Total Sheep Levy	\$177.42	\$5.66	\$177.13	\$5.23	\$176.70	\$0.29	\$0.29	\$0.43	\$0.00	
Equine Levy										
2001-2009	\$13,719.37	\$44.08	\$13,712.65	\$43.19	\$13,711.76	\$6.72	\$6.72	\$0.89		
2010	\$892.48	\$838.50	\$838.50	\$814.51	\$814.51	\$53.98	\$53.98	\$23.99		
Total Equine Levy	\$14,611.85	\$882.58	\$14,551.15	\$857.70	\$14,526.27	\$60.70	\$60.70	\$24.88	\$0.00	
Bison Levy										
2001-2009	\$132.20	\$0.00	\$132.20	\$0.00	\$132.20	\$0.00	\$0.00	\$0.00		
2010	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Total Bison Levy	\$132.20	\$0.00	\$132.20	\$0.00	\$132.20	\$0.00	\$0.00	\$0.00	\$0.00	
Total State Treasurer	\$2,973,245.64	\$305,162.33	\$2,964,548.55	\$297,806.19	\$2,957,192.41	\$8,697.09	\$8,697.09	\$7,356.14	\$0.00	
Grand Total	\$23,734,448.41	\$2,519,226.94	\$23,634,539.81	\$2,495,275.00	\$23,610,587.87	\$99,908.60	\$99,908.60	\$23,951.94	\$0.00	

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF PLEDGED COLLATERAL  
TO SECURE THE DEPOSITS OF PUBLIC FUNDS  
June 30, 2011

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

Security	CUSIP	Maturity Date	Market Value	Par Value
FHLB	276785UA8	4/1/2014	\$ 220,664	\$ 200,000
FHLB	085279PK7	8/1/2019	\$ 160,904	\$ 150,000
FHLB	17239HDA4	10/1/2012	\$ 160,716	\$ 155,000
FHLB	433866DF4	4/15/2023	\$ 53,400	\$ 50,000
FHLB	433866DH0	4/15/2016	\$ 271,146	\$ 250,000
FHLB	106047FZ1	9/1/2013	\$ 108,693	\$ 105,000
FHLB	922382BZ8	8/1/2016	\$ 104,376	\$ 95,000
FHLB	3133704B5	9/11/2015	\$ 101,810	\$ 100,000
FHLB	013595LM3	8/1/2022	\$ 108,731	\$ 100,000
FHLB	013595LM3	8/1/2022	\$ 163,096	\$ 150,000
FHLB	3136FPKV8	10/8/2025	\$ 250,772	\$ 250,000
Total			<u>\$ 1,704,309</u>	<u>\$ 1,605,000</u>

The pledged securities are held in safekeeping at the Federal Home Loan Bank of Dallas at 8500 Freepoint Parkway South, Suite 100, Irving Texas.

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

Security	CUSIP	Maturity Date	Market Value	Par Value
FHLB	313371F27	10/28/2013	\$ 899,092	\$ 900,000
FHLMC	3133F4WR8	7/15/2017	\$ 400,325	\$ 400,000
Espanola PSD 345 Rio /	296628BV1	7/1/2012	\$ 154,454	\$ 150,000
Las Vegas N Mex City S	51778FCM9	8/15/2013	\$ 102,885	\$ 100,000
Total			<u>\$ 1,556,755</u>	<u>\$ 1,550,000</u>

The pledged securities are held in safekeeping at the Federal Home Loan Bank of Dallas at 8500 Freepoint Parkway South, Suite 100, Irving Texas.

UNION COUNTY, NEW MEXICO  
 Tax Roll Reconciliation - Changes in Property Taxes Receivable  
 For the Year Ended June 30, 2011

Property taxes receivable, beginning of year	\$ 103,078
Changes to tax roll:	
Total taxes charged to treasurer for fiscal year	2,527,640
Adjustments:	
Increases in taxes receivable	25,083
Charge off of taxes receivables	(36,667)
Non rendition 2009	(154)
	<hr/>
Total receivables prior to collection	2,618,980
Collections for fiscal year ended June 30, 2011	2,534,620
	<hr/>
State P & I Fund	15,548
Property taxes receivable, end of year	<u>99,908</u>
	<hr/>
Net property tax receivable, end of year	<u><u>\$ 99,908</u></u>
Property taxes receivable by years:	
2010	\$ 55,843
2009	32,514
2008	10,133
2007	1,164
2006	158
2005	64
2004	10
2003	11
2002	11
	<hr/>
Total	<u><u>\$ 99,908</u></u>

**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**



# R. Kelly McFarland

Certified Public Accountant  
A Professional Corporation

Member American Institute  
of Certified Public Accountants



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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

Members of the Board of Union County Commissioner  
Union County  
Clayton, NM  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, NM

I was engaged to audit the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds of Union County, New Mexico, and the financial statements of each of the County's nonmajor governmental and fiduciary funds presented as supplementary information in the combining and individual fund financial statements and related budgetary comparisons as of and for the year ended June 30, 2011, and have issued my report thereon dated December 9, 2011 in which I disclaim an opinion of the financial statements resulting from limitations in the scope of my audit such that I was unable to apply auditing procedures to satisfy myself about Union County's financial statements due to inadequate records, misclassification of revenues and unrecorded material revenues and expenses. The limitation in the scope of my audit precludes the conduct of my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

My consideration of 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 and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses: Finding Nos. 2011-01; 2011-03; 2011-04; 2010-06; 2010-07; and, 2008-04.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in the accompanying Schedule of Findings and Response to be significant deficiencies: Findings Nos. 2011-02; 2010-02; and 2011-10.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union County, New Mexico's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2011-05; 2011-06; 2011-08; 2011-09; and 2008-08.

I also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16 and pursuant to Section 12-6-5 NMSA 1978, which are described in the accompanying Schedule of Findings and Responses as item: No. 2011-07.

Union County, New Mexico's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Responses. I did not audit the County's response and, accordingly, I express no opinion on it.

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

A handwritten signature in black ink that reads "R Kelly McGarland". The signature is written in a cursive, flowing style.

December 9, 2011

**Schedule of Findings and Responses**

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**CURRENT YEAR FINDINGS**

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

**INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**FINDING 2011-01**

Recording of Debt Issues

Condition – The County does not maintain a debt ledger to record its 5 outstanding NMFA debt issues, not including 4 NMFA issues of the Union County Hospital.

Criteria – Effective financial management and proper accounting practices requires that the County maintain a record of its outstanding debt issues to include interest rates, payment amounts and loan balances. State Auditor Rule 2.2.2.8 J(2) requires “The agency shall maintain adequate accounting records.....”

Effect – The County is unable to effectively manage debt issues for all of its funds as indicated by the improper recording of intercept payments or have quick access to all of the data, such as the balance of the debt, the amount of principal and interest payments, and the escrow amounts held by the trustee, pending payment dates on the loans. This information is necessary for budgeting and decision making on an ongoing basis. Additionally, this information is not available to record debt transactions (principal, interest and loan balances) for preparation on the financial statements and, therefore, does not meet the “adequate records” requirement.

Cause – Until recently, the County had a limited number of NMFA debt issues that were more easily managed and did not require additional bookkeeping. Therefore, a recordkeeping system was not in place when the number of outstanding NMFA issues increased. The Triadic cash basis accounting system does not provide for a debt ledger.

Recommendation – I recommend the County maintain a hand posted debt ledger to include: accounting for the origination date, maturity date, original balance, current balance, escrowed and reserve balances held by trustee, payment amount, interest rate, intercept amount if applicable, intercept revenue source, applicable general ledger account numbers to charge principal and interest as well as the general ledger revenue account to credit and finally the purpose of the loan. As the cash basis accounting system is not capable of recording the debt transactions, the hand posted or off-books record will be necessary to prepare the necessary entries to prepare the financial statements.

I concur with management’s initial draft of off-book debt ledger. I encourage management to consider all the data fields in the debt ledger noted above.

Management’s response – Union County is in the process of correcting this finding. A journal was submitted at the exit conference for approval contingent with some additional changes to it.

**FINDING 2011-02**

Recording of Inter Fund Receivables and Payables

Condition – During the 2009 fiscal year, \$100,000 “loaned” from the General Fund to the Rabbit Ear Fire District Fund was not recorded in the books of account as an asset and liability. The County does maintain an off-books record of the loan; however, repayments are improperly reported as capital outlay expenditures in the borrower fund and revenue in the lender fund.

**Schedule of Findings and Responses**

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**CURRENT YEAR FINDINGS (CONTINUED)**

**INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**FINDING 2011-02 (CONTINUED)**

Recording of Inter Fund Receivables and Payables (Continued)

Criteria – GASB Codification 1300.120 requires that amounts due to one fund and amounts payable to one from another should be reported as inter fund receivables in the lender fund and inter fund payables in the borrower fund.

Effect – The financial statements are misstated by the amount of the unrecorded inter fund transaction and the misclassification of repayments of the debt.

Cause – The cash basis financial system used by the County has limited capabilities to record assets and liabilities. The system only records cash and does not record liabilities at all. A hand posted, off-books ledger of this transaction has not been maintained.

Recommendation – I recommend a hand posted, off-books ledger be maintained to record amounts loaned between funds.

Management's response – The Rabbit Ear Fire Department loan has been added to the debt journal as discussed in finding 2011-01.

**FINDING 2011-03**

Sole Community Provider Funding

Condition - Sole Community Provider Funding of \$3,358,105, a pass-through grant to the County Hospital, operated by a nonprofit, is not recorded in the books of account of Union County Government nor is it budgeted.

Criteria – GASB Codification N50.128 requires pass-through grants to be recorded by the recipient government, if it has oversight responsibility. As Sec. 27-5-12.2 provides that the County must exercise some oversight, recording is required.

Effect - The financial statements are not presented in accordance with GAAP.

Cause - The funds are forwarded directly to the hospital and are not received by the County Treasurer. The County's accounting system is totally cash basis. Recording of the transactions in the cash basis accounting system would be challenging.

Recommendation – I recommend the County record these transactions in a hand posted, off-books ledger, so that the transactions can be recorded for preparation of the financial statements.

Management's response – Union County already records this information for the hospital board and the Board of Commissioners. We will continue this practice with recommended changes.

**FINDING 2011-04**

Controls over Compliance with the Buy American Requirements of ARRA

Condition – The County does not have a system in place to review bid specifications to ensure federal contracts include all the provisions required by the grant.

**Schedule of Findings and Responses**

**CURRENT YEAR FINDINGS (CONTINUED)**

**INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**FINDING 2011-04 (CONTINUED)**

Controls over Compliance with the Buy American Requirements of ARRA (Continued)

Criteria - The Energy Efficiency and Conservation Grant agreement requires compliance with “buy American” requirements of the American Recovery and Reinvestment Act. Inclusion of this provision in the contract for completion of the project or requiring a certification that the products were manufactured in the United States helps to ensure compliance with this requirement.

Cause - The County’s procurement code does not include a control system for the review of bid specifications to contractors to ensure it includes the provisions of the federal grant agreement or a reference to the federal requirements.

Recommendation - I recommend the procurement policy be revised to specifically include a provision referencing federal procurement requirements and a system of reviewing bid specifications of federal grants to include the federal requirements by reference.

Management’s response – Management concurs.

Corrective Action Plan –

Union County has a procurement policy in place and will look at amending it to include requirements of specific grants or funding programs as available.

**FINDING 2011-10**

Budgeting

Condition - The final budget as reflected in the Triadic accounting system does not include budgeted transfers.

The budgeted fund balance for the Rabbit Ear Fire Department was not adequate to provide resources for the budgeted deficit in the fund.

Criteria – As the Triadic accounting system is the means by which budgetary control over revenues and expenditures is maintained, inclusion of all budgetary items in the budget reports, including transfers is therefore necessary.

Section 6-6 NMSA 1978 requires expenditures to be budgeted and by definition, inadequate resources cannot be a part of the budget.

Effect – Budget reports do not reflect comparisons of budgeted transfers with actual transfers to determine budgetary compliance.

The deficit budget is not in compliance with state law.

Cause – The budget document is prepared separately on forms designed by DFA. The beginning budget as well as budget resolutions amending the budget must be keyed to the Triadic system. The Triadic system does not provide a report of the beginning budget plus the budget amendments to reflect the final budget to assist with reconciliation to the DFA forms. Only the final budget is reflected in the Triadic system.

**Schedule of Findings and Responses**

**CURRENT YEAR FINDINGS (CONTINUED)**

**INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**FINDING 2011-10 (Continued)**

Budgeting (Continued)

Fire fund budgets are approved by DFA as a group rather than as separate funds. County Government, however, accounts and budgets for each fire district as a separate fund. A new fire house was budgeted for the Rabbit Ear Fire Fund for which funding was to be provided later in the year from a New Mexico Finance Administration loan; however, the loan was not budgeted. Further the fire house construction was extended to the following fiscal year.

Recommendation – I recommend that Management request a report from Triadic to assist in reconciling the legally adopted budget and amendments to the final budget as reflected in the Triadic system, used for budgetary control. The budget as reflected in the Triadic system should include the budget transfers. I also recommend loan proceeds be included in the budget preparation to avoid budgeting expenditures from inadequate resources.

Management's response – Management concurs.

**FINDING 2010-06**

New Mexico Finance Authority Intercept Payments

Condition - Intercept of shared tax revenue collected by the New Mexico Taxation and Revenue Department for the County for NMFA bond payments of approximately \$223,000 was incorrectly posted for some payments, was misclassified as lease payments for other payments, debits and credits were reversed in some instances and were not recorded at all for still other payments.

Criteria - Loan payments withheld from tax revenues and applied to loan payments should be recorded as revenue and as escrow deposits in accordance with generally accepted accounting principles applicable to governments and subject to the same budgetary requirements as revenues received and paid in cash. Payments of principal and interest on the bonds should be recorded when paid by NMFA by debiting principal and interest payments and crediting NMFA loan escrow deposits.

Effect – The financial statements and budgetary comparisons were misstated because material revenues, loan escrow deposits and loan principal and interest payments were not properly recorded.

Cause – The County's cash basis accounting system has limited capabilities to record noncash transactions. Subsequent to the prior year's audit, the County attempted to record the intercepts; however, the expense was misclassified and the debits and credits were reversed. Further complicating the recording of the intercepts resulted from an intercept of two revenue sources for the same NMFA loan payment. Finally, the escrow deposits not yet applied to loan payments were not recorded.

Recommendation – Because the recording of noncash transactions in the Triadic cash basis accounting system is so challenging, I recommend that a hand posted, off-books debt ledger be maintained to provide journal entries for the recording of the non-cash intercept payments.

Management's response – Please see response to Finding 2011-01

**Union County New Mexico  
For the Year Ended June 30, 2011**

**Schedule of Findings and Responses**

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**CURRENT YEAR FINDINGS (CONTINUED)**

**INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**FINDING 2010-02**

Reconciliation of Payroll Reports to Financial Reporting

Condition – I was unable to reconcile payroll tax reports, Forms 941(\$2,431), PERA reports(\$499) or Retiree Health Insurance reports (\$58,818) or total wages to the County's general ledger of \$5,228.

I noted the Assessor was paid a bonus of \$3,500 and the Mapper \$500, which was not included in payroll reporting. Rather, the employees were given a Form 1099 for self-employment services.

Criteria - Internal control processes require the accuracy of reporting of financial information. Financial data reported on payroll, PERA and Retiree Health Insurance must agree with amounts recorded in the books of account. The Public Employees Retirement Act (Section 10-11NMSA 1978) requires reporting of 100% of the qualifying payroll to PERA.

Sections 3102 and 3121 of the Internal Revenue Code, require employment services to be reported as payroll, subject to payroll tax reporting and Section 3509 provides for significant penalties for disregard of payroll reporting requirements.

Effect - Union County is at risk for misstatement of the financial statements, compliance with the budget, inaccurate reporting of payroll and payroll taxes, as well as PERA and Retiree Health Insurance. County

Government is also at risk for fines for payroll reporting errors and time consuming amendments to payroll reports inaccurately prepared. Payroll taxes were underreported for amounts paid to the Assessor and Mapper.

Cause – The Triadic system used by County Government for payroll does not provide adequate reports to reconcile payroll, PERA or Retiree Health Insurance reports to ensure accuracy. The reports do not provide a listing of payroll not reportable for PERA or Retiree Health Insurance necessary to determine that all reportable amounts which should be reported have been reported. Some of the reconciliation problems, particularly reconciliation of total wages, probably relates to biweekly pay periods spanning fiscal years. The cash basis accounting system does not provide adequate reports for this reconciliation as well.

County personnel were not aware bonuses paid to County officials were subject to payroll taxes.

Recommendation – I recommend County Officials discuss with Triadic the design of reports to assist in reconciliation of payroll reports to amounts actually paid in the general ledger as well as reconciliation reports to reflect employees not reported for PERA or Retiree Health Insurance. I concur with management's partial solution to pay all payroll taxes, PERA and Retiree Health Insurance on the same day to at least avoid any timing differences. I also recommend all compensation paid to County employees be reported as payroll and that payroll taxes be properly paid.

Management's response – Management concurs and will discuss with the computer provider a solution to this finding.

**Schedule of Findings and Responses**

**CURRENT YEAR FINDINGS (CONTINUED)**

**INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**FINDING 2010-07**

Revenue Classification

Condition - Material revenues, primarily from grants and loans were recorded in accounts classified as "reimbursements" or miscellaneous, rather than the proper revenue account for particular revenue. Among these amounts was a loan from the New Mexico Finance Authority in the amount of \$510,000.

Criteria - Generally accepted accounting principles require that revenues be recorded in such a manner as to identify the source of the revenue in a clear and transparent manner for management and budgetary control.

Effect - Revenues are not classified such that users of the financial statements can effectively use the financial information or make budgetary comparisons for financial management. Additionally, the improper revenue classification does not facilitate the preparation of financial statements in accordance with generally accepted accounting principles.

Cause - Accounts have not been set up in the general ledger during the budget process to record grant and loan proceeds. Out of the ordinary revenues are, therefore, credited to a miscellaneous revenue account or "reimbursements".

Recommendation - I recommend that revenue accounts to clearly and transparently reflect the nature of the revenue be set up during the budget process for anticipated revenues. If additional grants are awarded after the beginning of the year, a budget resolution will be necessary to budget the revenue which may require an appropriate revenue account. New revenue accounts to properly reflect the loan proceeds from new loans may be necessary as well for loans received after the initial budget is prepared.

Management's response - The Treasurer's Office and Administration will create a "loan proceeds" revenue line item to correct this finding and will go through the budget resolution process for any activity that occurs within the fiscal year.

**FINDING 2008-04**

Deficiencies in capital asset records

Condition – Material capital outlay expenditures of \$1,321,375 were not reconciled to the subsidiary capital asset ledger.

The beginning balance of the Capital Asset subsidiary ledger for FY 2011 does not agree with the ending balance for FY 2010 by \$ 7,549 of assets and \$2,562 of accumulated depreciation.

Additions to the Capital Asset subsidiary ledger do not include infrastructure asset additions of the ARRA heating and cooling system of \$459,000.

The County does not have a capitalization policy. Equipment items are capitalized based not on cost, but on the perceived need to provide accountability for an asset, which may be less than \$5,000.

A capital asset inventory was not conducted for the current fiscal year.

Deletions of capital assets were not recorded.

Criteria - Title 2, Chapter 20, Part 1, Accounting and Control of Fixed Assets of State Government, Accounting for Acquisitions and Controls of the New Mexico State Administrative Code, requires governments to implement systematic and well documented systems to account for capital assets.



**Union County New Mexico  
For the Year Ended June 30, 2011**

**Schedule of Findings and Responses**

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**CURRENT YEAR FINDINGS (CONTINUED)**

**INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**FINDING 2008-04 (CONTINUED)**

Deficiencies in capital asset records (Continued)

Section 12-6-10 NMSA 1978 requires governments to capitalize only chattels and equipment with a cost of over \$5,000.

OMB Circular A-102 requires local governments to account for equipment acquired with federal funds.

Effect – County government does not have accountability for its capital assets and is vulnerable to misappropriation of County assets. The financial statements are misstated due to the lack of reconciliation of the Capital Asset subsidiary ledger to the general ledger. The County is not in compliance with the accountability requirements for federal grants.

Cause – The Capital Asset subsidiary ledger is not integrated with the general ledger and requires that all additions and deletions be hand posted. A control system to ensure all capital assets have been included has not been implemented. Finally, the one person responsible for Capital Assets in the two person office left employment at the end of the fiscal year, prior to closing of the County's books or the annual physical inventory of capital assets.

Recommendation - I recommend the County develop a monthly reconciliation process to reconcile capital outlay additions as reflected in the general ledger to the additions to the subsidiary capital asset ledger. Capital asset transactions should be recorded promptly and timely as they occur in the subsidiary capital asset ledger.

I, also, recommend the adoption of a policy with a requirement for an annual physical inventory to fix responsibility for all capital assets. Any unaccounted for assets should be reported to the County Commission along with an explanation or an investigation as to the nature of the unaccounted for assets. Appropriate action, either to approve the deletion of the asset from County records or to further pursue the reason for missing assets, should be taken by the County Commission. The policy should, also, establish a capitalization policy of \$5,000 for assets included in the subsidiary ledger. Management should contact service provider, Triadic, regarding identifying assets under \$5,000 for which the County desires to establish fixed responsibility, so that a separate report can be prepared for assets under \$5,000.

The policy should further include reference to federal regulations regarding disposition of property acquired with federal funds.

Management's Response - Union County has received sample capital asset policies to review and will present one to the commissioners for approval. A non-capital purchases line item in the budget for the department to utilize will help in the reconciliation process of the capital assets. The physical inventory will be completed in this fiscal year complete with additions and deletions approved by the State Auditor and the Board of Commissioners.

**Schedule of Findings and Responses**

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**CURRENT YEAR FINDINGS  
COMPLIANCE AND OTHER MATTERS**

**FINDING 2011-05**

Reporting

Condition – I noted on the October, 2010, report to the Energy, Minerals and Natural Resources Department of New Mexico (EMNRD) that expenditures of \$86,275 were reported; however, the general ledger reflects expenditures of zero. The November, 2010, report reflects expenditures of \$99,196 while the general ledger reflects expenditures of \$185,470. The December, 2010, report reflects the same cumulative expenditures of \$240,157 as current expenditures of \$240,157.

Criteria – The grant agreement with EMNRD sets forth the reporting requirements and the reporting form is provided online. The transparency requirements of the American Recovery and Reinvestment Act require that all reporting accurately and timely reflect actual costs.

Effect – The reports do not accurately report actual expenditures as reflected in the general ledger.

Cause – The County does not have in place an internal control system to check and review amounts included in the reports to ensure accuracy. Additionally, the grantor agency EMNRD instructed the County to submit a request for draw down in October, 2010, based on an invoice for equipment that had not yet been paid by the County and was, therefore, not reflected in the general ledger. This resulted in over-reporting expenditures for October and underreporting for November.

Recommendation - I recommend the County develop a control system in which the report prepared by one person would be reviewed by a second person and documented with a checklist to ensure accuracy. Further, I recommend that reports only be prepared from expenditures recorded in the books of account not off books sources.

Management's response – Management Concurs

**FINDING 2011-06**

Compliance with the Buy American Requirements of the ARRA

Condition – I was unable to determine that equipment installed as a part of the grant met the requirements for being manufactured in the United States.

Criteria – The terms of the grant and the ARRA required that equipment installed, purchased from grant proceeds be manufactured in the United States.

Effect - The County may not be in compliance with the requirement to only use equipment manufactured in the United States.

Cause - The bid specifications drawn by the County's architect did not include a requirement that equipment used in the project be manufactured in the United States. The contractor was not able to produce certification that the equipment installed met the requirement for manufacture in the United States as required by the American Recovery and Reinvestment Act.

Recommendation – I recommend the procurement policy be revised to specifically include a provision referencing federal procurement requirements and a system of reviewing bid specifications of federal grants to include the federal requirements by reference.

**Union County New Mexico  
For the Year Ended June 30, 2011**

**Schedule of Findings and Responses**

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**CURRENT YEAR FINDINGS (CONTINUED)  
COMPLIANCE AND OTHER MATTERS (CONTINUED)**

**FINDING 2011-06 (CONTINUED)**

Compliance with the Buy American Requirements of the ARRA (Continued)

Management's response –

Please see response on Finding 2011-04

Corrective Action Plan -

Please see response on Finding 2011-04

**FINDING 2011-07**

Cash Management

Condition - I noted the County received a drawdown of \$86,275 on October 6, 2010 and did not spend this amount on the project until November 12, 2010. Interest income earned by the County of \$75 was not reimbursed to the EMNRD.

Cash Management (Continued)

Criteria - OMB Circular A-102 and Treasury regulations 31 CFR Part 205 require that the grantor be reimbursed interest received by the County for the period federal funds are held prior to disbursement.

Effect – The County is not in compliance with the Cash Management requirements.

Cause – EMNRD, the Prime Recipient instructed the County to drawdown the funds on the basis of an invoice for equipment to be installed for the project, but had not yet been paid to the contractor. This resulted in the funds being held for 37 days before disbursement.

Recommendation – I recommend the County contact EMNRD and request if the interest of \$75 should be reimbursed to them.

Management's response - The administrative staff will contact the ENMRD project manager and discuss with him the \$75 interest to be reimbursed to him.

Corrective Action Plan

We will do what ENMRD advises us to do.

**Union County New Mexico  
For the Year Ended June 30, 2011**

**Schedule of Findings and Responses**

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**CURRENT YEAR FINDINGS (CONTINUED)  
COMPLIANCE AND OTHER MATTERS (CONTINUED)**

**FINDING 2011-08**

Separate Recording of Federal and Non-Federal Expenditures

Condition – I noted that expenditures for a federal award were not recorded separately in the general ledger to distinguish between non-federal expenditures.

Expenditures for a second federal program were, also, co-mingled with non-federal expenditures in the general ledger, but expenditures were distinguished in off-books records.

Criteria – OMB Circular A-133 standards requires grant recipients to distinguish federal expenditures from non-federal expenditures to insure the accuracy and reporting necessary for federal reports and, if necessary, the Schedule of Expenditures of Federal Awards.

Effect – The County is not in compliance with federal requirements in accounting and recording federal funds. Additionally, accurate reporting of federal expenditures as required by the grant is more difficult since expenditures cannot readily be identified in the general ledger.

Cause – The budget and the accounting system have not been structured to segregate federal expenditures. Off-books accounting methods have been used by some, but not all, federal grants to identify federal expenditures.

Recommendation – I recommend that the budget and accounting system be structured to segregate federal expenditures from non-federal expenditures and that federal reports be prepared from transactions recorded in the general ledger.

Management concurs.

**FINDING 2011-09**

Late Audit Report

Condition - The audit report was submitted after the due date of November 15, 2011.

Criteria - State Auditor Rule 2.2.2.9 requires the audit report to be submitted by November 15, 2011.

Effect – The audit report was submitted after the due date.

Cause – The County had a number of complex transactions during the year to include loan intercepts, NMFA loans, misclassified revenue and expense accounts that the cash basis accounting system is not capable of recording that required reconciliation and compilation to prepare the financial statements. Transactions had not been recorded in the subsidiary capital asset ledger, due in part to an employee leaving at year end before these transactions were posted or reconciled. Additionally, the auditors were required to reopen field work to examine possible abuse reported on November 9, 2011.

Recommendation - I recommend maintaining hand posted off-books ledgers timely and concurrently for transactions that cannot be recorded in the cash basis accounting system to facilitate the timely preparation of financial statements at year end.

Management's Response - Union County will work with the auditor to ensure the audit is submitted on a timely basis in the future.

**Union County New Mexico  
For the Year Ended June 30, 2011**

**Schedule of Findings and Responses**

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**CURRENT YEAR FINDINGS (CONTINUED)  
COMPLIANCE AND OTHER MATTERS (CONTINUED)**

**FINDING 2008-08**

Procurement

Condition – On July 20, 2010, the County approved the acquisition of a D-8 Caterpillar Bulldozer but did not seek competitive bids for the acquisition. The purchase was completed on December 13, 2010, for \$510,000. A sole source vendor certification was completed on November 9, 2011.

In May of 2007, the County sought competitive bids for construction equipment services and awarded a contract that was renewable in the following years. During fiscal year 2011, the contract was not renewed; however, the construction company continued to perform services without a contract in the amount of \$54,427. The County requested bids in June of 2011 for the construction equipment services.

I noted 20 instances which purchases occurred prior to the issue of a purchase order.

Criteria – Section 13-1-102 NMSA 1978 requires competitive sealed bidding for procurement other than small purchases, sole source, emergency procurement, existing contracts and purchases from anti-poverty programs. The County Procurement Policy, also, requires sealed competitive bidding for procurement consistent with the State Procurement Code.

Section 13-1-126 provides that a contract may be awarded without competitive sealed bids if the procurement officer makes a determination, after conducting a good faith review of all available sources, that there is only one source for the required item.

Section 2.2 of the County Procurement Code requires the execution of a purchase order prior to executing purchases (Resolution 99-4).

Effect – The County is in violation of the State and County Procurement Code.

Cause – County personnel apparently forgot to bid the acquisition of the Caterpillar.

The County had an existing contract in place for equipment services that expired prior to fiscal year 2011. Although the contract provided for renewal on an annual basis, the contract was not renewed due to oversight. The County does not have a tickler system to remind personnel of coming events.

Failure to execute purchase orders prior to purchases is apparently due to unfamiliarity of the procurement clerk with the County Procurement Code.

Recommendation – I recommend County personnel seek more training in application of the Procurement Code and be more vigilant in ensuring compliance with the Procurement Code.

Management's response - Management concurs

**Union County New Mexico  
For the Year Ended June 30, 2011**

**Schedule of Findings and Responses**

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**STATUS OF PRIOR YEAR FINDINGS**

- Finding 2010-01 Payroll Checklists - Corrected
- Finding 2010-02 Reconciliation of Payroll - Not corrected and included in current year report
- Finding 2010-03 Grant Accounting Receivables – Corrected
- Finding 2010-04 Negative Cash Balance – Corrected
- Finding 2010-05 Allocation of Interest – Corrected
- Finding 2010-06 Intercept Payments – Not corrected and included in current year report
- Finding 2010-07 Revenue Classification – Not corrected and included in current year report
- Finding 2010-08 Bank Loans – Corrected
- Finding 2010-09 Timely Filed Fire Fund Carryover Request – Corrected
- Finding 2006-05 Property Tax Schedule - Corrected
- Finding 2008-02 Accounting Deficiencies:
  - Debt reserve funds not recorded – not corrected included in current report as finding 2011-01
  - Volunteer Fire Department Funds not controlled by County Treasurer - Corrected
- Finding 2008-04 Capital Asset Records - Not corrected and included in current year report
- Finding 2007-10 Bank Depositories - Corrected
- Finding 2008-08 Procurement – Not corrected and included in current year report

**FINANCIAL STATEMENT PRESENTATION**

The auditing firm, R. Kelly McFarland, CPA, PC, prepared the financial statements of Union County as of June 30, 2011, from the books and records of the County. The financial statements, including notes and disclosures, were reviewed and accepted by County Government Management.

**EXIT CONFERENCE**

An exit conference was held in which these matters were discussed on December 9, 2011, in the County Manager's Office in Clayton, New Mexico. Those in attendance were: Commissioner Justin Bennett, Treasurer Kay Arnett, County Manager Angie Gonzales, Assistant Cheryl Garcia, and Kelly McFarland, CPA.