

**Union County, New Mexico**  
**June 30, 2012**

Financial Statements and Supplementary Information  
As Of And For The Year Ended June 30, 2012  
With Independent Auditor's Report Thereon

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*A Professional Corporation*  
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*Tucumcari, NM 88401*



**STATE OF NEW MEXICO  
UNION COUNTY**

**Official Roster  
For the year ended June 30, 2012**

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**

**Table of Contents  
June 30, 2012**

	Page No.
Official Roster.....	1
Table of Contents.....	2
Financial Section:	
Independent Auditor's Report.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	7
Statement of Activities.....	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	9
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.....	11
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	13
Statement of Revenue, Expenditures and Changes in Budgetary Cash - Budget and Actual (Non-GAAP Budgetary Basis):	
General Fund .....	14
Road Fund.....	21
Hospital Mill Levy Fund .....	23
Rabbit Ear Fire District Fund .....	24
Statement of Fiduciary Assets and Liabilities .....	25
Notes to Financial Statements .....	26

**STATE OF NEW MEXICO  
UNION COUNTY**

Required Supplementary Information:

Combining Balance Sheet - Nonmajor Governmental Funds ..... 51a

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances - Nonmajor Governmental Funds ..... 57

Schedule of Revenue, Expenditures and Changes in  
Budgetary Cash - Budget and Actual (Non-GAAP  
Budgetary Basis):

Special Revenue Funds:

Farm and Range ..... 63

Recreation..... 64

Clerk's Fees ..... 65

Indigent Hospital Fund ..... 66

Capulin Fire District..... 67

Sedan Fire District..... 68

Amistad/Hayden Fire District..... 69

Grenville Fire District..... 70

Capulin Emergency Medical Service..... 71

Amistad/Hayden Emergency Medical Service ..... 72

Correction Fees..... 73

DWI State Grant..... 74

Reappraisal..... 75

Law Enforcement Protection ..... 76

Emergency Services Governmental Gross Receipts Tax ..... 77

Gross Receipts Tax Reserve ..... 78

Fire Marshall ..... 79

**STATE OF NEW MEXICO  
UNION COUNTY**

Required Supplementary Information (continued):

Special Revenue Funds (continued):

Corrections Gross Receipts Tax .....	80
Governmental Gross Receipts Tax General .....	81
Special Hospital Gross Receipts Tax .....	82
Legislature Appropriations .....	83
Collaborative Health Council .....	84

Capital Projects Fund:

Capital Improvements/Emergency .....	85
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Debt Service Fund:

Debt Service .....	86
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Reconciliation between the nonmajor non-GAAP budgetary (cash) basis amounts and the governmental fund financial statements by fund type .....	87
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Other Supplementary Information:

Schedule of Changes in Assets and Liabilities - Agency Funds .....	89
Bank Reconciliation - All Accounts .....	90
Property Tax Schedule.....,	91
Schedule of Pledged Collateral to Secure the Deposits of Public Funds .....	93
Tax Roll Reconciliation - Changes in Property Taxes Receivable .....	94
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 .....	95
Schedule of Financial Statement and Compliance Findings .....	97

# **FINANCIAL SECTION**



**R. Kelly McFarland**

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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, 2012, 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, 2012, 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 carrying amount of capital assets as reflected in the financial statements in the amount of \$1,930,993. 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 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 were misclassified as "refunds or reimbursements" and to other revenue accounts as well. Misclassifications of revenue preclude the completeness and clarity of reporting revenue, to include distinguishing State and Federal funding. Management has not prepared reconciliations of revenue for proper classification.

The revenue budget resolutions amending the final budget in the amount of \$904,250 have not been reflected in the budgeting comparisons of the financial statements.



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, by obtaining sufficient appropriate audit evidence. 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 and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds of Union County, New Mexico as of and for the year ended June 30, 2012, 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 referred to in the first paragraph, of each nonmajor governmental fund and fiduciary fund of Union County as of June 30, 2012, 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 November 9, 2012, 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, 2012, 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 for the year ended June 30, 2012 and have issued my report thereon dated November 9, 2012. The accompanying other supplementary information 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 not sufficient as discussed in paragraphs two, three, four and five above to enable me to express an opinion and I do not express an opinion on the basic financial statements and the combining and individual fund financial statements. Accordingly, because of the significance of these matters, it is inappropriate to and I do not express an opinion of the other supplementary information listed in the Table of Contents.



November 9, 2012

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# **BASIC FINANCIAL STATEMENTS**

UNION COUNTY, NEW MEXICO

Statement of Net Assets  
June 30, 2012

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 5,267,165
Shared taxes receivable	241,924
Interest receivable	719
Prepays	33,631
Delinquent property taxes receivable, net	127,140
Restricted:	
Investments held by fiscal agent	429,659
Capital assets, net	<u>4,408,226</u>
 Total assets	 <u><u>\$ 10,508,464</u></u>
<u>LIABILITIES</u>	
Accounts payable	47,057
Due to other governments - property taxes	41,202
Accrued interest payable	9,534
Compensated absences payable	45,043
Accrued salary payable	71,433
Noncurrent liabilities - due within one year	252,204
Noncurrent liabilities - due in more than one year	<u>1,560,455</u>
 Total liabilities	 <u>2,026,928</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	2,595,567
Restricted for:	
Debt service	429,659
Unrestricted	<u>5,456,310</u>
 Total net assets	 <u>8,481,536</u>
 Total liabilities and net assets	 <u><u>\$ 10,508,464</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, 2012

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	\$ 1,740,871	\$ 49,580	\$ 521,197	\$ 0	\$ (1,170,094)
Public safety	1,163,140	0	595,184	40,334	(527,622)
Public works	1,353,011	0	412,521	0	(940,490)
Culture and recreation	14,600	0	0	0	(14,600)
Health and welfare	1,347,631	0	0	0	(1,347,631)
Depreciation on capital assets - Unallocated	538,761				(538,761)
Interest on long-term debt	34,177				(34,177)
<b>Total</b>	<b>\$ 6,192,191</b>	<b>\$ 49,580</b>	<b>\$ 1,528,902</b>	<b>\$ 40,334</b>	<b>(4,573,375)</b>

General revenues:	
Property taxes	1,716,904
Governmental gross receipts tax	1,173,053
Oil and gas taxes	398,128
Motor vehicle and fuel taxes	411,312
Gas taxes	186,804
Licenses and permits	850
Fines and forfeits	45,442
Miscellaneous	564,571
<b>Total general revenues</b>	<b>4,497,064</b>
<b>Change in net assets</b>	<b>(76,311)</b>
Net assets - beginning of year, as previously reported	8,415,637
Adjustments to capital assets, see Note 7	142,210
Net assets - beginning of year as restated	8,557,847
Net assets - end of year	<b>\$ 8,481,536</b>

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

UNION COUNTY, NEW MEXICO

Balance Sheet  
 Governmental Funds  
 June 30, 2012

	<u>ASSETS</u>	General Fund	Road Fund	Hospital Mill Levy Fund
Cash on hand		\$ 250	\$ 0	\$ 0
Cash in banks		2,081,211	680,849	306,992
Shared taxes receivable		35,484	49,890	15,835
Due from other funds		81,902	0	0
Interest receivable		280	149	0
Prepaid insurance		13,363	2,934	3,151
Restricted assets		0	142,030	0
Delinquent property tax receivable, net		99,468	0	26,437
<b>Total assets</b>		<b>\$ 2,311,958</b>	<b>\$ 875,852</b>	<b>\$ 352,415</b>
	<u>LIABILITIES</u>			
Accounts payable		\$ 13,949	\$ 22,314	\$ 0
Due to other governments - property taxes		41,202		
Deferred revenue		47,971	0	22,350
Compensated absences payable		0	0	0
Due to other funds		0	0	0
Accrued salary payable		39,090	27,421	0
<b>Total liabilities</b>		<b>142,212</b>	<b>49,735</b>	<b>22,350</b>
	<u>FUND BALANCE</u>			
Nonspendable		95,265	2,934	3,151
Restricted:				
General fund		0		
Special revenue funds			142,030	0
Capital projects funds				
Debt service fund				
Committed:				
General fund				
Special revenue funds				
Capital projects funds				
Debt service fund				
Assigned		24,360	681,153	326,914
Unassigned		2,050,121	0	0
<b>Total fund balance</b>		<b>2,169,746</b>	<b>826,117</b>	<b>330,065</b>
<b>Total liabilities and fund balance</b>		<b>\$ 2,311,958</b>	<b>\$ 875,852</b>	<b>\$ 352,415</b>

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

Rabbit Ear Fire District Fund	Capital Improvements/ Emergency Fund	Other Governmental Funds	Total Governmental Activities
\$ 0	\$ 0	\$ 0	\$ 250
4,683	233,761	1,959,419	5,266,915
0	0	140,715	241,924
0	0	0	81,902
0	72	218	719
3,088	0	11,095	33,631
0	0	287,629	429,659
0	0	1,235	127,140
<u>\$ 7,771</u>	<u>\$ 233,833</u>	<u>\$ 2,400,311</u>	<u>\$ 6,182,140</u>
\$ 698	\$ 0	\$ 10,096	\$ 47,057
0	0	1,041	41,202
0	0	0	71,362
81,902	0	0	0
0	0	4,922	81,902
<u>82,600</u>	<u>0</u>	<u>16,059</u>	<u>71,433</u>
			<u>312,956</u>
3,088	0	12,330	116,768
0		38,987	0
			181,017
			0
			0
			0
	0		0
0	233,833	2,332,935	3,599,195
(77,917)		0	1,972,204
<u>(74,829)</u>	<u>233,833</u>	<u>2,384,252</u>	<u>5,869,184</u>
<u>\$ 7,771</u>	<u>\$ 233,833</u>	<u>\$ 2,400,311</u>	<u>\$ 6,182,140</u>

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

Fund balances - total governmental funds	\$ 5,869,184
Delinquent property tax is not recognized because it is not available (net)	71,362
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	
Capital assets	19,555,762
Accumulated depreciation	(15,147,536)
Accrued interest payable not recognized	(9,534)
Accrued compensated absences not recognized	(45,043)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(1,812,659)
Net assets of governmental activities	<u>\$ 8,481,536</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, 2012

	General Fund	Road Fund	Hospital Mill Levy Fund
<b>Revenue:</b>			
Taxes	\$ 1,409,286	\$ 581,995	\$ 671,781
Licenses and permits	850	0	0
Charges for services	37,629	0	0
Fines and forfeits	13,939	0	0
Miscellaneous	17,342	325,068	0
Intergovernmental	518,761	389,932	0
Investment earnings	15,312	5,208	1,858
<b>Total revenues</b>	<b>2,013,119</b>	<b>1,302,203</b>	<b>673,639</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	1,284,834	0	0
Public safety	498,707	0	0
Public works	0	1,355,000	0
Culture and recreation	14,600	0	0
Health and welfare	0	0	671,192
Capital outlay	3,037	2,024	0
<b>Debt service:</b>			
Principal payments	0	177,488	0
Interest payments	0	21,086	0
<b>Total expenditures</b>	<b>1,801,178</b>	<b>1,555,598</b>	<b>671,192</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>211,941</b>	<b>(253,395)</b>	<b>2,447</b>
<b>Other financing sources (uses):</b>			
Operating transfers in	27,111	105,807	0
Operating transfers out	(58,000)	0	0
Proceeds from NMFA Loan	0	0	0
Sale of capital assets	0	8,023	0
<b>Total other financing sources over other financing (uses)</b>	<b>(30,889)</b>	<b>113,830</b>	<b>0</b>
<b>Net change in fund balance</b>	<b>181,052</b>	<b>(139,565)</b>	<b>2,447</b>
<b>Fund balance, beginning of year as previously reported</b>	<b>1,988,694</b>	<b>965,682</b>	<b>327,618</b>
<b>Fund balance, end of year</b>	<b>\$ 2,169,746</b>	<b>\$ 826,117</b>	<b>\$ 330,065</b>

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



Rabbit Ear Fire District Fund	Capital Improvements/ Emergency Fund	Other Governmental Funds	Total Governmental Activities
\$ 0	\$ 0	\$ 1,197,364	\$ 3,860,426
0	0	0	850
0	0	11,951	49,580
0	0	31,503	45,442
14,128	0	159,754	516,292
107,766	25,000	527,777	1,569,236
458	1,759	15,662	40,257
<u>122,352</u>	<u>26,759</u>	<u>1,944,011</u>	<u>6,082,083</u>
0	0	465,874	1,750,708
53,803	0	611,459	1,163,969
0	0	0	1,355,000
0	0	0	14,600
0	30,595	645,844	1,347,631
505,348	0	198,550	708,959
0	0		
118,598	0	40,732	336,818
4,313	0	3,502	28,901
<u>682,062</u>	<u>30,595</u>	<u>1,965,961</u>	<u>6,706,586</u>
<u>(559,710)</u>	<u>(3,836)</u>	<u>(21,950)</u>	<u>(624,503)</u>
35,000	0	143,000	310,918
0	0	(252,918)	(310,918)
464,870	0	375,550	840,420
0	0	1,250	9,273
<u>499,870</u>	<u>0</u>	<u>266,882</u>	<u>849,693</u>
<u>(59,840)</u>	<u>(3,836)</u>	<u>244,932</u>	<u>225,190</u>
<u>(14,989)</u>	<u>237,669</u>	<u>2,139,320</u>	<u>5,643,994</u>
<u>\$ (74,829)</u>	<u>\$ 233,833</u>	<u>\$ 2,384,252</u>	<u>\$ 5,869,184</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, 2012

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

Net change in fund balance - total governmental funds	\$ 225,190
<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	708,958
Depreciation	(538,761)
<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>	
	25,775
<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>	
	(5,276)
<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>	
	11,405
<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>	
	336,818
<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>(840,420)</u>
Change in net assets of governmental activities	<u>\$ (76,311)</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenue:</b>				
Taxes - local effort:				
Property - current	\$ 900,000	\$ 900,000	\$ 1,096,435	\$ 196,435
Property - delinquent	10,000	10,000	23,669	13,669
Penalty and interest	7,500	7,500	14,621	7,121
Governmental - gross receipts	500	500	618	118
<b>Total taxes - local effort</b>	<b>918,000</b>	<b>918,000</b>	<b>1,135,343</b>	<b>217,343</b>
Taxes - state shared:				
Oil and gas - production	148,031	148,031	249,292	101,261
Oil and gas - equipment	27,431	27,431	36,806	9,375
Motor vehicle	10,000	10,000	16,150	6,150
Cigarette tax	0	0	0	0
<b>Total taxes - state shared</b>	<b>185,462</b>	<b>185,462</b>	<b>302,248</b>	<b>116,786</b>
Licenses and permits:				
Liquor licenses	250	250	250	0
Merchandise licenses	250	250	600	350
<b>Total licenses and permits</b>	<b>500</b>	<b>500</b>	<b>850</b>	<b>350</b>
Charges for services:				
Clerk fees	14,500	14,500	25,128	10,628
Probate fees	300	300	300	0
Sheriff's fees	8,500	8,500	8,669	169
Treasurer fees	25	25	428	403
Administrative fee	1,300	1,300	1,024	(276)
Compliance officer fee	375	375	5	(370)
<b>Total charges for services</b>	<b>25,000</b>	<b>25,000</b>	<b>35,554</b>	<b>10,554</b>
Miscellaneous:				
Interest income	25,000	25,000	16,254	(8,746)
Reimbursement to county	0	0	8,337	8,337
Refunds or recoveries	0	0	156	156
Elections	0	0	520	520
Sale of county property	0	0	0	0
Civil penalties	0	0	1,500	1,500
Emergency Services	0	0	0	0
Miscellaneous	500	500	8,449	7,949
Filing Fees-Bureau of Elect.	0	0	400	400
<b>Total miscellaneous</b>	<b>25,500</b>	<b>25,500</b>	<b>35,616</b>	<b>10,116</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues (continued):				
Grants:				
Federal:				
Payment in lieu of taxes (PILT)	\$ 111,000	\$ 111,000	\$ 142,761	\$ 31,761
State:				
Small county assistance (DFA)	350,000	350,000	376,000	26,000
Total grants	461,000	461,000	518,761	57,761
Total revenues	1,615,462	1,615,462	2,028,372	412,910
Expenditures:				
Current:				
General Government:				
County commission:				
Elected officials	46,893	46,893	46,904	(11)
FICA	3,587	3,587	3,008	579
PERA	7,508	7,508	7,508	0
Group insurance 70%	13,100	18,000	17,904	96
Workers' compensation pool	15,200	15,200	15,036	164
Retiree Health Care Act	860	860	827	33
Mileage and per diem	13,000	13,000	11,681	1,319
Car expense	0	0	0	0
Equipment - maintenance and repair	0	0	0	0
Maintenance contract	0	0	0	0
Audit	30,550	30,550	30,529	21
Chamber - special	1,000	1,000	450	550
Professional services	99,000	297,175	252,901	44,274
Telephone	1,500	1,825	1,821	4
Road viewers	50	50	0	50
Clayton literacy	0	0	0	0
Official bond	850	1,100	1,092	8
Mainstreet	1,750	1,750	1,750	0
Union County youth supporters	1,400	1,400	1,400	0
Village of Des Moines	1,000	1,000	1,000	0
Business lease	0	0	0	0
Economic development	17,500	17,500	17,500	0
Chamber of Commerce	4,200	4,200	4,200	0
Property and liability insurance	30,000	25,700	25,635	65
Governmental gross receipts tax	750	750	590	160
Membership dues	10,500	11,150	11,125	25
Ambulance	47,000	47,000	47,000	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	1,400	1,400	1,400	0
Animal control	0	0	0	0
Other operating costs	0	0	0	0
Clayton Senior Citizens	6,000	6,000	6,000	0
Cooperative Extension Service	74,754	74,754	74,754	0
Des Moines Senior Citizens	5,500	5,500	5,500	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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (continued):				
County commission (continued):				
Unemployment insurance	\$ 6,000	\$ 6,000	\$ 5,952	\$ 48
Capital outlay	0	0	0	0
Total county commission	<u>462,052</u>	<u>662,052</u>	<u>614,614</u>	<u>47,438</u>
Administrative:				
Full-time salaries	82,944	82,944	71,037	11,907
Part-time salaries	0	0	0	0
FICA	6,346	6,346	5,331	1,015
PERA	13,279	13,279	11,330	1,949
Retiree Health Care Act	1,521	1,521	1,293	228
Group insurance 70%	4,100	4,100	2,823	1,277
Workers' compensation pool	20	20	16	4
Mileage and per diem	3,500	2,050	1,291	759
Equipment - maintenance and repair	300	300	5	295
Office supplies	2,000	2,000	1,797	203
Postage	1,000	1,050	1,025	25
Telephone	2,000	2,000	1,793	207
Printing and publishing	2,000	2,000	1,332	668
Rental of equipment	14,225	15,625	14,121	1,504
Utilities	0	0	0	0
Capital outlay	0	0	0	0
Total administrative	<u>133,235</u>	<u>133,235</u>	<u>113,194</u>	<u>20,041</u>
Maintenance, operations and buildings:				
Full-time salaries	52,038	52,038	55,658	(3,620)
Temporary salaries	2,500	0	0	0
Over-time salaries	0	0	0	0
FICA	4,171	4,171	3,967	204
PERA	8,331	8,331	8,905	(574)
Retiree Health Care Act	954	954	1,017	(63)
Group insurance 70%	9,000	9,000	8,880	120
Workers' compensation pool	20	20	18	2
Car expense	1,000	2,000	1,806	194
Equipment - maintenance and repair	3,250	3,250	811	2,439
Court house repairs	6,000	6,000	1,678	4,322
Other building repairs	4,000	4,000	1,467	2,533
Grounds - maintenance and improvements	7,000	5,500	682	4,818
Janitor supplies	2,950	2,950	2,760	190
Tools and supplies	3,000	2,000	1,502	498
Rental of equipment	0	0	0	0
Utilities	24,000	28,800	28,757	43

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (continued):				
Maintenance, operations and buildings (continued):				
Capital outlay	\$ 1,500	\$ 700	\$ -	\$ 700
Total maintenance, operations and buildings	129,714	129,714	117,908	11,806
Recording and filing:				
Elected official	46,090	46,090	46,118	(28)
Full-time salaries	41,481	41,481	41,543	(62)
Part-time salaries	6,000	6,000	0	6,000
FICA	7,157	7,157	6,288	869
PERA	14,020	14,020	14,020	0
Retiree Health Care Act	1,606	1,606	1,600	6
Group insurance 70%	15,800	15,800	12,661	3,139
Workers' compensation pool	28	28	18	10
Mileage and per diem	3,000	3,000	657	2,343
Equipment - maintenance and repair	0	0	0	0
Office supplies	1,200	1,200	1,092	108
Record books	2,500	28,750	28,059	691
Microfilm supplies	2,000	2,000	65	1,935
Postage	1,000	1,000	307	693
Telephone	1,000	1,000	801	199
Printing and reproduction	500	500	0	500
Rental of equipment	13,000	13,000	12,102	898
Vault rent	120	120	120	0
Maintenance contract	2,500	2,500	944	1,556
Other recoding and filing expenses	0	0	0	0
Capital outlay	6,000	6,000	2,074	3,926
Total recording and filing	165,002	191,252	168,469	22,783
Elections:				
Clerical assistance	6,000	6,000	144	5,856
Voting machine tech	4,000	4,000	1,719	2,281
Precinct board	10,000	10,000	5,308	4,692
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	2,363	2,137
Equipment - maintenance and repair	1,000	1,000	0	1,000
Maintenance contract	0	0	0	0
Postage	3,500	3,500	2,200	1,300
Printing and publication	13,000	13,000	1,983	11,017
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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (continued):				
Elections (continued):				
Telephone	\$ 2,000	\$ 2,000	\$ 1,227	\$ 773
Other election expenses	13,400	13,400	2,280	11,120
Total elections	<u>59,775</u>	<u>59,775</u>	<u>17,224</u>	<u>42,551</u>
Property assessments:				
Elected official	47,560	47,560	52,397	(4,837)
Full-time salaries	42,804	42,804	38,058	4,746
Part-time salaries	24,766	24,766	24,745	21
Overtime salaries	0	0	0	0
FICA	8,808	8,808	8,691	117
PERA	18,432	18,432	18,425	7
Retiree Health Care Act	2,111	2,111	2,103	8
Group insurance 70%	7,725	7,725	3,622	4,103
Workers' compensation pool	28	28	25	3
Mileage and per diem	3,000	3,000	2,337	663
Car expense	800	800	754	46
Office supplies	500	1,275	1,261	14
Record books	200	200	134	66
Postage	1,600	1,500	1,410	90
Telephone	1,200	810	810	0
Capital outlay	1,000	0	0	0
Printing and reproduction	700	700	612	88
Rental of equipment	10,750	11,575	10,778	797
Mapping	800	690	613	77
Total property assessments	<u>172,784</u>	<u>172,784</u>	<u>166,775</u>	<u>6,009</u>
Collections:				
Elected official	46,090	46,090	46,141	(51)
Full-time salaries	41,481	41,481	41,527	(46)
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	1,606	1,606	1,600	6
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	938	1,062
Record books	600	600	252	348
Postage	2,500	2,500	1,704	796
Telephone	1,500	1,500	555	945
Printing and reproduction	500	500	34	466
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
Total collection	<u>153,181</u>	<u>153,181</u>	<u>137,221</u>	<u>15,960</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (continued):				
Law enforcement:				
Elected official	\$ 49,739	\$ 49,739	\$ 49,807	\$ (68)
Full-time salaries	182,242	179,242	178,812	430
Part-time salaries	0	0	0	0
Overtime salaries	30,000	30,000	27,898	2,102
FICA	17,746	17,746	18,605	(859)
PERA	61,062	61,062	59,882	1,180
Retiree Health Care Act	4,759	4,759	5,080	(321)
Group insurance 70%	25,400	25,400	28,735	(3,335)
Workers' compensation pool	60	60	55	5
Mileage and per diem	15,000	15,000	14,653	347
Car expense	35,000	48,200	48,174	26
Equipment - maintenance and repair	25,000	28,000	24,462	3,538
Joint committee agreement	0	0	0	0
Jail agreement	0	0	0	0
Office supplies	2,000	4,500	4,083	417
Uniforms	3,000	1,500	1,366	134
Postage	700	700	419	281
Telephone	6,750	7,000	6,588	412
Printing and reproduction	750	750	67	683
Care of prisoners	0	0	0	0
Animal care	1,500	500	30	470
Rental of equipment	3,800	2,550	2,212	338
Contractual	0	0	0	0
Juvenile detention expense	0	0	0	0
Capital outlay	10,000	10,800	10,243	557
Sheriff's expense	2,000	2,000	2,458	(458)
Prisoners' travel and entertainment	0	0	0	0
Feeding of prisoners	0	0	0	0
<b>Total law enforcement</b>	<b>476,508</b>	<b>489,508</b>	<b>483,629</b>	<b>5,879</b>
Probate judge:				
Elected official	11,074	11,074	11,075	(1)
FICA	848	848	847	1
PERA	1,773	1,773	1,773	0
Retiree Health Care Act	203	203	202	1
Group insurance 70%	0	0	0	0
Workers' compensation pool	10	10	9	1
Mileage and per diem	1,200	1,200	1,030	170
Office supplies	100	100	43	57
Postage	50	50	0	50
<b>Total probate judge</b>	<b>15,258</b>	<b>15,258</b>	<b>14,979</b>	<b>279</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, 2012

	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	2,500	4,300	3,950	350
Office supplies	500	700	568	132
Postage	0	0	0	0
Telephone	1,000	1,000	848	152
Equipment maintenance and repair	3,100	3,100	124	2,976
Capital outlay	2,000	0	0	0
Total loss prevention	9,100	9,100	5,490	3,610
Total expenditures	1,776,609	2,015,859	1,839,503	176,356
Excess (deficiency) revenues over expenditures	(161,147)	(400,397)	188,869	589,266
Other financing sources (uses):				
Operating transfers in	0	0	27,111	27,111
Operating transfers out	0	0	(23,000)	(23,000)
Total other financing sources (uses)	0	0	4,111	4,111
Excess (deficiency) revenues over expenditures and other financing (uses)	(161,147)	(400,397)	192,980	593,377
Budgeted cash balance, beginning of year	1,888,451	1,888,451	1,888,451	0
Budgeted cash balance, end of year	\$ 1,727,304	\$ 1,488,054	\$ 2,081,431	\$ 593,377

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Maps and Data Receipts	\$ 100	\$ 100	\$ 0	\$ (100)
Refunds	0	0	38	38
Reimbursements to county	1,400	1,400	325,029	323,629
Interest income	1,500	1,500	5,291	3,791
State shared taxes:				
Motor vehicle	300,000	300,000	395,047	95,047
Gas - motor vehicle HB-137	144,000	144,000	0	(144,000)
Grants:				
State:				
Road Co-op	93,053	93,053	93,053	0
School bus project	105,840	105,840	105,840	0
County Arterial Project	188,628	188,628	188,628	0
Special road project	42,479	42,479	0	(42,479)
Federal:				
Bank Head Jones	1,500	1,500	2,411	911
<b>Total revenues</b>	<b>878,500</b>	<b>878,500</b>	<b>1,115,337</b>	<b>236,837</b>
Expenditures:				
Current:				
Public works:				
Full-time salaries	504,763	504,763	484,981	19,782
Temporary salaries	0	0	0	0
Over-time salaries	10,000	10,000	3,951	6,049
FICA	38,614	38,614	34,306	4,308
PERA	79,211	79,211	77,656	1,555
Retiree Health Care Act	9,074	9,074	8,279	795
Group insurance 70%	95,000	95,000	93,577	1,423
Workers' compensation	13,500	13,500	12,127	1,373
Mileage and per diem	1,000	450	0	450
Building - maintenance and repair	5,000	5,000	394	4,606
Equipment repairs	65,000	155,000	107,024	47,976
Road construction and maintenance	2,000	7,000	6,943	57
Sign shop maintenance	0	0	0	0
Cooperative agreement	0	0	0	0
E-911 maintenance	15,000	15,000	9,083	5,917
Office supplies	200	200	181	19
Tools and supplies	6,400	6,400	2,654	3,746
Telephone	2,000	2,000	1,429	571
Printing and publishing	0	50	29	21
Rental of equipment	126,000	171,000	154,637	16,363
Utilities	5,000	5,000	4,227	773
Property and liability insurance	6,000	6,500	6,415	85
Equipment operating expense	200,000	306,000	274,642	31,358
Bridge and culverts	25,000	54,000	52,653	1,347
Safety equipment	3,500	3,500	3,490	10

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public works (continued):				
Lease purchase	\$ 0	\$ 50,000	\$ 260	\$ 49,740
Contractual	100,000	100,000	28,356	71,644
C.A.P. agreement	0	0	0	0
Capital outlay	50,000	50,000	25,772	24,228
Total expenditures	<u>1,362,262</u>	<u>1,687,262</u>	<u>1,393,066</u>	<u>294,196</u>
Excess (deficiency) revenues over expenditures	<u>(483,762)</u>	<u>(808,762)</u>	<u>(277,729)</u>	<u>531,033</u>
Other financing sources (uses):				
Operating transfers in	0	0	105,807	105,807
Operating transfers out	0	0	0	0
Sale of capital assets	0	0	8,023	(8,023)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>113,830</u>	<u>113,830</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(483,762)</u>	<u>(808,762)</u>	<u>(163,899)</u>	<u>644,863</u>
Budgeted cash balance, beginning of year	<u>844,748</u>	<u>844,748</u>	<u>844,748</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 360,986</u>	<u>\$ 35,986</u>	<u>\$ 680,849</u>	<u>\$ 644,863</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Current property taxes	\$ 400,000	\$ 400,000	\$ 532,627	\$ 132,627
Delinquent property taxes	10,000	10,000	12,674	2,674
Oil and gas adovorlem tax	10,000	10,000	115,365	105,365
Oil and gas equipment tax	30,000	30,000	17,096	(12,904)
Reimbursements to county	0	0	0	0
Investment interest	0	0	1,859	1,859
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>679,621</u>	<u>229,621</u>
Expenditures:				
Current:				
Health and welfare:				
Operating expense	675,093	675,093	674,343	750
Total expenditures	<u>675,093</u>	<u>675,093</u>	<u>674,343</u>	<u>750</u>
Excess (deficiency) revenues over expenditures	<u>(225,093)</u>	<u>(225,093)</u>	<u>5,278</u>	<u>230,371</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>(225,093)</u>	<u>(225,093)</u>	<u>5,278</u>	<u>230,371</u>
Budgeted cash balance, beginning of year	<u>301,714</u>	<u>301,714</u>	<u>301,714</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 76,621</u>	<u>\$ 76,621</u>	<u>\$ 306,992</u>	<u>\$ 230,371</u>

UNION COUNTY, NEW MEXICO

Rabbit Ear Fire District Fund  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Refunds or recoveries	\$ 473,500	\$ 473,500	\$ 466,126	\$ (7,374)
Donations	4,000	4,000	6,079	2,079
Interest income	500	500	404	(96)
Grants:				
State:				
Fire allotment	85,333	85,333	76,718	(8,615)
Fire grant	0	0	0	0
Total revenues	<u>563,333</u>	<u>563,333</u>	<u>549,327</u>	<u>(14,006)</u>
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	2,000	2,000	269	1,731
Equipment repairs	14,000	14,000	13,866	134
Building repairs	2,500	6,000	4,518	1,482
Utilities	12,500	14,000	13,958	42
Lease purchase	31,050	31,050	0	31,050
Property and liability insurance	7,500	7,210	7,207	3
Postage	100	100	0	100
Printing and publishing	500	500	0	500
Training, mileage and per diem	1,000	1,000	403	597
Operating expense	7,500	12,790	10,700	2,090
Contractual	1,000	1,000	0	1,000
Capital outlay	502,344	617,344	611,302	6,042
Total expenditures	<u>581,994</u>	<u>706,994</u>	<u>662,223</u>	<u>44,771</u>
Excess (deficiency) revenues over expenditures	(18,661)	(143,661)	(112,896)	30,765
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	(18,661)	(143,661)	(112,896)	30,765
Budgeted cash balance, beginning of year	117,579	117,579	117,579	0
Budgeted cash balance, end of year	<u>\$ 98,918</u>	<u>\$ (26,082)</u>	<u>\$ 4,683</u>	<u>\$ 30,765</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 221,407
Shared taxes receivable	9,315
Interest receivable	<u>109</u>
Total assets	<u>\$ 230,831</u>
<u>LIABILITIES</u>	
Other taxing units	\$ 59,181
Taxes paid under protest	<u>171,650</u>
Total liabilities	<u>\$ 230,831</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/Measurement 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 and school bus projects. Capital grants received were primarily for law enforcement.

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 nonmajor 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, net of estimated refunds. Grant revenues are recognized when eligibility requirements are met, net of estimated refunds. 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. Section 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 courthouse heating and cooling improvements.

5. Additionally, the government reports the following nonmajor 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. Section 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.

*Clerk's 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. Section 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. Section 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. Section 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 59A-53-17, NMSA, 1978.

*Reappraisal Fund* - To account for proceeds from property taxes and the one-percent administrative fees assessed by county treasurers to revenue recipients. Section 7-38-38.1, NMSA 1978.

*Hospital Indigent Fund* - To account for indigent hospital patient claims. Financing is from gross receipts taxes. Section 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. Section 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. Section 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. Section 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* – To account for property taxes collected for County School Districts, other incorporated entities within the County and taxes paid under protest. 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, 2012, 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 using the consumption method.

**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 Union County has no policy as to use of restricted resources first, then unrestricted resources, as it seldom occurs.

**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 County's highest level of decision-making authority, the County Commission.

Assigned - The portion of fund balance that are constrained by the County Commission'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.

The County has not developed a policy as whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Notes to Financial Statements

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

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.

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.

**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 2012.

**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.

Notes to Financial Statements

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

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.
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. The budget presentation for revenue reflects the same amounts for the original adopted budget and the final budget as budget resolutions of \$904,250 for all funds was not recorded in the books of account for the current year. The final budget for expenditures properly reflects budget resolutions amending the budget for fiscal year 2012.
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.



Notes to Financial Statements

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

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.
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 \$7.137 for residential property.

*C. Excess of Expenditures over Budget*

For the year ended June 30, 2012, 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 (\$74,829) as of June 30, 2012. At year end, accounts payable were \$698 and due to other funds were \$81,902 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, 2012**

**Notes to Financial Statements**

**Note 3. Deposits and Investments**

At June 30, 2012, the County had \$3,800,000 invested in certificates of deposits and \$1,688,322 in demand and interest bearing accounts for a total carrying amount of \$5,488,322, 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, 2012, \$4,568,572 of the County's bank balance of \$5,568,572 was exposed to custodial credit risk as follows:

	First National Bank of New Mexico Clayton, NM Demand Deposits	Farmers and Stockmen's Bank Clayton, NM Demand Deposits	First National Bank of New Mexico Clayton, NM Time Deposits	Farmers and Stockmen's Bank Clayton, NM Time Deposits
Total amount of deposits on June 30, 2012	\$ 1,009,173	\$ 587,749	\$ 1,871,650	\$ 2,100,000
Less: FDIC coverage	(250,000)	(250,000)	(250,000)	(250,000)
Total uninsured public funds	759,173	337,749	1,621,650	1,850,000
Pledged Collateral held by pledging bank's agent but not in Union County's name	379,586	168,875	1,310,894	1,477,944
Uninsured and uncollateralized	<u>\$ 379,586</u>	<u>\$ 168,875</u>	<u>\$ 310,756</u>	<u>\$ 372,056</u>
50% collateral requirement (as per Section 6-10-17, NMSA, 1978)	\$ 379,586	\$ 168,875	\$ 810,825	\$ 925,000
Total pledged collateral	(379,586)	(168,875)	(1,310,894)	(1,477,944)
Pledged collateral (over) under the requirement	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (500,069)</u>	<u>\$ (552,944)</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 public entity risk pool operates as a common risk management and insurance program for workers' compensation, property and casualty and law enforcement liability coverage. 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 3.83% to 16.65% depending upon the plan - i.e., state general, state hazardous duty, 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, 2012, 2011, and 2010, were \$225,699, \$216,321, and \$209,953, 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 post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA, 1978). The Board is responsible for establishing and amending benefit

Notes to Financial Statements

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

provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for 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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending 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 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, 2012, the statute required each participating employer to contribute 2.292% of each participating employee's annual salary, and each participating employee was required to contribute 1.146% of their salary. In the fiscal year ending 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 2013	2.500%	1.250%

**Union County, New Mexico**  
**For the Year ended, June 30, 2012**

**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 January 1, 1998, 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, 2012, 2011, and 2010, were \$23,656, \$19,876, and \$14,944, 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 changes to the beginning balances of the previously reported capital assets ledger and total net asset fund balance as follows:

Unknown adjustment to beginning balance	\$ (78,691)
Additions of assets acquired in prior years, recorded in the capital asset ledger in the current year	<u>220,901</u>
	<u>\$ 142,210</u>

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

Additions not added to the capital asset ledger in:

Fiscal Year 2011	\$ 1,321,375
Fiscal Year 2012	<u>609,618</u>
	<u>\$ 1,930,993</u>

Depreciation expense by function was not available for the current year. The Statement of Activities reflects unallocated depreciation of \$538,760.

**Union County, New Mexico**  
**For the Year ended, June 30, 2012**

**Notes to Financial Statements**

**Note 7. Changes in Capital Assets, continued**

Capital Asset Inventory Listing						
	Balance	Prior Year Additions	Current Year Additions	Dispositions	Unreconciled Differences	Balance per Capital Asset Inventory Ledger
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 6,830	\$ -	\$ -	\$ -	\$ -	\$ 6,830
Construction in Progress	-				-	-
<b>Land</b>	<b><u>\$ 6,830</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,830</u></b>
Capital assets being depreciated:						
Infrastructure	\$ 12,807,746	\$ -	\$ -	\$ -	\$ (193,688)	\$ 12,614,058
Less: accumulated depreciation	(11,629,722)		(284,792)		183,959	(11,730,555)
<b>Infrastructure, net</b>	<b><u>\$ 1,178,024</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (284,792)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (9,729)</u></b>	<b><u>\$ 883,503</u></b>
Buildings and Improvements	\$ 48,475	\$ -	\$ -	\$ -	\$ (38,663)	\$ 9,812
Less: accumulated depreciation	(46,482)		-		36,670	(9,812)
<b>Buildings and Improvements, net</b>	<b><u>\$ 1,993</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (1,993)</u></b>	<b><u>\$ (0)</u></b>
Equipment	\$ 5,193,865	\$ 220,901	\$ 99,339.00	\$ -	\$ (520,036)	\$ 4,994,069
Less: accumulated depreciation	(3,606,268)		(253,968)		453,067	(3,407,169)
<b>Equipment, net</b>	<b><u>\$ 1,587,597</u></b>	<b><u>\$ 220,901</u></b>	<b><u>\$ (154,629)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (66,969)</u></b>	<b><u>\$ 1,586,900</u></b>
Total capital assets being depreciated	\$ 18,050,086	\$ 220,901	\$ 99,339	\$ -	\$ (752,387)	\$ 17,617,939
Total accumulated depreciation	(15,282,472)		(538,760)		673,696	(15,147,536)
<b>Total capital assets being depreciated, net</b>	<b><u>2,767,614</u></b>	<b><u>220,901</u></b>	<b><u>(439,421)</u></b>	<b><u>-</u></b>	<b><u>(78,691)</u></b>	<b><u>2,470,403</u></b>
Hospital Mill Levy Assets	-				-	-
<b>Governmental activity: Capital assets, net of related debt</b>	<b><u>\$ 2,774,444</u></b>	<b><u>\$ 220,901</u></b>	<b><u>\$ (439,421)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (78,691)</u></b>	<b><u>\$ 2,477,233</u></b>

**Union County, New Mexico**  
**For the Year ended, June 30, 2012**

**Notes to Financial Statements**

**Note 7. Changes in Capital Assets, continued**

	Government-Wide Financial Statements		
	Prior Year Additions Not Added to Capital Asset Inventory Listing	Current Year Additions not included on Capital Asset Inventory Listing	Government-Wide Financial Statement Balance
Governmental activities: Capital assets not being depreciated:			
Land	\$ -	\$ -	\$ 6,830
Construction in Progress			
Land	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,830</u>
Capital assets being depreciated			
Infrastructure	\$ 858,146	\$ 571,270	\$ 14,043,474
Less: accumulated depreciation		-	(11,730,555)
Infrastructure, net	<u>\$ 858,146</u>	<u>\$ 571,270</u>	<u>\$ 2,312,919</u>
Buildings and Improvements	\$ -	\$ -	\$ 9,812
Less: accumulated depreciation		-	(9,812)
Buildings and Improvements, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Equipment	\$ 463,229	\$ 38,348	\$ 5,495,646
Less: accumulated depreciation		-	(3,407,169)
Equipment, net	<u>\$ 463,229</u>	<u>\$ 38,348</u>	<u>\$ 2,088,477</u>
Total capital assets being depreciated	\$ 1,321,375	\$ 609,618	\$ 19,548,932
Total accumulated depreciation		-	(15,147,536)
Total capital assets being depreciated, net	<u>1,321,375</u>	<u>609,618</u>	<u>4,401,396</u>
Hospital Mill Levy Assets	-	-	-
<b>Governmental activity: Capital assets, net of related debt</b>	<u>\$ 1,321,375</u>	<u>\$ 609,618</u>	<u>\$ 4,408,226</u>

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 Authority (NMFA) loan agreements:

A loan agreement with a blended interest rate of 2.702%, dated June 19, 2009, for the acquisition of a fire tanker by the Grenville Fire Fund. State Fire Protections Funds are pledged until maturity, which for fiscal year 2012 was \$1,004, constituting 2% of the total revenue for the year.

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. Gas Tax Revenues are pledged until maturity, which for the fiscal year 2012 was \$80,532, constituting 43% of revenue for the year.

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 District Fund was paid off during the year. State Fire Protections Funds were pledged until maturity, which for fiscal year 2012 was \$31,048, constituting 29% of the total revenue for the year. The balance of the funds used the payoff were \$35,000 from the general fund and \$56,807 from the Rabbit Ear Fire District 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. State Fire Protection Funds were pledged until maturity, which for fiscal year 2012 was \$31,048, constituting 32% of revenue for the year.

A loan agreement with a blended interest rate of 1.064%, dated November 19, 2010, for the acquisition of a bulldozer. Gas Tax Revenues are pledged until maturity, which for fiscal year 2012 was \$105,807, constituting 57% of the total revenue for the year. In addition Gross Receipts Tax revenues of \$32,557 constituting 44% of total revenue were intercepted.

Additional obligations were acquired in the current year as follows:

A loan agreement with a blended interest rate of 3.027%, dated August 19, 2011, for the building of the new main station for the Rabbit Ear Fire Department. State Fire Protections Funds are pledged until maturity beginning in fiscal year 2013. No revenues were intercepted in fiscal year 2012.

A loan agreement with a blended interest rate of 1.94%, dated June 1, 2012, for the addition to the existing Sedan Fire Station. State Fire Protections Funds are pledged until maturity, beginning in fiscal year 2013. No revenues were intercepted in fiscal year 2012.

A loan agreement with a blended interest rate of 2.626%, dated July 22, 2011, for the acquisition of an initial attack fire apparatus for the Capulin Fire Department. State Fire Protections Funds are pledged until maturity, beginning in fiscal year 2013. No revenues were intercepted in fiscal year 2012.



**Union County, New Mexico**  
**For the Year ended, June 30, 2012**

**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, 2011			June 30, 2012		Amount Due Within One Year
	Balance	Additions	Payments	Balance		
NMFA Loan- 2428-PP Rabbit Ear Initial Attack Fire Truck	\$ 118,598	\$ -	\$ 118,598	\$ -		\$ -
NMFA Loan - 2611-PP Rabbit Ear Fire Department Main Station	-	464,870	-	464,870		16,802
NMFA Loan No. 2324-PP Three Motor Graders	559,392	-	63,937	495,455		65,111
NMFA Loan No. PP-2520 Bulldozer	463,755	-	113,551			114,947
NMFA Loan No. 2426-PP Sedan Initial Attack Fire Truck	108,648	-	26,590	82,058		26,909
NMFA Loan Sedan Fire Department Addition	-	253,750	-	253,750		1,031
NMFA 2598-PP Capulin Initial Attack Fire Truck	-	121,800	-	121,800		12,944
NMFA Loan 2279-PP Grenville Tanker	58,664	-	14,142	44,522		14,460
	<u>\$ 1,309,057</u>	<u>\$ 840,420</u>	<u>\$ 336,818</u>	<u>\$ 1,812,659</u>		<u>\$ 252,204</u>
Compensated Absences		Net Change Additions	Net Change Used			
Major Funds						
General	\$ 22,661		\$ 9,837	\$ 12,824		
Road	33,160		1,989	31,171		
DWI	627	\$ 421		1,048		
	<u>\$ 56,448</u>	<u>\$ 421</u>	<u>\$ 11,826</u>	<u>\$ 45,043</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 gross compensated absences accrued and used was not available.

Long-term liabilities are typically liquidated from the related applicable fund incurring the obligation. Debt issuance costs paid from debt proceeds are reported as expenditures.

Union County, New Mexico  
For the Year ended, June 30, 2012

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, 2012, is as follows:

Year	NMFA Loan		NMFA Loan		NMFA Loan	
	Sedan Initial Attack Fire Truck		Grenville Tanker		Rabbit Ear Main Station	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 26,909	\$ 1,585	\$ 14,460	\$ 1,279	\$ 16,802	\$ 21,944
2014	27,312	1,181	14,820	919	17,051	12,792
2015	27,837	657	15,242	497	17,363	12,632
2016	0	0	0	0	17,745	12,392
2017	0	0	0	0	18,185	12,094
2018-2022	-	-	-	-	100,126	53,624
2023-2027					122,403	35,954
2028-2032					155,195	14,428
Total	\$ 82,058	\$ 3,423	\$ 44,522	\$ 2,695	\$ 464,870	\$ 175,860

Year	NMFA Loan		NMFA Loan	
	Motor Graders		Bulldozer	
	Principal	Interest	Principal	Interest
2013	\$ 65,111	\$ 15,424	\$ 114,947	\$ 3,841
2014	66,562	13,973	116,626	2,921
2015	68,322	12,212	118,631	1,708
2016	70,324	10,211		
2017	72,515	8,020		
2018-2022	152,621	8,450		
Total	\$ 495,455	\$ 68,290	\$ 350,204	\$ 8,470

Year	NMFA Loan		NMFA Loan		NMFA Loans Total Annual Requirement
	Capulin Initial Attack Fire Apparatus		Sedan Fire Station Addition		
	Principal	Interest	Principal	Interest	
2013	\$ 12,944	\$ 4,931	\$ 1,031	\$ 5,130	\$ 306,338
2014	15,184	2,686	1,039	5,122	298,189
2015	14,482	2,526	1,048	5,114	298,271
2016	14,850	2,322	29,551	5,102	162,497
2017	15,276	1,930	29,924	4,730	162,674
2018-2022	49,064	2,978	157,474	15,798	540,135
2023-2027			33,683	970	193,010
2028-2032					169,623
Total	\$ 121,800	\$ 17,373	\$ 253,750	\$ 41,966	\$ 2,130,737

**Union County, New Mexico**  
**For the Year ended, June 30, 2012**

**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 Fund	Rabbit Ear Fire District Fund	Capital Improvements/ Emergency Fund	Other Governmental Funds	Total
Excess (deficiency) of revenues over expenditures (GAAP Basis)	\$ 211,941	\$ (253,395)	\$ 2,447	\$ (559,710)	\$ (3,836)	\$ (21,950)	\$ (624,503)
Adjustments:							-
Receivables (net)	15,253	(62)	5,982	(54)	(72)	(91,609)	(70,562)
Accounts payable (net)	(24,962)	(33,108)		(50,047)	(729)	(43,954)	(152,800)
Prepaid insurance	(13,363)	(2,934)	(3,151)	(3,088)		(11,095)	(33,631)
Intercept revenue		(186,804)		(31,048)		(29,451)	(247,303)
NMFA principal payment		177,488		118,598		40,732	336,818
Interest expense		21,086		4,313		3,502	28,901
NMFA loan processing fees				6,870		5,550	12,420
Capital outlay				(56,807)			(56,807)
Refund or recoveries				458,077		120,000	578,077
Excess (deficiency) of revenues over expenditures (Budget Basis)	\$ 188,869	\$ (277,729)	\$ 5,278	\$ (112,896)	\$ (4,637)	\$ (28,275)	\$ (229,390)

**Union County, New Mexico**  
**For the Year ended, June 30, 2012**

**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 Fund	\$ 27,111	\$ 58,000
Special Revenue Funds		
Road Fund	105,807	-
Rabbit Ear Fire District Fund	35,000	
Total Major Funds	<u>\$ 167,918</u>	<u>\$ 58,000</u>
Nonmajor Funds:		
Fire Marshall Fund	23,000	
Capulin Fire District Fund		120,000
Correction Fees Fund		27,111
Emergency Gross Receipts Tax	120,000	105,807
		-
Total Nonmajor Funds	<u>143,000</u>	<u>252,918</u>
Total	<u>\$ 310,918</u>	<u>\$ 310,918</u>

Transfers are used primarily to move unrestricted resources to various programs that the County accounts for in other funds in accordance with budgetary authorizations.

Interfund receivables and payables were as follows:

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

The loan from the General Fund to the Rabbit Ear Fire District Fund is scheduled for payment of \$23,097, annually, including interest of 5% per annum. During fiscal year, 2012, the payment was not made due to commitments of the Rabbit Ear Fire District Fund to construct a new fire station. Management believes payments will resume in fiscal year 2013. Maturity has been rescheduled to fiscal year 2015.

**Note 11. Operating Leases**

As discussed in Note 1, the County was committed under various equipment operating leases (in the Road Fund) which expired during this fiscal year. The County negotiated new operating leases for the current year; however, as the new equipment was not available until fiscal year 2013, leases on the old equipment were extended. Lease expense for fiscal year 2012 was \$128,889. 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.

**Union County, New Mexico**  
**For the Year ended, June 30, 2012**

**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, 2012, four loans are outstanding as follows:

2005 Loan Agreement	\$2,779,121
2006 Loan Agreement	1,424,481
2007 Loan Agreement	1,503,739
2009 Loan Agreement	<u>2,030,476</u>
Total Loan Agreements outstanding.	<u>\$7,737,817</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, 2012**

**Notes to Financial Statements**

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

In 2007, Union County and Clayton Health Systems, Inc. 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 \$159,293 through its Governmental Gross Receipts Tax General Special Revenue Fund for this subsidy.

**Note 13. Receivables**

Receivables for delinquent property taxes as of June 30, 2012, for the County's General Fund, and shared taxes, are as follows:

	Property tax	Shared tax	Allowance for uncollectible	Net taxes receivable
General Fund	\$ 99,468	\$ 35,484	\$ -	\$ 134,952
Road Fund		49,890		49,890
Recreation Fund				0
Indigent Hospital Fund		36,464		36,464
Correctional Gross Receipts Tax Fund		33,535		33,535
Emergency Gross Receipts Tax Fund		18,227		18,227
Reappraisal Fund	1,235			1,235
Hospital Mill Levy Fund	26,437	15,835		42,272
Special Hospital Gross Receipts Tax Fund		29,129		29,129
General Gross Receipts Tax Fund		18,232		18,232
Gross Receipts Tax Reserve Fund		5,128		5,128
<b>Total</b>	<b>\$ 127,140</b>	<b>\$ 241,924</b>	<b>\$ -</b>	<b>\$ 369,064</b>

Delinquent property taxes receivable includes delinquent property taxes collected for other governmental units that have not been distributed in the amount of \$41,202.

Delinquent property taxes are reflected net of taxes paid under protest held in Agency Fund in the amount of \$171,650. Union County property tax records continue to include this amount as receivable as County Government considers the amount uncollected.

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	\$ 71,362	\$ -

**Union County, New Mexico  
For the Year ended, June 30, 2012**

**Notes to Financial Statements**

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**Note 13. Receivables, continued**

There were no other receivables at year end for the County 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 material 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 has been met.

**Note 14. 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, a trustee of the Town of Clayton, Superintendent of the Clayton Consolidated School District; Town of Clayton is designated as Controlling Agency.
Beginning date of agreement:	November 16, 2011
Ending date:	Indefinite, may be terminated in 90 days
Total estimated amount of project:	Cost of the project is allocated for FY 2012 as 60% Town of Clayton; 35% Union County and 5% Clayton Consolidated School District. The cost allocation is reduced to 33% for fiscal year 2013. The allocation may be revised on an annual basis.
Amount County contributed in current fiscal year:	\$ 100,784
Audit responsibility:	Town of Clayton
Fiscal Agent:	Town of Clayton
Name of government where revenues and expenditures are reported:	Town of Clayton

**Union County, New Mexico  
For the Year ended, June 30, 2012**

**Notes to Financial Statements**

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**Note 14. Joint Powers Agreements, continued**

Description:	Housing of Inmates
Purpose:	The county requires additional beds space to house County inmates and wishes to use a jail facility operated by GEO Group, Inc. under contract with Clayton, New Mexico
Participants:	Union County and Town of Clayton
Beginning date of agreement:	January 11, 2011
Ending date:	The date the county, upon its sole determination, deems that it no longer has sufficient funds to meet its obligations. The county shall provide Clayton with written notice of its expected termination of Agreement for insufficient funds as soon as practicable, but no more than ten days following its determination.
Total estimated amount of project:	Monthly service fee based upon a per inmate per day rate of \$51.12.
Amount County contributed in current fiscal year:	\$280,852
Audit responsibility:	Town of Clayton
Fiscal Agent:	Town of Clayton
Name of government where revenues and expenditures are reported:	Town of Clayton

**Note 15. Legislative Appropriations Fund**

In prior years, County Government was awarded appropriations by the New Mexico Legislature. All such programs were completed in prior years. Cash balances remaining in this fund are derived from excess Union County matching funds transferred to this fund. No legislative appropriations were received or expended in the current year.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

UNION COUNTY, NEW MEXICO

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2012

	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	197	88	30,591	3,669
Receivables	0	0	0	0
Taxes receivable	0	0	0	36,464
Due from other funds	0	0	0	0
Interest receivable	0	0	0	0
Prepaid insurance	0	0	0	0
Delinquent property taxes receivable	0	0	0	0
Restricted assets				
Capital assets, net	0	0	0	0
	<u>\$ 197</u>	<u>\$ 88</u>	<u>\$ 30,591</u>	<u>\$ 40,133</u>
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
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE				
Nonspendable	0	0	0	0
Restricted:				
Special revenue funds	0	0	0	0
Capital projects funds				
Debt service fund				
Committed:				
Special revenue funds				
Capital projects funds				
Debt service fund				
Assigned	197	88	30,591	40,133
Unassigned				
Total fund balance	<u>197</u>	<u>88</u>	<u>30,591</u>	<u>40,133</u>
Total liabilities and fund balance	<u>\$ 197</u>	<u>\$ 88</u>	<u>\$ 30,591</u>	<u>\$ 40,133</u>

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

Special Revenue Funds

Capulin Fire District Fund	Sedan Fire District Fund	Amistad/ Hayden Fire District Fund	Grenville Fire District Fund
\$ 0	\$ 0	\$ 0	\$ 0
9,383	11,297	177,199	61,817
0	0	0	0
0	0	0	0
0	0	0	0
0	0	16	1
2,766	2,844	2,777	2,708
0	0	0	0
45	250,005	0	3
0	0	0	0
<u>\$ 12,194</u>	<u>\$ 264,146</u>	<u>\$ 179,992</u>	<u>\$ 64,529</u>
\$ 160	\$ 743	\$ 59	\$ 1,343
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>160</u>	<u>743</u>	<u>59</u>	<u>1,343</u>
2,766	2,844	2,777	2,708
9,268	260,559	177,156	60,478
<u>12,034</u>	<u>263,403</u>	<u>179,933</u>	<u>63,186</u>
<u>\$ 12,194</u>	<u>\$ 264,146</u>	<u>\$ 179,992</u>	<u>\$ 64,529</u>

UNION COUNTY, NEW MEXICO

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2012

	Special Revenue Funds			
	Capulin EMS Fund	Amistad/ Hayden EMS Fund	Correction Fees Fund	DWI State Grant Fund
ASSETS				
Cash on hand	\$ 0	\$ 0	\$ 0	\$ 0
Cash in bank	67	1,969	47,854	9,196
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
Prepaid insurance	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>\$ 67</b>	<b>\$ 1,969</b>	<b>\$ 47,854</b>	<b>\$ 9,196</b>
LIABILITIES				
Accounts payable	\$ 0	\$ 0	\$ 146	\$ 117
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	1,525
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>146</b>	<b>1,642</b>
FUND BALANCE				
Nonspendable	0	0	0	0
Restricted:				
Special revenue funds				
Capital projects funds				
Debt service fund				
Committed:				
Special revenue funds				
Capital projects funds				
Debt service fund				
Assigned	67	1,969	47,708	7,554
Unassigned				
<b>Total fund balance</b>	<b>67</b>	<b>1,969</b>	<b>47,708</b>	<b>7,554</b>
<b>Total liabilities and fund balance</b>	<b>\$ 67</b>	<b>\$ 1,969</b>	<b>\$ 47,854</b>	<b>\$ 9,196</b>

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

Special Revenue Funds

Reappraisal Fund	Law Enforcement Grant Fund	Emergency Services General Gross Receipts Tax	GRT Reserve Fund	Fire Marshall Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
56,024	1,411	199,198	410,323	72,895
0	0	0	0	0
0	0	18,227	5,128	0
0	0	0	0	0
7	0	9	96	1
0	0	0	0	0
1,235	0	0	0	0
0	0	0	37,576	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 57,266</u>	<u>\$ 1,411</u>	<u>\$ 217,434</u>	<u>\$ 453,123</u>	<u>\$ 72,896</u>
\$ 51	\$ 0	\$ 7,381	\$ 0	\$ 96
1,041	0	0	0	0
0	0	0	0	0
0	0	0	0	0
447	0	2,080	0	870
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,539</u>	<u>0</u>	<u>9,461</u>	<u>0</u>	<u>966</u>
1,235	0	0	0	0
	1,411		37,576	
54,492	0	207,973	415,547	71,930
<u>55,727</u>	<u>1,411</u>	<u>207,973</u>	<u>453,123</u>	<u>71,930</u>
<u>\$ 57,266</u>	<u>\$ 1,411</u>	<u>\$ 217,434</u>	<u>\$ 453,123</u>	<u>\$ 72,896</u>

UNION COUNTY, NEW MEXICO

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2012

	Special Revenue Funds			
	Correction 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	209,824	438,206	206,429	11,782
Receivables	0	0	0	0
Taxes receivable	33,535	18,232	29,129	0
Due from other funds	0	0	0	0
Interest receivable	56	6	26	0
Prepaid insurance	0	0	0	0
Delinquent property taxes receivable	0	0	0	0
Restricted assets				
Capital assets, net	0	0	0	0
Total assets	<u>\$ 243,415</u>	<u>\$ 456,444</u>	<u>\$ 235,584</u>	<u>\$ 11,782</u>
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
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE				
Nonspendable	0	0	0	0
Restricted:				
Special revenue funds				
Capital projects funds				
Debt service fund				
Committed:				
Special revenue funds				
Capital projects funds				
Debt service fund				
Assigned	243,415	456,444	235,584	11,782
Unassigned				
Total fund balance	<u>243,415</u>	<u>456,444</u>	<u>235,584</u>	<u>11,782</u>
Total liabilities and fund balance	<u>\$ 243,415</u>	<u>\$ 456,444</u>	<u>\$ 235,584</u>	<u>\$ 11,782</u>

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 Nonmajor Funds</u>
\$ 0	\$ 0	\$ 0
0	0	1,959,419
0	0	0
0	0	140,715
0	0	0
0	0	218
0	0	11,095
0	0	1,235
0	0	287,629
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,400,311</u>
\$ 0	\$ 0	\$ 10,096
0	0	1,041
0	0	0
0	0	0
0	0	4,922
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>16,059</u>
0	0	12,330
		38,987
		0
	0	0
		0
		0
0	0	2,332,935
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>2,384,252</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,400,311</u>

UNION COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the year ended June 30, 2012

	Special Revenue Funds			
	Farm and Range Fund	Recreation Fund	Clerk's Fees Fund	Indigent Hospital Fund
Revenue:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 312,392
Licenses and permits	0	0	0	0
Charges for services	0	0	8,370	0
Fines and forfeits	0	0	0	0
Miscellaneous	0	0	0	0
Intergovernmental	25	0	0	0
Investment earnings	1	0	203	285
Contributions and donations	0	0	0	0
Total revenues	<u>26</u>	<u>0</u>	<u>8,573</u>	<u>312,677</u>
Current:				
General government	0	0	3,210	0
Public safety	0	0	0	0
Public works	0	0	0	0
Culture and recreation	0	0	0	0
Health	0	0	0	307,245
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>3,210</u>	<u>307,245</u>
Excess (deficiency) of revenues over expenditures	<u>26</u>	<u>0</u>	<u>5,363</u>	<u>5,432</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
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	26	0	5,363	5,432
Fund balance, beginning of year as previously reported	<u>171</u>	<u>88</u>	<u>25,228</u>	<u>34,701</u>
Fund balance, end of year	<u>\$ 197</u>	<u>\$ 88</u>	<u>\$ 30,591</u>	<u>\$ 40,133</u>

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



Special Revenue Funds

Capulin Fire District Fund	Sedan Fire District Fund	Amistad/ Hayden Fire District Fund	Grenville Fire District Fund
\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0
0	0	0	0
0	0	0	0
1,034	9,610	381	3,078
49,326	88,286	49,326	58,581
330	737	1,290	439
0	0	0	0
<u>50,690</u>	<u>98,633</u>	<u>50,997</u>	<u>62,098</u>
0	0	0	0
52,019	61,546	29,572	26,834
0	0	0	0
0	0	0	0
0	0	0	0
0	65,924	7,500	0
0	26,590	0	14,142
0	1,904	0	1,598
<u>52,019</u>	<u>155,964</u>	<u>37,072</u>	<u>42,574</u>
<u>(1,329)</u>	<u>(57,331)</u>	<u>13,925</u>	<u>19,524</u>
0	0	0	0
(120,000)	0	0	0
121,800	253,750	0	0
0	0	0	0
<u>1,800</u>	<u>253,750</u>	<u>0</u>	<u>0</u>
471	196,419	13,925	19,524
<u>11,563</u>	<u>66,984</u>	<u>166,008</u>	<u>43,662</u>
<u>\$ 12,034</u>	<u>\$ 263,403</u>	<u>\$ 179,933</u>	<u>\$ 63,186</u>

UNION COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the year ended June 30, 2012

	Special Revenue Funds			
	Capulin EMS Fund	Amistad/ 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	31,503	0
Miscellaneous	0	0	0	0
Intergovernmental	8,079	0	0	62,968
Investment earnings	21	61	562	61
Contributions and donations	0	0	0	0
<b>Total revenues</b>	<b>8,100</b>	<b>61</b>	<b>32,065</b>	<b>63,029</b>
Expenditures:				
Current:				
General government	0	0	57,141	0
Public safety	8,621	10,438	0	62,504
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>8,621</b>	<b>10,438</b>	<b>57,141</b>	<b>62,504</b>
Excess (deficiency) of revenues over expenditures	(521)	(10,377)	(25,076)	525
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
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>0</b>
<b>Net change in fund balance</b>	<b>(521)</b>	<b>(10,377)</b>	<b>(25,076)</b>	<b>525</b>
Fund balance, beginning of year as previously reported	588	12,346	72,784	7,029
<b>Fund balance, end of year</b>	<b>\$ 67</b>	<b>\$ 1,969</b>	<b>\$ 47,708</b>	<b>\$ 7,554</b>

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

Special Revenue Funds

Reappraisal Fund	Law Enforcement Grant Fund	Emergency Services General Gross Receipts Tax	GRT Reserve Fund	Fire Marshall Fund
\$ 24,929	\$ 0	\$ 156,031	\$ 74,109	\$ 0
0	0	0	0	0
3,581	0	0	0	0
0	0	0	0	0
0	0	81,370	0	1,134
0	23,000	138,860	0	49,326
383	160	1,187	2,966	0
0	0	0	0	0
<u>28,893</u>	<u>23,160</u>	<u>377,448</u>	<u>77,075</u>	<u>50,460</u>
28,161	0	0	0	0
0	0	310,163	0	49,762
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
6,235	45,535	0	0	73,356
0	0	0	0	0
0	0	0	0	0
<u>34,396</u>	<u>45,535</u>	<u>310,163</u>	<u>0</u>	<u>123,118</u>
<u>(5,503)</u>	<u>(22,375)</u>	<u>67,285</u>	<u>77,075</u>	<u>(72,658)</u>
0	0	0	120,000	23,000
0	0	0	(105,807)	0
0	0	0	0	0
0	1,250	0	0	0
<u>0</u>	<u>1,250</u>	<u>0</u>	<u>14,193</u>	<u>23,000</u>
(5,503)	(21,125)	67,285	91,268	(49,658)
<u>61,230</u>	<u>22,536</u>	<u>140,688</u>	<u>361,855</u>	<u>121,588</u>
<u>\$ 55,727</u>	<u>\$ 1,411</u>	<u>\$ 207,973</u>	<u>\$ 453,123</u>	<u>\$ 71,930</u>

UNION COUNTY, NEW MEXICO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the year ended June 30, 2012

	Special Revenue Funds			
	Correction Gross Receipts Fund	General Gross Receipts Tax Fund	Special Hospital Gross Receipts Tax Fund	Legislature Appropriations
Revenue:				
Taxes	\$ 171,461	\$ 156,197	\$ 302,245	\$ 0
Licenses and permits	0	0	0	0
Charges for services	0	0	0	0
Fines and forfeits	0	0	0	0
Miscellaneous	63,147	0	0	0
Intergovernmental	0	0	0	0
Investment earnings	1,939	3,066	1,885	86
Contributions and donations	0	0	0	0
<b>Total revenues</b>	<b>236,547</b>	<b>159,263</b>	<b>304,130</b>	<b>86</b>
Expenditures:				
Current:				
General government	218,069	159,293	0	0
Public safety	0	0	0	0
Public works	0	0	0	0
Culture and recreation	0	0	0	0
Health	0	0	338,599	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>218,069</b>	<b>159,293</b>	<b>338,599</b>	<b>0</b>
Excess (deficiency) of revenues over expenditures	18,478	(30)	(34,469)	86
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers out	(27,111)	0	0	0
Proceeds from NMFA Loan	0	0	0	0
Sale of capital assets	0	0	0	0
<b>Total other financing sources over other financing (uses)</b>	<b>(27,111)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net change in fund balance</b>	<b>(8,633)</b>	<b>(30)</b>	<b>(34,469)</b>	<b>86</b>
Fund balance, beginning of year as previously reported	252,048	456,474	270,053	11,696
<b>Fund balance, end of year</b>	<b>\$ 243,415</b>	<b>\$ 456,444</b>	<b>\$ 235,584</b>	<b>\$ 11,782</b>

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

<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Health Council</u>	<u>Debt Service Fund</u>	
\$ 0	\$ 0	\$ 1,197,364
0	0	0
0	0	11,951
0	0	31,503
0	0	159,754
0	0	527,777
0	0	15,662
0	0	0
<u>0</u>	<u>0</u>	<u>1,944,011</u>
0	0	465,874
0	0	611,459
0	0	0
0	0	0
0	0	645,844
0	0	198,550
0	0	40,732
<u>0</u>	<u>0</u>	<u>3,502</u>
<u>0</u>	<u>0</u>	<u>1,965,961</u>
<u>0</u>	<u>0</u>	<u>(21,950)</u>
0	0	143,000
0	0	(252,918)
0	0	375,550
<u>0</u>	<u>0</u>	<u>1,250</u>
<u>0</u>	<u>0</u>	<u>266,882</u>
0	0	244,932
<u>0</u>	<u>0</u>	<u>2,139,320</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,384,252</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal:				
Taylor Grazing Act	\$ 35	\$ 35	\$ 25	\$ (10)
Miscellaneous:				
Investment interest	0	0	1	1
Total revenues	<u>35</u>	<u>35</u>	<u>26</u>	<u>(9)</u>
Expenditures:				
Current:				
General government:				
Road construction /maintenance	<u>206</u>	<u>206</u>	<u>0</u>	<u>206</u>
Total expenditures	<u>206</u>	<u>206</u>	<u>0</u>	<u>206</u>
Excess (deficiency) revenues over expenditures	<u>(171)</u>	<u>(171)</u>	<u>26</u>	<u>197</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>(171)</u>	<u>(171)</u>	<u>26</u>	<u>197</u>
Budgeted cash balance, beginning of year	<u>171</u>	<u>171</u>	<u>171</u>	<u>0</u>
Budgeted cash balance, end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 197</u></u>	<u><u>\$ 197</u></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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State shared taxes:				
Cigarette tax	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous:				
Investment interest	0	0	0	0
Total revenues	0	0	0	0
Expenditures:				
Current:				
Culture and recreation:				
Regional library	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) revenues over expenditures	0	0	0	0
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	0	0
Budgeted cash balance, beginning of year	88	88	88	0
Budgeted cash balance, end of year	\$ 88	\$ 88	\$ 88	\$ 0

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Charges for services:				
Clerk's equipment fees	\$ 3,500	\$ 3,500	\$ 8,370	\$ 4,870
Miscellaneous:				
Investment interest	0	0	203	203
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>8,573</u>	<u>5,073</u>
Expenditures:				
Current:				
General government:				
Equipment - maintenance and repair	15,428	15,428	0	15,428
Contractual	10,000	10,000	3,210	6,790
Capital outlay	<u>3,300</u>	<u>3,300</u>	<u>0</u>	<u>3,300</u>
Total expenditures	<u>28,728</u>	<u>28,728</u>	<u>3,210</u>	<u>25,518</u>
Excess (deficiency) revenues over expenditures	<u>(25,228)</u>	<u>(25,228)</u>	<u>5,363</u>	<u>30,591</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>(25,228)</u>	<u>(25,228)</u>	<u>5,363</u>	<u>30,591</u>
Budgeted cash balance, beginning of year	<u>25,228</u>	<u>25,228</u>	<u>25,228</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,591</u>	<u>\$ 30,591</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Taxes - local effort:				
Gross receipts	\$ 245,000	\$ 245,000	\$ 297,667	\$ 52,667
Miscellaneous:				
Recoveries	0	0	0	0
Investment interest	0	0	285	285
Total revenues	<u>245,000</u>	<u>245,000</u>	<u>297,952</u>	<u>52,952</u>
Expenditures:				
Current:				
Health and welfare:				
Office supplies	525	525	0	525
Indigent	0	0	0	0
Sole county provider	182,941	232,941	232,750	191
County supported indigent	<u>74,496</u>	<u>74,496</u>	<u>74,495</u>	<u>1</u>
Total expenditures	<u>257,962</u>	<u>307,962</u>	<u>307,245</u>	<u>717</u>
Excess (deficiency) revenues over expenditures	<u>(12,962)</u>	<u>(62,962)</u>	<u>(9,293)</u>	<u>53,669</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>(12,962)</u>	<u>(62,962)</u>	<u>(9,293)</u>	<u>53,669</u>
Budgeted cash balance, beginning of year	<u>12,962</u>	<u>12,962</u>	<u>12,962</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 0</u>	<u>\$ (50,000)</u>	<u>\$ 3,669</u>	<u>\$ 53,669</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Investment interest	\$ 800	\$ 800	\$ 285	\$ (515)
Refund or recoveries	8,000	8,000	894	(7,106)
Donations	0	0	140	140
Grants:				
State:				
State grant	0	0	0	0
Fire allotment	39,058	39,058	49,326	10,268
Total revenues	<u>47,858</u>	<u>47,858</u>	<u>50,645</u>	<u>2,787</u>
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	1,000	1,000	918	82
Equipment - maintenance and repair	20,000	40,000	38,244	1,756
Building - maintenance and repair	4,000	4,000	929	3,071
Utilities	8,000	8,000	7,627	373
Property and liability insurance	7,000	7,000	6,564	436
Capital outlay	22,325	2,325	0	2,325
Total expenditures	<u>62,325</u>	<u>62,325</u>	<u>54,282</u>	<u>8,043</u>
Excess (deficiency) revenues over expenditures	<u>(14,467)</u>	<u>(14,467)</u>	<u>(3,637)</u>	<u>10,830</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>(14,467)</u>	<u>(14,467)</u>	<u>(3,637)</u>	<u>10,830</u>
Budgeted cash balance, beginning of year	<u>13,020</u>	<u>13,020</u>	<u>13,020</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (1,447)</u>	<u>\$ (1,447)</u>	<u>\$ 9,383</u>	<u>\$ 10,830</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Refunds or recoveries	\$ 8,500	\$ 8,500	\$ 9,610	\$ 1,110
Interest income	1,000	1,000	757	(243)
Grants:				
State:				
Fire allotment	69,908	69,908	59,839	(10,069)
Fire grant	0	0	0	0
Total revenues	<u>79,408</u>	<u>79,408</u>	<u>70,206</u>	<u>(9,202)</u>
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	2,500	3,750	3,140	610
Equipment repair	25,000	25,000	21,298	3,702
Building repair and maintenance	5,000	30,000	15,154	14,846
Utilities	10,000	13,000	12,136	864
Lease purchase	28,500	0	0	0
Property and liability insurance	7,500	6,750	6,720	30
Capital outlay	100,000	100,000	68,130	31,870
Total expenditures	<u>178,500</u>	<u>178,500</u>	<u>126,578</u>	<u>51,922</u>
Excess (deficiency) revenues over expenditures	<u>(99,092)</u>	<u>(99,092)</u>	<u>(56,372)</u>	<u>42,720</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>(99,092)</u>	<u>(99,092)</u>	<u>(56,372)</u>	<u>42,720</u>
Budgeted cash balance, beginning of year	<u>67,669</u>	<u>67,669</u>	<u>67,669</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (31,423)</u>	<u>\$ (31,423)</u>	<u>\$ 11,297</u>	<u>\$ 42,720</u>

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

UNION COUNTY, NEW MEXICO

Amistad / Hayden Fire District  
 Statement of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Refunds or recoveries	\$ 8,500	\$ 8,500	\$ 381	\$ (8,119)
Interest income	1,000	1,000	1,333	333
Grants:				
State:				
Fire allotment	39,058	39,058	49,326	10,268
Fire grant	0	0	0	0
Total revenues	<u>48,558</u>	<u>48,558</u>	<u>51,040</u>	<u>2,482</u>
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	500	500	231	269
Equipment repairs	10,000	15,000	13,665	1,335
Building repair and maintenance	10,000	10,000	0	10,000
Utilities	9,500	14,500	12,132	2,368
Property and liability insurance	7,000	7,000	6,585	415
Capital outlay	173,862	163,862	15,500	148,362
Total expenditures	<u>210,862</u>	<u>210,862</u>	<u>48,113</u>	<u>162,749</u>
Excess (deficiency) revenues over expenditures	<u>(162,304)</u>	<u>(162,304)</u>	<u>2,927</u>	<u>165,231</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>(162,304)</u>	<u>(162,304)</u>	<u>2,927</u>	<u>165,231</u>
Budgeted cash balance, beginning of year	<u>174,272</u>	<u>174,272</u>	<u>174,272</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 11,968</u>	<u>\$ 11,968</u>	<u>\$ 177,199</u>	<u>\$ 165,231</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Investment interest	\$ 500	\$ 500	\$ 435	\$ (65)
Refund or recoveries	8,500	8,500	3,078	(5,422)
Sale of County property	0	0	0	0
State grant:				
Fire allotment	39,058	39,058	48,322	9,264
Fire grant	0	0	9,255	9,255
Total revenues	<u>48,058</u>	<u>48,058</u>	<u>61,090</u>	<u>13,032</u>
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	2,500	2,500	1,802	698
Equipment maintenance and repair	25,000	25,000	10,515	14,485
Buildings maintenance and repair	4,000	4,000	0	4,000
Utilities	7,000	9,500	8,073	1,427
Lease purchase	1,004	1,004	0	1,004
Property and liability insurance	7,000	7,000	6,448	552
Operating expense	0	2,500	844	1,656
Capital outlay	32,456	27,456	1,225	26,231
Total expenditures	<u>78,960</u>	<u>78,960</u>	<u>28,907</u>	<u>50,053</u>
Excess (deficiency) revenues over expenditures	<u>(30,902)</u>	<u>(30,902)</u>	<u>32,183</u>	<u>63,085</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>(30,902)</u>	<u>(30,902)</u>	<u>32,183</u>	<u>63,085</u>
Budgeted cash balance, beginning of year	<u>29,634</u>	<u>29,634</u>	<u>29,634</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (1,268)</u>	<u>\$ (1,268)</u>	<u>\$ 61,817</u>	<u>\$ 63,085</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Investment interest	\$ 0	\$ 0	\$ 21	\$ 21
State grant:				
Emergency medical services	8,076	8,076	8,079	3
Total revenues	8,076	8,076	8,100	24
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	2,000	1,975	1,957	18
Equipment maintenance and repairs	2,667	2,817	2,801	16
Tools and supplies	4,000	3,875	3,863	12
Total expenditures	8,667	8,667	8,621	46
Excess (deficiency) revenues over expenditures	(591)	(591)	(521)	70
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	(591)	(591)	(521)	70
Budgeted cash balance, beginning of year	588	588	588	0
Budgeted cash balance, end of year	\$ (3)	\$ (3)	\$ 67	\$ 70

UNION COUNTY, NEW MEXICO

Amistad / 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State grant:				
Emergency medical services	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous:				
Investment interest	0	0	61	61
Total revenues	0	0	61	61
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	0	0	0	0
Equipment maintenance and repair	12,343	12,343	10,438	1,905
Capital outlay	0	0	0	0
Tools and supplies	0	0	0	0
Total expenditures	12,343	12,343	10,438	1,905
Excess (deficiency) revenues over expenditures	(12,343)	(12,343)	(10,377)	1,966
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	(12,343)	(12,343)	(10,377)	1,966
Budgeted cash balance, beginning of year	12,346	12,346	12,346	0
Budgeted cash balance, end of year	\$ 3	\$ 3	\$ 1,969	\$ 1,966

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

UNION COUNTY, NEW MEXICO

Correction Fees - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Correction fees	\$ 28,000	\$ 28,000	\$ 31,503	\$ 3,503
Investment interest	0	0	562	562
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>32,065</u>	<u>4,065</u>
Expenditures:				
Current:				
Public safety:				
Care of prisoners	2,000	13,300	12,762	538
Juvenile detention expense	10,000	0	0	0
Jail agreement	# 63,000	61,700	46,121	15,579
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>58,883</u>	<u>16,117</u>
Excess (deficiency) revenues over expenditures	<u>(47,000)</u>	<u>(47,000)</u>	<u>(26,818)</u>	<u>20,182</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	(47,000)	(47,000)	(26,818)	20,182
Budgeted cash balance, beginning of year	<u>74,672</u>	<u>74,672</u>	<u>74,672</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 27,672</u>	<u>\$ 27,672</u>	<u>\$ 47,854</u>	<u>\$ 20,182</u>

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



UNION COUNTY, NEW MEXICO

DWI State Grant - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Investment interest	\$ 0	\$ 0	\$ 61	\$ 61
Miscellaneous	0	0	0	0
State grant:				
DWI grant	61,000	61,000	62,968	1,968
Total revenues	<u>61,000</u>	<u>61,000</u>	<u>63,029</u>	<u>2,029</u>
Expenditures:				
Current:				
Public safety:				
Full-time salaries	29,400	29,400	28,852	548
FICA	2,249	2,249	2,094	155
PERA	4,707	4,707	4,614	93
Retiree Health Care Act	539	539	527	12
Health insurance (70%)	4,100	4,100	3,437	663
Workers' compensation	10	10	9	1
Training, mileage and per diem	4,250	4,750	2,816	1,934
Office supplies	5,000	6,000	5,374	626
Non-capital purchases	0	1,500	1,470	30
Contractual	14,730	10,120	7,200	2,920
Operating expense	4,400	6,000	5,816	184
Prevention	0	0	0	0
Distribution refund	0	10	9	1
Total expenditures	<u>69,385</u>	<u>69,385</u>	<u>62,218</u>	<u>7,167</u>
Excess (deficiency) revenues over expenditures	<u>(8,385)</u>	<u>(8,385)</u>	<u>811</u>	<u>9,196</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>(8,385)</u>	<u>(8,385)</u>	<u>811</u>	<u>9,196</u>
Budgeted cash balance, beginning of year	<u>8,385</u>	<u>8,385</u>	<u>8,385</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,196</u>	<u>\$ 9,196</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Taxes:				
Current property taxes	\$ 23,000	\$ 23,000	\$ 24,312	\$ 1,312
Delinquent property taxes	0	0	608	608
Charges for services:				
Reappraisal fees	0	0	3,581	3,581
Miscellaneous:				
Investment interest	0	0	385	385
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>28,886</u>	<u>5,886</u>
Expenditures:				
Current:				
General government:				
Full-time salaries	8,255	8,255	8,248	7
Temporary salaries	8,000	8,000	8,000	0
FICA	1,245	1,245	1,199	46
PERA	1,322	1,322	1,319	3
Retiree Health Care Act	151	151	151	0
Group insurance 70%	2,575	2,575	1,400	1,175
Workers' compensation	4	4	2	2
Mileage and per diem	3,000	3,000	1,236	1,764
Car expense	800	800	474	326
Equipment rental and lease	1,725	2,225	1,994	231
Office supplies	1,000	2,200	1,654	546
Maintenance contract	2,500	2,500	2,354	146
Postage	500	500	0	500
Record books	100	100	0	100
Capital outlay	3,000	6,300	6,235	65
Total expenditures	<u>34,177</u>	<u>39,177</u>	<u>34,266</u>	<u>4,911</u>
Excess (deficiency) revenues over expenditures	<u>(11,177)</u>	<u>(16,177)</u>	<u>(5,380)</u>	<u>10,797</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>(11,177)</u>	<u>(16,177)</u>	<u>(5,380)</u>	<u>10,797</u>
Budgeted cash balance, beginning of year	61,404	61,404	61,404	0
Budgeted cash balance, end of year	<u>\$ 50,227</u>	<u>\$ 45,227</u>	<u>\$ 56,024</u>	<u>\$ 10,797</u>

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

UNION COUNTY, NEW MEXICO

Law Enforcement Protection Grant - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State grants:				
Law Enforcement Fund	\$ 23,000	\$ 23,000	\$ 23,000	\$ 0
Miscellaneous:				
Investment interest	0	0	160	160
Total revenues	23,000	23,000	23,160	160
Expenditures:				
Current:				
Public safety:				
Mileage and per diem	0	0	0	0
Capital outlay	45,536	45,536	45,535	1
Total expenditures	45,536	45,536	45,535	1
Excess (deficiency) revenues over expenditures	(22,536)	(22,536)	(22,375)	161
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers out	0	0	0	0
Sale of capital assets	0	0	1,250	(1,250)
Total other financing sources (uses)	0	0	1,250	1,250
Excess (deficiency) revenues and other financing sources (uses) over expenditures	(22,536)	(22,536)	(21,125)	1,411
Budgeted cash balance, beginning of year	22,536	22,536	22,536	0
Budgeted cash balance, end of year	\$ 0	\$ 0	\$ 1,411	\$ 1,411

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State shared taxes:				
General gross receipts	\$ 72,000	\$ 72,000	\$ 148,661	\$ 76,661
State grant:				
State grant	215,000	215,000	138,860	(76,140)
Miscellaneous:				
Investment interest	0	0	1,178	1,178
Reimbursements to County	0	0	81,370	81,370
Total revenues	<u>287,000</u>	<u>287,000</u>	<u>370,069</u>	<u>83,069</u>
Expenditures:				
Current:				
Public safety:				
Full-time salaries	39,900	39,900	39,066	834
Emergency repeater	130,000	122,000	121,912	88
Capulin EMS	5,000	5,000	4,892	108
Retiree Health Care Act	732	732	713	19
PERA	6,388	6,388	6,247	141
FICA	3,053	3,053	2,856	197
Health insurance (70%)	4,100	4,100	3,994	106
Workers' compensation	10	10	9	1
Folsom EMS	9,100	9,100	9,100	0
Des Moines EMS	12,500	12,500	12,500	0
Grenville EMS	5,000	5,000	5,000	0
Clayton EMS	7,500	7,500	7,500	0
MCI trailer	2,000	0	0	0
EMS pickup	2,000	2,000	1,944	56
Tower lease	2,925	2,925	2,250	675
Ambulance and social services	0	0	0	0
Joint commission agreement	96,000	106,000	100,784	5,216
Total expenditures	<u>326,208</u>	<u>326,208</u>	<u>318,767</u>	<u>7,441</u>
Excess (deficiency) revenues over expenditures	<u>(39,208)</u>	<u>(39,208)</u>	<u>51,302</u>	<u>90,510</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>(39,208)</u>	<u>(39,208)</u>	<u>51,302</u>	<u>90,510</u>
Budgeted cash balance, beginning of year	<u>147,896</u>	<u>147,896</u>	<u>147,896</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 108,688</u>	<u>\$ 108,688</u>	<u>\$ 199,198</u>	<u>\$ 90,510</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State shared taxes:				
General gross receipts	\$ 45,000	\$ 45,000	\$ 41,859	\$ (3,141)
Miscellaneous:				
Refund or recoveries	0	0	0	0
Fees or reimbursements	0	0	120,000	120,000
Investment income	0	0	3,269	3,269
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>165,128</u>	<u>120,128</u>
Expenditures:				
Current:				
General Government:				
Lease purchase	98,300	98,300	0	98,300
Road construction maintenance	20,500	20,500	0	20,500
Capital outlay	0	0	0	0
Total expenditures	<u>118,800</u>	<u>118,800</u>	<u>0</u>	<u>118,800</u>
Excess (deficiency) revenues over expenditures	<u>(73,800)</u>	<u>(73,800)</u>	<u>165,128</u>	<u>238,928</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers out	0	0	(105,807)	(105,807)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(105,807)</u>	<u>(105,807)</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(73,800)</u>	<u>(73,800)</u>	<u>59,321</u>	<u>133,121</u>
Budgeted cash balance, beginning of year	<u>351,002</u>	<u>351,002</u>	<u>351,002</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 277,202</u>	<u>\$ 277,202</u>	<u>\$ 410,323</u>	<u>\$ 133,121</u>

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Fees and miscellaneous	\$ 0	\$ 0	\$ 400	\$ 400
Interest	200	200	734	534
State grant:				
State allotment	39,058	39,058	49,326	10,268
State grant	0	0	0	0
Total revenues	<u>39,258</u>	<u>39,258</u>	<u>50,460</u>	<u>11,202</u>
Expenditures:				
Current:				
Public safety:				
Part-time salaries	21,000	21,000	21,059	(59)
Postage	1,500	100	0	100
Printing and publishing	500	500	398	102
Utilities	2,500	1,300	994	306
Capital outlay	85,297	91,297	78,556	12,741
FICA	1,607	1,607	1,604	3
Workers' compensation	10	10	9	1
Membership dues	500	0	0	0
Operating expense	10,383	10,383	8,025	2,358
Non-capital purchases	5,500	15,500	10,861	4,639
Safety equipment	8,500	33,500	390	33,110
Office supplies	2,000	200	83	117
Training, mileage and per diem	2,500	1,400	1,376	24
Total expenditures	<u>141,797</u>	<u>176,797</u>	<u>123,355</u>	<u>53,442</u>
Excess (deficiency) revenues over expenditures	<u>(102,539)</u>	<u>(137,539)</u>	<u>(72,895)</u>	<u>64,644</u>
Other financing sources (uses):				
Operating transfers in	0	0	23,000	23,000
Operating transfers out	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>23,000</u>	<u>23,000</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(102,539)</u>	<u>(137,539)</u>	<u>(49,895)</u>	<u>87,644</u>
Budgeted cash balance, beginning of year	<u>122,790</u>	<u>122,790</u>	<u>122,790</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 20,251</u>	<u>\$ (14,749)</u>	<u>\$ 72,895</u>	<u>\$ 87,644</u>

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

UNION COUNTY, NEW MEXICO

Correction Gross Receipts Tax - Special Revenue Fund  
 Schedule of Revenue, Expenditures and Changes in Budgetary Cash  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Correction fees receipts	\$ 0	\$ 0	\$ 0	\$ 0
Investment interest	0	0	1,890	1,890
Miscellaneous	0	0	63,147	63,147
Taxes:				
Gross receipts tax	72,000	72,000	148,785	76,785
Total revenues	<u>72,000</u>	<u>72,000</u>	<u>213,822</u>	<u>141,822</u>
Expenditures:				
Current:				
General government:				
Jail agreement	225,500	324,500	236,508	87,992
Part-time salaries	0	0	0	0
Training, mileage and per diem	3,000	3,000	2,678	322
Care of prisoners	1,500	2,500	2,500	0
Juvenile detention expense	10,000	10,000	1,230	8,770
Workers' compensation	0	0	0	0
FICA	0	0	0	0
Total expenditures	<u>240,000</u>	<u>340,000</u>	<u>242,916</u>	<u>97,084</u>
Excess (deficiency) revenues over expenditures	<u>(168,000)</u>	<u>(268,000)</u>	<u>(29,094)</u>	<u>238,906</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers out	0	0	(27,111)	(27,111)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(27,111)</u>	<u>(27,111)</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	<u>(168,000)</u>	<u>(268,000)</u>	<u>(56,205)</u>	<u>211,795</u>
Budgeted cash balance, beginning of year	<u>266,029</u>	<u>266,029</u>	<u>266,029</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 98,029</u>	<u>\$ (1,972)</u>	<u>\$ 209,824</u>	<u>\$ 211,795</u>

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

UNION COUNTY, NEW MEXICO

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State shared taxes:				
General gross receipts	\$ 72,000	\$ 72,000	\$ 148,835	\$ 76,835
Miscellaneous:				
Investment interest	0	0	3,069	3,069
Total revenues	72,000	72,000	151,904	79,904
Expenditures:				
Current:				
General government:				
Operating expense	159,300	159,300	159,293	7
Total expenditures	159,300	159,300	159,293	7
Excess (deficiency) revenues over expenditures	(87,300)	(87,300)	(7,389)	79,911
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	(87,300)	(87,300)	(7,389)	79,911
Budgeted cash balance, beginning of year	445,595	445,595	445,595	0
Budgeted cash balance, end of year	\$ 358,295	\$ 358,295	\$ 438,206	\$ 79,911

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Gross receipts tax	\$ 125,000	\$ 125,000	\$ 294,790	\$ 169,790
Investment interest	0	0	1,859	1,859
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>296,649</u>	<u>171,649</u>
Expenditures:				
Current:				
Health and welfare:				
Operating expense	450,000	450,000	338,599	111,401
Total expenditures	<u>450,000</u>	<u>450,000</u>	<u>338,599</u>	<u>111,401</u>
Excess (deficiency) revenues over expenditures	<u>(325,000)</u>	<u>(325,000)</u>	<u>(41,950)</u>	<u>283,050</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>(325,000)</u>	<u>(325,000)</u>	<u>(41,950)</u>	<u>283,050</u>
Budgeted cash balance, beginning of year	<u>248,379</u>	<u>248,379</u>	<u>248,379</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ (76,621)</u>	<u>\$ (76,621)</u>	<u>\$ 206,429</u>	<u>\$ 283,050</u>

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, 2012

	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	86	86
Total revenues	0	0	86	86
Expenditures:				
Current:				
General government:				
Contractual	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) revenues over expenditures	0	0	86	86
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	86	86
Budgeted cash balance, beginning of year	11,696	11,696	11,696	0
Budgeted cash balance, end of year	\$ 11,696	\$ 11,696	\$ 11,782	\$ 86

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
State grants:				
Grant funds	\$ 0	\$ 0	\$ 0	\$ 0
Fees and reimbursements	0	0	0	0
Total revenues	0	0	0	0
Expenditures:				
Current:				
Health and welfare:				
Contractual	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) revenues over expenditures	0	0	0	0
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	0	0
Budgeted cash balance, beginning of year	4,000	4,000	4,000	0
Budgeted cash balance, end of year	\$ 4,000	\$ 4,000	\$ 4,000	\$ 0

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue:				
Miscellaneous:				
Refund or recoveries	\$ 25,000	\$ 25,000	\$ 25,000	\$ 0
Fees and reimbursements	0	0	0	0
Investment interest	0	0	1,687	1,687
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>26,687</u>	<u>1,687</u>
Expenditures:				
Current:				
General government:				
Courthouse repairs	25,000	25,000	14,910	10,090
Buildings repair and maintenance	0	800	729	71
Contractual	0	15,700	15,685	15
Total expenditures	<u>25,000</u>	<u>41,500</u>	<u>31,324</u>	<u>10,176</u>
Excess (deficiency) revenues over expenditures	0	(16,500)	(4,637)	11,863
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	(16,500)	(4,637)	11,863
Budgeted cash balance, beginning of year	<u>238,398</u>	<u>238,398</u>	<u>238,398</u>	<u>0</u>
Budgeted cash balance, end of year	<u>\$ 238,398</u>	<u>\$ 221,898</u>	<u>\$ 233,761</u>	<u>\$ 11,863</u>

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, 2012

	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	0	0
Total revenues	0	0	0	0
Expenditures:				
Debt Service:				
Principal	273,213	273,213	0	273,213
Interest	0	0	0	0
Total expenditures	273,213	273,213	0	273,213
Excess (deficiency) revenues over expenditures	(273,213)	(273,213)	0	273,213
Other financing sources (uses):				
Operating transfers in	273,213	273,213	0	(273,213)
Operating transfers out	0	0	0	0
Total other financing sources (uses)	273,213	273,213	0	(273,213)
Excess (deficiency) revenues and other financing sources (uses) over expenditures	0	0	0	0
Budgeted cash balance, beginning of year	0	0	0	0
Budgeted cash balance, end of year	\$ 0	\$ 0	\$ 0	\$ 0

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

UNION COUNTY, NEW MEXICO

Reconciliation between the nonmajor non-GAAP budgetary (cash) basis amounts and the governmental fund financial statements by fund type  
 For the year ended June 30, 2012

	Special Revenue Funds			
	Farm and Range Fund	Recreation Fund	Clerk's Fees Fund	Indigent Hospital Fund
Excess (deficiency) of revenues over expenditures (GAAP Basis)	\$ 26	\$ 0	\$ 5,363	\$ 5,432
Adjustments:				
Receivables (net)				(14,725)
Accounts payable (net)				
Prepaid insurance				
Intercept revenue				
NMFA principal payment				
Interest expense				
NMFA loan processing fees				
Refund or recoveries				
Excess (deficiency) of revenues over expenditures (Budget Basis)	<u>\$ 26</u>	<u>\$ 0</u>	<u>\$ 5,363</u>	<u>\$ (9,293)</u>

	Special Revenue Funds			
	Capulin EMS Fund	Amistad / Hayden EMS Fund	Correction Fees Fund	DWI State Grant Fund
Excess (deficiency) of revenues over expenditures (GAAP Basis)	\$ (521)	\$ (10,377)	\$ (25,076)	\$ 525
Adjustments:				
Receivables (net)				
Accounts payable (net)			(1,742)	286
Prepaid insurance				
Intercept revenue				
NMFA principal payment				
Interest expense				
NMFA loan processing fees				
Refund or recoveries				
Excess (deficiency) of revenues over expenditures (Budget Basis)	<u>\$ (521)</u>	<u>\$ (10,377)</u>	<u>\$ (26,818)</u>	<u>\$ 811</u>

	Special Revenue Funds			
	Correction Gross Receipts Fund	General Gross Receipts Tax Fund	Special Hospital Gross Receipts Tax Fund	Legislature Appropriations
Excess (deficiency) of revenues over expenditures (GAAP Basis)	\$ 18,478	\$ (30)	\$ (34,469)	\$ 86
Adjustments:				
Receivables (net)	(22,725)	(7,359)	(7,481)	
Accounts payable (net)	(24,847)			
Prepaid insurance				
Intercept revenue				
NMFA principal payment				
Interest expense				
NMFA loan processing fees				
Refund or recoveries				
Excess (deficiency) of revenues over expenditures (Budget Basis)	<u>\$ (29,094)</u>	<u>\$ (7,389)</u>	<u>\$ (41,950)</u>	<u>\$ 86</u>

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

Special Revenue Funds			
Capulin Fire District Fund	Sedan Fire District Fund	Amistad / Hayden Fire District Fund	Grenville Fire District Fund
\$ (1,329)	\$ (57,331)	\$ 13,925	\$ 19,524
(45)	20	43	(4)
(1,297)	(14)	(8,264)	635
(2,766)	(2,844)	(2,777)	(2,708)
	(28,447)		(1,004)
	26,590		14,142
	1,904		1,598
1,800	3,750		
<u>\$ (3,637)</u>	<u>\$ (56,372)</u>	<u>\$ 2,927</u>	<u>\$ 32,183</u>

Special Revenue Funds				
Reappraisal Fund	Law Enforcement Grant Fund	Emergency Services Governmental Gross Receipts Tax	GRT Reserve Fund	Fire Marshall Fund
\$ (5,503)	\$ (22,375)	\$ 67,285	\$ 77,075	\$ (72,658)
(7)		(7,379)	(31,947)	
130		(8,604)		(237)
			120,000	
<u>\$ (5,380)</u>	<u>\$ (22,375)</u>	<u>\$ 51,302</u>	<u>\$ 165,128</u>	<u>\$ (72,895)</u>

Special Revenue Funds	Debt Service Fund	Total
Collaborative Health Council	Debt Service Fund	
\$ -	\$ -	\$ (21,950)
		(91,609)
		(43,954)
		(11,095)
		(29,451)
		40,732
		3,502
		5,550
		120,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,275)</u>

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## **OTHER SUPPLEMENTARY INFORMATION**

UNION COUNTY, NEW MEXICO  
 Schedule of Changes in Assets and Liabilities  
 Agency Funds  
 June 30, 2012

	Beginning of Year Balance	Additions	Deletions	End of Year Balance
<b>ASSETS</b>				
Cash - Clayton Municipal School	\$ 55,992	\$ 350,589	\$ (398,330)	\$ 8,251
Cash - Des Moines Municipal School	1,737	93,118	(93,581)	1,274
Cash - Springer Municipal School	151	8,134	(7,837)	448
Cash - Luna Vo. Tech	39	2,764	(2,664)	139
Cash - Taxes paid in advance	-	-	-	-
Cash - Pre-billed livestock	24,951	7,279	0	32,230
Cash - Taxes paid under protest	-	171,650	-	171,650
Cash - Town of Clayton	7,524	125,003	(129,409)	3,118
Cash - Village of Des Moines	178	9,312	(9,209)	281
Cash - Village of Folsom	209	5,232	(5,325)	116
Cash - Village of Grenville	18	2,941	(2,933)	26
Cash - State of New Mexico	7,508	296,504	(300,396)	3,616
Cash - Ute Creek	-	740	(740)	-
Other Trust accounts	258			258
Interest Receivable	-	109	-	109
Shared taxes receivable	24,729	9,315	(24,729)	9,315
<b>Total assets</b>	<b>\$ 123,294</b>	<b>\$ 1,082,690</b>	<b>\$ (975,153)</b>	<b>\$ 230,831</b>
<b>LIABILITIES</b>				
Deposits held for others	\$ 123,294	\$ 911,040	\$ (975,153)	\$ 59,181
Taxes paid under protest	-	171,650	-	171,650
<b>Total liabilities</b>	<b>\$ 123,294</b>	<b>\$ 1,082,690</b>	<b>\$ (975,153)</b>	<b>\$ 230,831</b>

**UNION COUNTY, NEW MEXICO**  
**BANK RECONCILIATION - ALL ACCOUNTS**  
June 30, 2012

Bank Name	June 30, 2012			June 30, 2012
	Bank Statement Balance	Outstanding Deposits	Outstanding Checks	Book Balance
<b>The First National Bank of New Mexico</b>				
Clayton, New Mexico:				
Checking Account:				
Union County Treasurer	\$ 1,009,173	\$ 6,763	\$ (54,385)	\$ 961,551
Certificates of Deposit:				
Union County Treasurer	171,650			171,650
Union County Treasurer	500,000			500,000
Union County Treasurer	600,000			600,000
Union County Treasurer	600,000			600,000
<b>The Farmers and Stockmen's Bank</b>				
Clayton, New Mexico:				
Checking Account:				
Union Co. Treasurer & Tax Coll	587,749		(32,627)	555,122
Certificates of Deposit:				
Union Co. Treasurer & Tax Coll	500,000			500,000
Union Co. Treasurer & Tax Coll	400,000			400,000
Union Co. Treasurer & Tax Coll	600,000			600,000
Union Co. Treasurer & Tax Coll	600,000			600,000
Subtotal	\$ 5,568,572	\$ 6,763	\$ (87,012)	\$ 5,488,323
Cash on hand	250			250
Total	\$ 5,568,822	\$ 6,763	\$ (87,012)	\$ 5,488,573
Governmental Activities				\$ 5,267,165
Fiduciary Funds				221,407
Total				<u>\$ 5,488,572</u>



UNION COUNTY, NEW MEXICO  
 Property Tax Schedule, continued  
 For The Year End June 30, 2012

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
Luna Tech									
2002-2010	\$17,282.37	\$11.76	\$17,264.43	\$1.87	\$17,254.54	\$17.94	\$17.94	\$9.89	
2011	\$2,814.31	\$2,752.53	\$2,752.53	\$2,623.01	\$2,623.01	\$61.78	\$61.78	\$129.52	
<b>Total Luna Tech</b>	<b>\$20,096.68</b>	<b>\$2,764.29</b>	<b>\$20,016.96</b>	<b>\$2,624.88</b>	<b>\$19,877.55</b>	<b>\$79.72</b>	<b>\$79.72</b>	<b>\$139.41</b>	<b>\$0.00</b>
<b>Total Schools</b>	<b>\$5,747,282.64</b>	<b>\$364,914.76</b>	<b>\$5,694,425.62</b>	<b>\$360,325.58</b>	<b>\$5,689,836.44</b>	<b>\$52,866.04</b>	<b>\$52,866.04</b>	<b>\$4,589.18</b>	<b>\$0.00</b>
State of NM Treasurer:									
State of New Mexico									
2002-2010	\$1,220,059.41	\$4,209.39	\$1,207,873.41	\$3,482.34	\$1,207,146.36	\$12,186.00	\$12,186.00	\$727.05	
2011	\$179,286.29	\$171,977.47	\$171,977.47	\$170,965.82	\$170,965.82	\$7,308.86	\$7,308.86	\$1,011.65	
<b>Total State of NM</b>	<b>\$1,399,345.70</b>	<b>\$176,186.86</b>	<b>\$1,379,850.88</b>	<b>\$174,448.16</b>	<b>\$1,378,112.18</b>	<b>\$19,494.86</b>	<b>\$19,494.86</b>	<b>\$1,738.70</b>	<b>\$0.00</b>
Cattle Levy									
2002-2010	\$1,446,605.05	\$767.18	\$1,445,604.76	\$523.73	\$1,445,361.31	\$1,000.29	\$1,000.29	\$243.45	
2011	\$119,453.12	\$115,666.06	\$115,666.06	\$115,087.89	\$115,087.89	\$3,787.05	\$3,787.05	\$578.17	
<b>Total Cattle Levy</b>	<b>\$1,566,058.17</b>	<b>\$116,433.24</b>	<b>\$1,561,270.82</b>	<b>\$115,611.62</b>	<b>\$1,560,449.20</b>	<b>\$4,787.34</b>	<b>\$4,787.34</b>	<b>\$821.62</b>	<b>\$0.00</b>
Sheep/Goat Levy									
2002-2010	\$142.49	\$0.13	\$142.31	-	\$142.18	\$0.18	\$0.18	\$0.13	
2011	\$7.16	\$6.65	\$6.65	\$6.65	\$6.65	\$0.51	\$0.51	\$0.00	
<b>Total Sheep Levy</b>	<b>\$149.65</b>	<b>\$6.78</b>	<b>\$148.96</b>	<b>\$6.65</b>	<b>\$148.83</b>	<b>\$0.69</b>	<b>\$0.69</b>	<b>\$0.13</b>	<b>\$0.00</b>
Equine Levy									
2002-2010	\$13,175.11	\$48.07	\$13,162.58	\$40.70	\$13,155.21	\$12.53	\$12.53	\$7.37	
2011	\$908.80	\$865.04	\$865.04	\$837.48	\$837.48	\$43.72	\$43.72	\$27.56	
<b>Total Equine Levy</b>	<b>\$14,083.91</b>	<b>\$913.11</b>	<b>\$14,027.62</b>	<b>\$878.18</b>	<b>\$13,992.69</b>	<b>\$56.25</b>	<b>\$56.25</b>	<b>\$34.93</b>	<b>\$0.00</b>
Bison Levy									
2002-2010	\$11.57	\$0.00	\$11.57	\$0.00	\$11.57	\$0.00	\$0.00	\$0.00	
2011	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
<b>Total Bison Levy</b>	<b>\$11.57</b>	<b>\$0.00</b>	<b>\$11.57</b>	<b>\$0.00</b>	<b>\$11.57</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total State of New Mexico Treasurer</b>	<b>\$2,979,649.00</b>	<b>\$293,539.99</b>	<b>\$2,955,309.85</b>	<b>\$290,944.61</b>	<b>\$2,952,714.47</b>	<b>\$24,339.14</b>	<b>\$24,339.14</b>	<b>\$2,595.38</b>	<b>\$0.00</b>
Ute Creek Soil Water									
2002-2010	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
2011	\$763.09	\$739.66	\$739.66	\$739.55	\$739.55	\$23.43	\$23.43	\$0.11	
<b>Total UCSWCD</b>	<b>\$763.09</b>	<b>\$739.66</b>	<b>\$739.66</b>	<b>\$739.55</b>	<b>\$739.55</b>	<b>\$23.43</b>	<b>\$23.43</b>	<b>\$0.11</b>	<b>\$0.00</b>
<b>Grand Total</b>	<b>\$24,292,092.90</b>	<b>\$2,493,102.61</b>	<b>\$23,993,298.02</b>	<b>\$2,482,376.30</b>	<b>\$23,982,571.71</b>	<b>\$298,789.85</b>	<b>\$298,789.85</b>	<b>\$10,726.31</b>	<b>\$0.00</b>

**UNION COUNTY, NEW MEXICO**  
Schedule of Pledged Collateral  
To Secure the Deposits of Public Funds  
June 30, 2012

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	\$ 215,934	\$ 200,000
FHLB	17239HDA4	10/1/2012	157,435	155,000
FHLB	085279PK7	8/1/2019	170,448	150,000
FHLB	433866DF4	4/15/2023	55,208	50,000
FHLB	433866DH0	4/15/2016	273,406	250,000
FHLB	106047FZ1	9/1/2013	106,665	105,000
FHLB	922382BZ8	8/1/2016	105,420	95,000
FHLB	31417YTE7	10/1/2020	156,026	147,476
FHLB	013595LM3	8/1/2022	113,888	100,000
FHLB	013595LM3	8/1/2022	170,832	150,000
FHLB	77855OHD8	8/1/2021	165,219	150,000
Total			<u>\$ 1,690,480</u>	<u>\$ 1,552,476</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
CARLSBAD NM MUN SCH	142735DH9	8/1/2017	\$ 50,000	\$ 50,000
FFCB	31331KL32	10/26/2018	251,430	250,000
FNMA	3135G0EU3	10/25/2013	200,396	200,000
FNMA	3136FTAE9	10/11/2012	400,559	400,000
FNMA	3136FTEF2	10/25/2019	544,037	540,000
Las Vegas N Mex City SD #2	51778FCM9	10/25/2013	200,396	200,000
Total			<u>\$ 1,646,819</u>	<u>\$ 1,640,000</u>

The Pledged Securities are held in safekeeping at the Federal Home Loan Bank of Dallas at P.O. Box 619026, Dallas, Texas 75261-9026.

UNION COUNTY, NEW MEXICO  
 Tax Roll Reconciliation - Changes in Property Taxes Receivable  
 For the Year Ended June 30, 2012

Property taxes receivable, beginning of year	\$ 99,908
Changes to tax roll:	
Total taxes charged to treasurer for fiscal year	2,508,290
Adjustments:	
Increases in taxes receivable	199,760
Charge-off of taxes receivables	(16,074)
Non-rendition	<u>(70)</u>
Total receivables prior to collection	2,791,814
Collections for fiscal year ended June 30, 2012	2,507,652
State penalty and interest fund	14,628
Property taxes receivable, before taxes paid under protest	<u>298,790</u>
Less: Taxes paid under protest	<u>171,650</u>
Property taxes receivable, end of year	<u><u>\$ 127,140</u></u>

Property taxes receivable by years:

2011	\$ 88,182
2010	30,115
2009	8,130
2008	348
2007	228
2006	83
2005	42
2004	4
2003	4
2002	<u>4</u>
Total	<u><u>\$ 127,140</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



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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, 2012, and have issued my report, thereon, dated November 9, 2012 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

Management of Union County is responsible for establishing and maintaining effective 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 and 2010-06; 2011-02; 2011-03; and 2010-07.

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 Responses to be significant deficiencies: Finding No. 2011-04.

#### 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 *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items: Findings Nos. 2012-01, 2011-10, 2011-05, 2010-02 and 2008-04.

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 items: Finding No. 2008-08.

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.



November 9, 2012

**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 and 2010-06**

Recording of Debt Issues and Intercept Payments on NMFA Loans

Condition – The County did not fully complete the off-books debt ledger, initiated in the current year, to record transactions in its 8 outstanding NMFA debt issues (debt additions of \$840,420 and payments of principal and interest of \$365,719), as well as the recording of intercept of State-Shared Revenues, applied as payments on the debt issues.

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 and intercept amounts withheld from tax revenues. 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 or record debt transactions to include recording of intercept payments from tax revenues 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 loan balances, escrowed payment balances and intercept revenues) for preparation of 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 substantial 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. Additionally, non-cash transactions are very difficult to record in the cash basis accounting system. Therefore, during the current year, management did establish a hand posted off-books recordkeeping system to record these transactions; however, the accounting for each bond issue was not complete. The incomplete schedules could not be used to prepare adjusting entries to record the debt transactions for GAAP financial accounting purposes.

Recommendation – I recommend that management further the efforts to maintain a complete hand posted, off-books 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, intercept revenue source, applicable general ledger account numbers to charge principal and interest as well as the general ledger revenue account to credit bond proceeds 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 for financial statement preparation.

I concur with management’s initial efforts of maintaining the off-book debt ledger. I encourage management to consider all the data fields in the debt ledger noted above and to complete all the debt schedules for the year.

Management’s response - Union County will continue to keep the off-books record and improve the data fields as needed.

**Schedule of Findings and Responses**

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**CURRENT YEAR FINDINGS (CONTINUED)  
INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**FINDING 2011-02**

Inter Fund Loans

Condition – A loan in the amount of \$100,000 was made in the 2009 fiscal year, from the General Fund to the Rabbit Ear Fire District Fund. While the County does maintain an off-books amortization schedule of the loan, the scheduled repayment of the loan by Rabbit Ear Fire Department in the amount of \$23,097, was not budgeted for fiscal year 2012 nor was the payment made. (See 2011-10 for additional General Fund payments in the current fiscal year made for the benefit of the Rabbit Ear Fire Fund, not budgeted as a transfer, nor approved as a loan.) The validity of this loan is uncertain, due to other obligations of the Rabbit Ear Fire District Fund.

Recording of Inter Fund Receivables and Payables

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. The payment schedule as approved by the governing body should be adhered to or the amount of the loan should be budgeted as a permanent transfer to the Rabbit Ear Fire District Fund, if there is no intent or ability to repay the loan.

Effect – The financial statements are misstated if the inter fund loan is no longer collectable by the General Fund if the Rabbit Ear Fire Department no longer has the ability to repay the loan.

Cause – The cash basis financial system used by the County has limited capabilities to record assets and liabilities. The system only records cash transactions and does not record liabilities at all. During the current fiscal year, the Rabbit Ear Fire Department borrowed additional sums from the New Mexico Finance Authority to construct a new fire station. The scheduled debt service for the new loan is approximately \$30,000 per year. The annual fire distribution revenue for Rabbit Ear Fire District Fund has historically been approximately \$75,000 to \$85,000. Operational costs have been \$50,000 to \$60,000 per year. The Rabbit Ear Fire District Fund may lack the resources to repay the loan to the General Fund as originally scheduled.

Recommendation – I recommend that Management evaluate the ability of Rabbit Ear Fire District Fund to repay the General Fund loan. If the loan cannot be repaid or the debt restructured, it may be necessary to budget a permanent transfer from the General Fund to repay the loan.

Management's response – The Union County Board of Commissioners allowed Rabbit Ear Fire Department to skip the FY 2012 payment on the loan that the fire department has with the County due to the construction of the new Main Station. The Rabbit Ear Fire Chief has directed County Administration to make the skipped FY 2012 payment and could make the FY 2013 payment toward the end of the year if the funds are available. Rabbit Ear Fire Department is preparing for an ISO inspection which will increase the amount of funding from the Fire Protection Fund to cover the building payment from NMFA.

**Schedule of Findings and Responses**

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**CURRENT YEAR FINDINGS (CONTINUED)  
INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**FINDING 2011-03**

Sole Community Provider Funding

Condition - Sole Community Provider Funding, 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. This grant has historically been material to the financial statements. The amount of the grant for the current year is not available.

Criteria – GASB Codification N50.128 requires pass-through grants to be recorded by the recipient government, if it has oversight responsibility. As Section 27-5-12.2, NMSA, 1978 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 from the New Mexico Human Services Department and are not received by the County Treasurer. Nor does County government receive a copy of the remittance advice from remittance of funds to the Hospital. Finally, 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 request a copy of the remittance from the New Mexico Human Services Department and record these transactions in a hand posted, off-books ledger, so that the transactions can be recorded for preparation of the financial statements. I also recommend the pass-through grant be budgeted.

Management's response – The quarterly match payments are budgeted as expenditures and the revenue is budgeted in the County budget. Union County will prepare a budget resolution to account for the flow through Sole Community Provider grant for the hospital from Human Services Department.

**FINDING 2011-04**

Controls over Compliance with the Bid Specifications for Federal and State Grants

Condition – The County does not have a system in place to review bid specifications to ensure contracts awarded include all the provisions required by grants. In the prior year, this resulted in issuance of contracts for a Federal ARRA program in which requirements of the grant were not included in the contract, resulting in a violation of the grant agreement. Recommendations of the prior year to strengthen controls over compliance were not adopted.

Criteria - Federal and state grant agreements typically have specific requirements such as in the prior year to "buy American". Inclusion of this provision in the contract awarded for completion of the project is critical to ensure compliance with required contract provisions.

Effect - County government is at risk of, again, violating federal or state grant agreements for failure to include in awarded contracts the specific requirements of the grant.

Cause - The County's procurement code does not include a control system for the review of bid specifications to contractors to ensure it includes any special provisions of the federal and state grant agreements or a reference to the federal requirements.

**Schedule of Findings and Responses**

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**CURRENT YEAR FINDINGS (CONTINUED)**  
**INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**FINDING 2011-04 (CONTINUED)**

Controls over Compliance with the Bid Specifications for Federal and State Grants (Continued)

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 and state grants to include the special requirements. If the program is one in which management has had no experience, the County may wish to consider a provision in the procurement code to engage someone with the required expertise to draw the contract award to ensure the required specifications are included.

Management's response – Union County concurs with recommendations. We will continue to communicate with our Architect and Engineers to make sure that any contract includes any specific requirements for the respective grant.

**FINDING 2010-07**

Revenue Classification

Condition - Material revenues of \$1,078,168, primarily from grants and loans were recorded in accounts classified as "reimbursements" or refunds and recoveries, rather than the proper revenue account for particular revenue. Among these amounts were loans from the New Mexico Finance Authority in the amount of \$578,077.

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 as well as financial reporting.

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-ordinary revenues are, therefore, credited to a miscellaneous revenue account or "reimbursements".

Recommendation - I recommend that revenue accounts 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 – Union County will implement this recommendation immediately.

**Schedule of Findings and Responses**

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

**FINDING 2012-01**

Disposition of Public Property

Condition – During the current year, the County Government sold scrap metal to a private vendor for \$8,023. The sale of the property was not approved by the Board of Commissioners, was not advertised for sale or sold by competitive bid, the NM State Auditor nor the Department of Finance was notified and a three member committee was not appointed to oversee the disposition.

Criteria - Section 13-6-1 to 13-6-8, NMSA, 1978 specifies the requirements for disposition of public property.

Effect - County government is in violation of the statutory requirements for disposition of property.

Cause - The County Road Superintendent orally advised the Commissioners of the excess scrap metal and of his intent to sell the surplus property; however, it was not noted in the minutes. As Union County seldom sells surplus equipment, officials were unfamiliar with the statutory requirements for disposition of property.

Recommendation – I recommend the County consider including a reference in Union County's Capital Asset Policy referencing the statutory requirements for property dispositions.

Managements Response - The Union County capital asset policy has a disposition section in it – it needs to be reviewed and adhered to.

**FINDING 2011-10**

Budgeting

Condition - The final budget as reflected in the Triadic accounting system does not include budget resolutions of \$904,250 for revenue, amending the revenue resources available to Union County. (Budget resolutions amending budgeted expenditures are included.)

The budget as reflected in the Triadic accounting system does not include debt service (\$273,213) or agency funds (\$350,000) as included in the budget document approved by the New Mexico Department of Finance and Administration (DFA).

The DFA approved budget provides for payments on debt within a debt service fund; however, the Triadic cash basis accounting system does not include a debt service fund. As debt service was also not budgeted within the fund obligated to pay the debt, budgetary comparison for monitoring the budget or for the quarterly budget reporting to DFA is not possible.

Debt repayment of \$35,000 for the Rabbit Ear Fire District Fund was charged to Ambulance/Social Service budget in the General Fund.

The total budgeted expenditures per the final approved budget were not reconciled to the fourth quarter budget report submitted to DFA, resulting in an error of \$206.

**Schedule of Findings and Responses**

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

**FINDING 2011-10 (CONTINUED)**

Budgeting (Continued)

Criteria – As the Triadic accounting system is the means by which budgetary control over revenues and expenditures are exercised, inclusion of all budgetary items (revenue, debt service and agency funds) is necessary to achieve completeness in Union County's financial reporting.

Section 6-6-6, NMSA, 1978, requires expenditures to be budgeted and is binding on all officials. Implicit in the budget authorization is spending approval for only the budgeted purpose and not for another purpose unless the budget is amended and the amendment approved by DFA.

Budget reports required to be provided to DFA necessarily must be accurate reflections of the financial activity of the government.

Debt service funds are required only if legally mandated or if financial resources are being accumulated for payments maturing in future years (NCGA Statement 1, p.30). As resources are generally not accumulated in excess of one year's payments by the New Mexico Finance Authority, debt service funds generally would not be required. Further, if the debt service fund were used, it would complicate the already limited capabilities of the cash basis accounting system for the myriad of NMFA loans.

Effect – Monitoring of the budget, by comparison of actual revenues and expenditures to the approved budget is the means necessary to ensure budgetary compliance as required by law. As some revenues as well as debt payments are not reflected in the Triadic accounting system, the budget cannot effectively be monitored.

Expenditure for payment from the General Fund of an unbudgeted expenditure without a budget resolution to amend the budget is a violation of the budget statute.

Failure to reconcile the budget reports submitted to DFA places County government at risk of reporting inaccurate financial data.

The budgeting all of the debt payments within one debt service fund, not included in the accounting system, does not provide for budgetary control and complicates financial reporting.

Cause – Revenue resources as included on the budget resolutions were not keyed into the Triadic accounting system due to a division of duties and lack of coordination between the Manager's Office which prepares disbursements for payment and the Treasurer's office that records revenue.

The DFA budget document provides a separate section for debt service funds. The data field on the official budget document was, therefore, completed rather than reflecting the budget for debt payments within the obligated fund. The focus was on attempting to properly complete the DFA budget document rather than developing the budget around the Triadic accounting system which does not include a debt service fund.

The quarterly DFA budget reporting document is a hand prepared document. The reporting form does not provide a total of the total County budget. Rather, the budget for each fund is separately reported.



**Union County, New Mexico  
For the Year Ended June 30, 2012**

**Schedule of Findings and Responses**

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As the form does not provide a total to control the amounts entered on the form, amounts can be easily entered incorrectly, resulting in reporting errors.

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

**FINDING 2011-10 (CONTINUED)**

Budgeting (Continued)

Cause (Continued)

The payoff of the debt of another fund by the General Fund without a budget resolution to amend the budget appears to have been an oversight.

Recommendation – I recommend that the Manager’s office and the Treasurer’s office more closely coordinate to ensure the recording of budget resolutions to include both revenues and expenditures. I commend the Manager’s Office for preparing a reconciliation of the budget resolution expenditures to the budget keyed to the Triadic system. I recommend that the reconciliation also include revenues.

I recommend the budgeting of debt payments within the obligated fund, rather than a debt service fund on the official DFA budget document, as the Union County accounting system does not have a debt service fund. I, also, recommend that all budgeted funds included in the official budget approved by DFA be included in the Triadic accounting system.

I recommend that the quarterly DFA budget reports be reconciled to the supporting financial information to ensure accuracy of regulatory financial reporting.

I recommend greater awareness of the payment of expenditures only as budgeted. Budget resolutions amending the budget to authorize other expenditures should be prepared and approved as required.

Management’s response – Union County will the recommendations made immediately.

**FINDING 2010-02**

Reconciliation of Payroll Reports to Regulatory Reports

Condition – I was unable to reconcile payroll tax reports, Forms 941, Public Employees Retirement Act (PERA) reports or Retiree Health Care Authority (RHCA) insurance reports or total wages to the County’s general ledger. Gross wages was under reported on Forms 941 by \$985. PERA wages was over reported by \$1,112. Retiree Health Care wages was under reported by \$3,688. Wages paid for clerical assistance of \$144 were not reported as payroll. While the reporting was improved over the previous year, all reports continue to include small reporting errors.

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 10-11, NMSA, 1978) and the Retiree Health Care Authority Act (Section 10-7C, NMSA, 1978) requires reporting of 100% of the qualifying payroll to PERA. Subtitle C of the Internal Revenue Code requires the reporting of all taxable wages for payroll tax reporting purposes and imposes penalties for improper reporting.

Effect - Union County is in violation of the PERA, RHCA and the Internal Revenue Code for reporting errors. County government is, also, at risk for fines for payroll reporting errors and time consuming amendments to payroll reports inaccurately prepared.

**Union County, New Mexico**  
**For the Year Ended June 30, 2012**

**Schedule of Findings and Responses**

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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

**Schedule of Findings and Responses**

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

**FINDING 2010-02 (CONTINUED)**

Reconciliation of Payroll Reports to Regulatory Reports (Continued)

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.

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. Payment of withholdings concurrent with payroll on the same day has narrowed the differences to immaterial amounts; however the problems continue to persist. Because the errors continue to occur the material differences could occur in material amounts and not be detected on a timely basis. Upon obtaining assistance from Triadic, I recommend a regular process be implemented to reconcile withheld amounts each quarter that reports are submitted to the IRS, PERA or Retiree Health Care Authority.

Management's response – Union County will contract the software provider for advice and help to create the reports needed to correct the payroll reports.

**FINDING 2011-05**

Reporting and Grants Management

Condition – DWI grant reporting for the current year was not timely and certain provisions of the DWI grant agreement were not adhered to.

Criteria – Most grants are governed by the provisions of the grant agreement which set forth the terms under which the grant program must be administered.

Effect – The County was not in compliance with the grant agreement resulting in a letter from the grantor threatening to withhold funding for noncompliance.

Cause – The County does not have in place an internal control system to ensure adherence to provisions of the grant agreement or a tickler system to ensure reports are timely filed.

Recommendation - I recommend the County develop a control system in which a checklist is developed for each grant of the required provisions of the grant. A tickler system should be established to ensure reports are timely filed. Required reports prepared by one person should be reviewed by a second person and documented with a checklist to ensure accuracy, particularly if the grant is managed outside of the Manager's office. I recommend that reports only be prepared from expenditures recorded in the books of account, not from off-books sources, to ensure the accuracy of the reports.

To assist in managing grants, I, also, recommend maintaining a schedule of all grants to include the grant name, CFDA No., date awarded, required completion date, amount of grant, general ledger fund number, person responsible for grant, matching requirements and any unique or special requirements. A schedule of each individual grant should be maintained to reflect the monthly total of expenditures from the general ledger, billings to the grantor, grant proceeds received and billings receivable from the grantor.

Management's response – A schedule of quarterly reports will be created to simplify and ensure all the quarterly reports are completed and submitted correct and on time.

**Schedule of Findings and Responses**

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

**FINDING 2008-08**

Procurement

**Condition** – In two instances out of 60 items tested, there was no notation of the documentation for the best price of items between \$1,000 and \$5,000.

**Criteria** – The County Procurement Policy requires three telephone quotes be obtained and documented for purchases costing between \$1,000 and \$5,000.

**Effect** – The purchases are in violation of the County Procurement Code.

**Cause** – Personnel in some County departments are not attentive to the requirements of the County's Procurement Code. Violations are not brought to the attention of department heads.

**Recommendation** – I recommend that the required three quotes be submitted to the Manager's office prior to the preparation of a purchase order to ensure compliance with the County Procurement Code.

**Management's response** - Union County will work with the elected officials and department heads to follow the procurement policy as approved by the Board of Commissioners.

**FINDING 2008-04**

Deficiencies in capital asset records

**Condition** – Material capital outlay expenditures for the year of \$864,571 recorded in the general ledger included repairs and maintenance and nonqualifying capital assets of \$17,365 and principal payments on NMFA loans of \$56,807 that did not meet the criteria of a capital asset.

The beginning balance of the Capital Asset subsidiary ledger for FY 2012 is less than the ending balance for FY 2011 by (\$752,287) of assets and \$673,696 of accumulated depreciation, net amount of (\$78,691).

Additions to the Capital Asset subsidiary ledger do not include capital asset expenditures during the year of \$609,618.

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

**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.

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. Preparation of financial statements is made extremely difficult due to the misclassified repair and maintenance expenditures and debt service payments, requiring analysis of every general ledger capital outlay and debt service account. The County is not in compliance with the accountability requirements for federal grants or New Mexico Statutes.

**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

**Schedule of Findings and Responses**

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

**FINDING 2008-04 (CONTINUED)**

Deficiencies in capital asset records (Continued)

in the subsidiary ledger has not been implemented. Initial control by County department has not been established by a thorough inventory of capital assets, so as to establish fixed accountability with each department head over the County's assets. Expenditures charged to capital outlay include repair and maintenance expenses in addition to capital assets. Capital asset accounting has not been a high priority of County government.

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 process for implementing control over the County's capital assets begin with a physical inventory (required by Statute) to determine the County's assets and establish an accurate detail capital asset ledger. The inventory should be conducted by someone independent of the department being inventoried. Any unaccounted for assets should be reported to the County Commission along with an explanation or an investigation as to the nature or reason for 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. Once the inventory is completed, each department head should sign for the assets under his or her custody and be held accountable for all assets on an annual basis.

If management desires to account for assets under \$5,000, I recommend contacting, Triadic, regarding setting up a listing separate from the over \$5,000 statutory capital asset listing. Capital outlay expenditures should only include the cost of assets over \$5,000, meeting the criteria for recording in the capital asset ledger. Repair and maintenance expenses should be charged to the appropriate expense account.

The Capital Asset policy should further include reference to federal regulations regarding accounting for and disposition of property acquired with federal funds.

Management's Response - Union County understands the importance of implementing controls over the County's capital assets and will continue to work to get a full and correct inventory.

**Union County, New Mexico  
For the Year Ended June 30, 2012**

**Schedule of Findings and Responses**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

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- Finding 2011-01 Recording of Debt Issues – Repeated and combined with Intercept Payments on NMFA loans, Finding 2010-06 in current year report.
- Finding 2011-02 Recording of Inter Fund Receivables and Payables – Repeated and updated in current year report.
- Finding 2011-03 Sole Community Provider Funding – Repeated and updated in the current year report.
- Finding 2011-04 Controls Over Compliance with Buy American Requirements for ARRA – Repeated and updated in current year report as Controls over Compliance with Bid specifications of Federal and State Grants.
- Finding 2011-10 Budgeting – Repeated and included in current year report.
- Finding 2010-02 Reconciliation of Payroll Reports – Repeated and updated for current year report as reconciliation of Payroll Reports to Regulatory Reports.
- Finding 2010-07 Revenue Classification – Repeated and updated in current year report.
- Finding 2008-04 Deficiencies in Capital Asset Records – Repeated and updated in current year report.
- Finding 2011-05 Reporting – AARA – Corrected and not included in current year report.
- Finding 2011-06 Compliance with Buy American ARRA – Corrected and not included in current year Report.
- Finding 2011-07 Cash Management – Corrected and not included in current year report.
- Finding 2011-08 Separate Recording of Federal Expenditures – Corrected and not included in current year report.
- Finding 2008-08 Procurement – Repeated and updated in current year report.
- Finding 2011-09 Late Audit Report – Corrected and not 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, 2012, 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 November 9, 2012 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 Manager-Cheryl Garcia, and Kelly McFarland, CPA.