

**STATE OF NEW MEXICO  
UNION COUNTY**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2013**

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UNION COUNTY  
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**STATE OF NEW MEXICO  
UNION COUNTY  
OFFICIAL ROSTER  
JUNE 30, 2013**

***Elected Officials***

Van Robertson..... Commission Chairman  
Walter C. Hall..... Commission Member  
W. Carr Vincent..... Commission Member  
Frankie Aragon ..... Assessor  
Mary Lou Harkins..... Clerk  
Bill Spriggs..... Sheriff  
Brandy Thompson..... Treasurer  
Leslie Taylor ..... Probate Judge

***Administrative Staff***

Angie Gonzales..... County Manager

Ed Fierro, CPA • Rose Fierro, CPA

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## Independent Auditors' Report

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

### **Report on Financial Statements**

We have audited 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, 2013, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's nonmajor governmental funds, and the budgetary comparisons for the nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, 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.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Basis for Adverse Opinion on Governmental Activities**

As discussed in Note 1E7 and Note 6 to the financial statements, management has not maintained adequate subsidiary records to support the balance of capital assets in the governmental activities and additionally, has not recorded depreciation expense on any capital assets for the year ended June 30, 2013. Accounting principles generally accepted in the United States of America require that capital assets, including, but not limited to, general infrastructure assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

Further, because of the lack of adequate subsidiary records that detail all capital assets owned by the County, we were unable to obtain sufficient, competent evidence supporting the amounts reflected as capital assets and included in the statement of net position as of June 30, 2013.

## **Adverse Opinion**

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not presented fairly the financial position of the governmental activities of Union County as of June 30, 2013, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Union County, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental funds as of June 30, 2013, and the respective changes in financial position, thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the general fund, major special revenue funds and all nonmajor funds referred to above present fairly, in all material respects, the budgetary comparisons for each fund of the County for the year ended June 30, 2013, in conformity with the budgetary basis of accounting more fully described in Note 1D, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the County’s financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America.

In our opinion, the other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



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

November 11, 2013



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
UNION COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 5,024,692
Receivables, net	805,964
Prepaid expenses	34,247
Restricted cash	74,840
Restricted investments	124,671
Capital assets:	
Land	6,830
Other capital assets, net of depreciation	<u>4,659,928</u>
Total capital assets	<u>4,666,758</u>
Total assets	10,731,172
<b>LIABILITIES</b>	
Accounts payable	615,249
Accrued salaries	72,087
Accrued interest payable	6,481
Long-term liabilities:	
Due within one year	282,778
Due in more than one year	<u>1,325,295</u>
Total liabilities	<u>2,301,890</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,106,554
Restricted:	
Debt service	199,511
State mandated per statutes	460,604
Unrestricted	<u>4,662,613</u>
Total net position	<u><u>\$ 8,429,282</u></u>

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

**STATE OF NEW MEXICO  
UNION COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General government	\$ 1,133,261	\$ 39,091	\$ 515,764	\$ -	\$ (578,406)
Public safety	1,168,680	144,172	527,624	-	(496,884)
Public works	1,473,674	3,611	396,196	-	(1,073,867)
Health and welfare	2,123,136	8,599	483,389	-	(1,631,148)
Interest on long-term debt	30,228	-	-	-	(30,228)
Total governmental activities	<u>\$ 5,928,979</u>	<u>\$ 195,473</u>	<u>\$ 1,922,973</u>	<u>\$ -</u>	(3,810,533)
General Revenues:					
Sales taxes					1,001,637
Property taxes, levied for general purposes					1,199,977
Property taxes, levied for hospital operations					572,024
Public service taxes					941,710
Interest income					47,789
Donations					5,471
Total general revenues and transfers					<u>3,768,608</u>
Change in net position					(41,925)
Net position, beginning of year					8,481,536
Restatement					<u>(10,329)</u>
Net position, beginning of year, restated					<u>8,471,207</u>
Net position, end of year					<u>\$ 8,429,282</u>

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

**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
UNION COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	General Fund	Road Fund	Hospital Mill Levy Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 2,349,002	\$ 402,491	\$ 353,642	\$ 1,919,557	\$ 5,024,692
Receivables, net	77,549	32,137	227,127	469,151	805,964
Due from other funds	58,804	-	-	-	58,804
Prepaid expenses	10,132	3,347	6,204	14,564	34,247
Restricted:					
Cash	-	74,826	-	10	74,836
Investments	-	124,626	-	49	124,675
Total assets	<u>\$ 2,495,487</u>	<u>\$ 637,427</u>	<u>\$ 586,973</u>	<u>\$ 2,403,331</u>	<u>\$ 6,123,218</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 18,374	\$ 52,273	\$ 508,925	\$ 35,677	\$ 615,249
Accrued salaries	40,274	24,961	-	6,852	72,087
Due to other funds	-	-	-	58,804	58,804
Deferred revenues	33,555	-	17,180	789	51,524
Total liabilities	92,203	77,234	526,105	102,122	797,664
Fund Balances:					
Nonspendable	10,132	3,347	6,204	14,564	34,247
Restricted for:					
Debt service	-	199,452	-	59	199,511
State mandated per statutes	-	-	-	229,973	229,973
Committed for:					
One twelfth budget reserve	460,604	114,163	-	-	574,767
Subsequent years' expenditures	18,977	220,961	450,000	654,156	1,344,094
Assigned	-	22,270	-	1,461,134	1,483,404
Unassigned	1,913,571	-	(395,336)	(58,677)	1,459,558
Total fund balances	<u>2,403,284</u>	<u>560,193</u>	<u>60,868</u>	<u>2,301,209</u>	<u>5,325,554</u>
Total liabilities and fund balances	<u>\$ 2,495,487</u>	<u>\$ 637,427</u>	<u>\$ 586,973</u>	<u>\$ 2,403,331</u>	<u>\$ 6,123,218</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
RECONCILIATION OF THE BALANCE SHEET  
GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013

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

Total fund balances governmental funds (page seven)	\$	5,325,554
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		4,666,758
Recognition of property tax revenue is reflected on full accrual basis within the statement of net assets. Governmental funds recognize property tax on the modified accrual basis.		51,524
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(1,608,073)
Accrued interest payable on long-term debt as of year-end is reflected as such within the statement of net assets. Governmental funds recognize the interest as it becomes due.		<u>(6,481)</u>
Net position of governmental activities (page five)	\$	<u><u>8,429,282</u></u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Road Fund	Hospital Mill Levy Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Sales taxes	\$ 654	\$ -	\$ -	\$ 1,000,983	\$ 1,001,637
Property taxes	1,183,310	-	577,194	31,335	1,214,645
Public service taxes	464,344	370,205	107,161	-	464,344
<b>Intergovernmental:</b>					
Federal	163,044	705	-	33,231	196,275
State	380,383	395,475	189,724	740,585	1,516,443
Local	-	-	-	19,241	19,241
Charges for services	37,346	-	-	140,917	178,263
Licenses and permits	528	-	-	-	528
Interest	32,313	2,507	1,125	11,844	46,664
Miscellaneous	5,063	3,611	-	14,064	22,738
<b>Total revenues</b>	<b>2,266,985</b>	<b>772,503</b>	<b>875,204</b>	<b>1,992,200</b>	<b>5,906,892</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	1,105,638	-	-	32,168	1,137,806
Public safety	481,975	-	-	666,595	1,148,570
Public works	122,177	1,355,328	-	-	1,477,505
Health and welfare	-	-	1,144,401	978,735	2,123,136
Capital outlay	-	-	-	258,532	258,532
<b>Debt service:</b>					
Principal	-	180,058	-	72,397	252,455
Interest and other charges	-	19,265	-	33,788	53,053
<b>Total expenditures</b>	<b>1,709,790</b>	<b>1,554,651</b>	<b>1,144,401</b>	<b>2,042,215</b>	<b>6,451,057</b>
Excess (deficiency) of revenues over expenditures	557,195	(782,148)	(269,197)	(50,015)	(544,165)
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	478,113	-	-	478,113
Transfers (out)	(323,657)	-	-	(154,456)	(478,113)
<b>Total other financing sources (uses)</b>	<b>(323,657)</b>	<b>478,113</b>	<b>-</b>	<b>(154,456)</b>	<b>-</b>
Net change in fund balances	233,538	(304,035)	(269,197)	(204,471)	(544,165)
Fund balances, beginning of year	2,169,746	826,117	330,065	2,543,256	5,869,184
Restatement	-	38,111	-	(37,576)	535
Fund balances, beginning of year, restated	2,169,746	864,228	330,065	2,505,680	5,869,719
Fund balances, end of year	<u>\$ 2,403,284</u>	<u>\$ 560,193</u>	<u>\$ 60,868</u>	<u>\$ 2,301,209</u>	<u>\$ 5,325,554</u>

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

**STATE OF NEW MEXICO  
UNION COUNTY**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

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

Net change in fund balances total governmental funds (page nine)	\$	(544,165)
Governmental funds report capital outlay as expenditures in the amount of \$258,532; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The County has not determined the current year depreciation expense. The net adjustment is \$258,532.		258,532
Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred revenue in the funds. At June 30, 2012, deferred property taxes amounted to \$60,498. The deferred property taxes for the current fiscal year amounted to \$51,524; therefore, the net adjustment is \$8,974.		(8,974)
Accrued interest expense not due within thirty days after year-end is not considered in the current period and is not reported in the governmental funds. The decrease of the accrued interest liability from the previous year decreases the interest expense within the statement of activities.		3,053
The repayment of principal of long-term consumes the current financial resources of the governmental funds; however, it is not recorded as an expense within the statement of activities.		252,455
Increase in the compensated absences liability is reflected as an expense within the statement of activities and the expense does not use a current financial resources and is not recorded within the governmental funds.		<u>(2,826)</u>
Net change in governmental activities net position - government-wide financial statements (page six)	<u>\$</u>	<u>(41,925)</u>

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



**STATE OF NEW MEXICO  
UNION COUNTY  
GENERAL FUND**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
<b>Revenues:</b>						
Sales taxes	\$ 750	\$ 750	\$ 639	\$ 15	\$ 654	\$ (111)
Property taxes	1,140,208	1,140,208	1,180,262	3,048	1,183,310	40,054
Public service taxes	246,091	246,091	251,743	212,601	464,344	5,652
<b>Intergovernmental:</b>						
Federal	115,000	115,000	163,044	-	163,044	48,044
State	350,000	350,000	380,383	-	380,383	30,383
Charges for services	27,000	27,000	36,891	455	37,346	9,891
Licenses and permits	500	500	528	-	528	28
Interest	34,500	34,500	32,593	(280)	32,313	(1,907)
Miscellaneous	250	250	27,641	(22,578)	5,063	27,391
<b>Total revenues</b>	<b>1,914,299</b>	<b>1,914,299</b>	<b>2,073,724</b>	<b>193,261</b>	<b>2,266,985</b>	<b>159,425</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	1,141,303	1,220,303	1,094,718	10,920	1,105,638	125,585
Public works	525,642	530,642	483,894	(1,919)	481,975	46,748
Public safety	128,214	129,714	122,338	(161)	122,177	7,376
Capital outlay	20,500	10,000	-	-	-	10,000
<b>Total expenditures</b>	<b>1,815,659</b>	<b>1,890,659</b>	<b>1,700,950</b>	<b>8,840</b>	<b>1,709,790</b>	<b>189,709</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>98,640</b>	<b>23,640</b>	<b>372,774</b>	<b>184,421</b>	<b>557,195</b>	<b>349,134</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	44,518	-	-	-	(44,518)
Transfers (out)	(23,000)	(173,000)	(105,482)	(218,175)	(323,657)	67,518
<b>Total other financing sources (uses)</b>	<b>(23,000)</b>	<b>(128,482)</b>	<b>(105,482)</b>	<b>(218,175)</b>	<b>(323,657)</b>	<b>23,000</b>
<b>Net change</b>	<b>75,640</b>	<b>(104,842)</b>	<b>267,292</b>	<b>\$ (33,754)</b>	<b>\$ 233,538</b>	<b>372,134</b>
Cash balance, beginning of year	2,081,461	2,081,461	2,081,461			-
Cash on hand	250	250	250			-
Rounding	-	-	(1)			(1)
<b>Cash balance, end of year</b>	<b>\$ 2,157,351</b>	<b>\$ 1,976,869</b>	<b>\$ 2,349,002</b>			<b>\$ 372,133</b>

**Explanation of Differences:**

Change in receivables	\$ 178,845
Change in prepaid expenses	(3,231)
Change in accounts payable	(4,425)
Change in accrued salaries	(1,184)
Change in deferred revenues	14,416
Change in transfers	(218,175)
	<u>\$ (33,754)</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**ROAD FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
<b>Revenues:</b>						
Public service taxes	\$ 444,000	\$ 444,000	\$ 387,958	\$ (17,753)	\$ 370,205	\$ (56,042)
Intergovernmental:						
Federal	2,200	2,200	705	-	705	(1,495)
State	566,800	566,800	395,475	-	395,475	(171,325)
Interest	2,000	2,000	2,197	310	2,507	197
Miscellaneous	500	500	1,623	-	1,623	1,123
<b>Total revenues</b>	<b>1,015,500</b>	<b>1,015,500</b>	<b>787,958</b>	<b>(17,443)</b>	<b>770,515</b>	<b>(227,542)</b>
<b>Expenditures:</b>						
Current:						
Public works	1,317,223	1,517,223	1,328,242	27,086	1,355,328	188,981
Capital outlay	50,000	-	-	-	-	-
Debt service:						
Principal	-	-	-	180,058	180,058	-
Interest and other charges	-	-	-	19,265	19,265	-
<b>Total expenditures</b>	<b>1,367,223</b>	<b>1,517,223</b>	<b>1,328,242</b>	<b>226,409</b>	<b>1,554,651</b>	<b>188,981</b>
Excess (deficiency) of revenues over expenditures	(351,723)	(501,723)	(540,284)	(243,852)	(784,136)	(38,561)
Other Financing Sources (Uses):						
Transfers in	120,000	270,000	259,938	218,175	478,113	(10,062)
Special Item:						
Proceeds from sale of assets	1,000	1,000	1,988	-	1,988	988
Net change	(230,723)	(230,723)	(278,358)	<u>\$ (25,677)</u>	<u>\$ (304,035)</u>	(47,635)
Cash balance, beginning of year	680,849	680,849	680,849			-
Cash balance, end of year	<u>\$ 450,126</u>	<u>\$ 450,126</u>	<u>\$ 402,491</u>			<u>\$ (47,635)</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (17,443)		
Change in prepaid expenses				413		
Change in accounts payable				(29,959)		
Change in accrued salaries				2,460		
Debt service payments				(199,323)		
Change in transfers				218,175		
				<u>\$ (25,677)</u>		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
HOSPITAL MILL LEVY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Property taxes	\$ 510,000	\$ 560,000	\$ 574,353	\$ 2,841	\$ 577,194	\$ 14,353
Public service taxes	115,000	115,000	109,701	(2,540)	107,161	(5,299)
Intergovernmental:						
State	-	-	-	189,724	189,724	-
Miscellaneous	-	-	1,125	-	1,125	1,125
Total revenues	625,000	675,000	685,179	190,025	875,204	10,179
Expenditures:						
Current:						
Health and welfare	800,000	850,000	638,529	505,872	1,144,401	211,471
Net change	(175,000)	(175,000)	46,650	\$ 695,897	\$ (269,197)	221,650
Cash balance, beginning of year	306,992	306,992	306,992			-
Cash balance, end of year	\$ 131,992	\$ 131,992	\$ 353,642			\$ 221,650
<b>Explanation of Differences:</b>						
Change in receivables				\$ 187,908		
Change in prepaid expenses				(3,053)		
Change in accounts payable				505,872		
Change in deferred revenues				5,170		
				\$ 695,897		

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

## **FIDUCIARY FINANCIAL STATEMENT**

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2013

	Agency Funds
<b>Assets:</b>	
Cash	\$ 698,061
Receivables:	
Property taxes	49,435
Public service taxes	7,820
Interest	52
Total receivables	57,307
Total assets	\$ 755,368
 <b>Liabilities:</b>	
Deposits held for others	\$ 77,300
Due to other taxing units	49,435
Taxes paid under protest	628,633
Total liabilities	\$ 755,368

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The County was established by the laws of the Territory of New Mexico of 1876, under the provisions of the act now referred to as Sections 4-9-1 and 4-9-2 of the New Mexico Statutes Annotated, 1978 Compilation. The County operates under the commission-manager form of government and provides the following services as authorized in the grant of powers: public safety (sheriff, fire, emergency medical, etc.), public works (highways and streets), sanitation, health and welfare services, public improvements, and general administration services. The County's basic financial statements include all activities and accounts of the County's *financial reporting entity*.

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

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

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

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

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

For the most part, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services for support. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. The County has no business-type activities.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a function category (general government, public safety, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

The net cost (by function of governmental activity) is normally covered by general revenues (taxes, intergovernmental revenues, interest income, etc.). The County does not allocate indirect costs. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term is considered an indirect expense and is reported separately on the Statement of Activities.

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

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

The government-wide focus is more on the sustainability of the County, as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

The focus of the fund financial statements is on the major individual funds of the governmental activities as well as the fiduciary funds (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, includes property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the County considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Generally, intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

In addition to assets, the statement of financial position will, at times, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s); therefore, is not recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will, at times, report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future reporting period(s); therefore, will not be recognized as an inflow of resources (revenue) until that time.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

Property, franchise, sales and public service tax revenues associated with the current fiscal period are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

The County reports the following major governmental funds:

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

The *road fund* accounts for the operation and maintenance of the County roads. Financing is primarily from state shared revenues from motor vehicle taxes. The authority for this fund is given by Sections 7-1-6.9 and 7-1-6.26 NMSA 1978.

The *hospital mill levy fund* accounts for the four and one quarter mill levy tax revenues, which are used for the maintenance and purchase of capital equipment for the County's hospital. The authority for this fund is given by County Resolution 93-2.

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

**Special Revenue Funds**

The *farm and range fund* accounts for the maintenance, improvements and animal control of federal land under Section 10 of the Taylor Grazing Act of 6-28-34. The Taylor Grazing Co-Op Agreement provides funds that are to be used strictly for the maintenance, improvements, and animal control of this federal land. The authority for the fund is given by Section 6-11-6 NMSA 1978.

The *recreation fund* accounts for the operations and maintenance of county owned recreation facilities. Financing is provided by the County's share of cigarette tax. State law requires the use of these cigarette taxes be used for recreation purposes. The authority for the fund is given by Section 7-12-15 NMSA 1978.

The *county clerk's fee fund* accounts for the charges for services collected to be used for purchase of special equipment associated with the County Clerk's office. The authority for the fund is given by Section 14-8-12.2A, NMSA 1978.

The *indigent hospital fund* accounts for the revenues received from state gross receipts taxes for hospital service for indigent citizens of the County. The authority for the fund is given by Section 7-20E-9, NMSA 1978.

The *Capulin fire fund* accounts for state fire protection revenues that are to be expended only for the maintenance of its fire department. The authority for the fund is given by Sections 59A-53-5 and 59A-53-8, NMSA 1978.

The *Sedan fire fund* accounts for state fire protection revenues that are to be expended only for the maintenance of its fire department. The authority for the fund is given by Sections 59A-53-5 and 59A-53-8, NMSA 1978.

The *Amistad/Hayden fire fund* accounts for state fire protection revenues that are to be expended only for the maintenance of its fire department. The authority for the fund is given by Sections 59A-53-5 and 59A--53-8, NMSA 1978.

The *Rabbit Ear fire fund* accounts for state fire protection revenues that are to be expended only for the maintenance of its fire department. The authority for the fund is given by Sections 59A-53-5 and 59A-53-8, NMSA 1978.

The *Grenville fire fund* accounts for state fire protection revenues that are to be expended only for the maintenance of its fire department. The authority for the fund is given by Sections 59A-53-5 and 59A-53-8, NMSA 1978.

The *Capulin ems fund* accounts for the operations and maintenance of medical service equipment within the EMS district. The authority for the fund is given by Section 24-10A-1, NMSA 1978.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

**Special Revenue Funds (continued)**

The *Amistad/Hayden ems fund* accounts for the operations and maintenance of medical service equipment within the EMS district. The authority for the fund is given by Section 24-10A-1, NMSA 1978.

The *Folsom ems fund* accounts for the operations and maintenance of medical service equipment within the EMS district. The authority for the fund is given by Section 24-10A-1, NMSA 1978.

The *fire marshal fund* accounts for the revenues received and the expenditures thereof from the governmental service agreement with NM Energy, Natural Minerals Research Department to coordinate wild land fire management activities in the County. The authority for the fund is given by County Resolution 98-19.

The *correctional gross receipts fund* accounts for gross receipts taxes received and reserved for the expenditures to the Town of Clayton for the housing of County inmates. The authority for the fund is given by County Gross Receipts Tax Ordinance number 25.

The *corrections fund* accounts for revenues and expenditures for the operation and maintenance of the County's corrections facilities. The authority for the fund is given by Section 35-3-25, NMSA 1978.

The *DWI grant fund* accounts for the revenues and expenditures for the intervention, prevention, education, and support of the local DWI program. The authority for the fund is given by Section 11-6A-3, NMSA 1978.

The *reappraisal fund* is for recipients of revenue produced through ad valorem levies required to pay counties an administrative charge to offset collection costs. Expenditures are made pursuant to a property valuation program approved by the County commissioners. The authority for the fund is given by Section 7-38-38.1, NMSA 1978.

The *emergency services general GRT fund* accounts for gross receipts taxes received and reserved for expenditures for emergency communications center and emergency medical services. The authority for the fund is given by Section 7-20E-22, NMSA 1978.

The *county hospital GGRT fund* accounts for the one-quarter of one percent gross receipts taxes received and reserved for the acquisition or construction of land or buildings and for operations and maintenance of the County hospital. The authority for the fund is given by County Resolution 98-19.

The *general gross receipts tax fund* accounts for gross receipts taxes received and the expenditures of said taxes deemed necessary by the County. The authority for the fund is given by the County Gross Receipts Tax Ordinance number 31.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

Measurement Focus, Basis of Accounting,

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

**Special Revenue Funds (continued)**

The gross receipts reserve tax fund accounts for gross receipts taxes received and reserved for future expenditures deemed necessary by the County. The authority for the fund is given by the County Gross Receipts Tax Ordinance number 7.

The *law enforcement fund* accounts for the County's state distribution of Law Enforcement Protection funds to be used for the repair and /or replacement of law enforcement equipment. The authority for the fund is given by Section 29-13-1, NMSA 1978.

The *legislative appropriations fund* accounts for the revenues and expenditures from special appropriations received from the New Mexico Legislature. The authority for the fund is given by County resolution.

**Capital Projects Fund**

The *capital improvements/emergency fund* accounts for funds from federal, state and local sources for capital projects throughout the County. This includes cooperative agreements with the New Mexico Department of Transportation to construct or improve selected projects. The authority for this fund is given by County resolution.

**D. Budgets**

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

These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds are reappropriated in the budget of the subsequent fiscal year. The budget process in the state of New Mexico requires that the beginning cash balance be utilized to fund deficit budgets appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is, therefore presented as a reserved portion of fund balance.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

**D. Budgets (continued)**

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only local commission approval. If a transfer between “funds” or a budget increase is required, approval must be obtained from the Department of Finance and Administration. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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

**1. Deposits and Investments**

Investments in the County’s cash and certificates of deposit are stated at cost, which approximates fair value. State statutes authorize the County to invest in certificates of deposit, obligations of the state and the U.S. government, and the New Mexico State Treasurer’s investment pool. Cash and certificates of deposit are reported at book value. All other investments are carried at fair market value using quoted market prices. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

**2. Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund balance. Long-term advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**3. Inventories**

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

**4. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**STATE OF NEW MEXICO  
UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

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

**5. Restricted Assets**

Certain long-term assets are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purposes such as *deposits held in trust for others*.

**6. Interfund Activity**

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

**7. Capital Assets**

Property, plant, and equipment purchased or acquired is carried at historical cost or estimated cost. Contributed capital assets are recorded at estimated fair market value at the time received. Purchased computer software is recorded at historical cost. The County defines capital assets as assets with an initial, individual cost or donated value of more than \$5,000 and an estimated useful life in excess of one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

Currently, because of the lack of complete and accurate capital assets subsidiary records, no depreciation is recorded within the governmental activities.

**8. Compensated Absences**

County employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

**8. Compensated Absences (continued)**

For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned, but not payable from available expendable resources, is reported in the government-wide financial statements.

County employee may accumulate limited amounts of sick leave; however, such accumulation is not paid upon termination. Therefore, the accumulated sick leave liability is not recorded.

**9. Deferred Revenues**

Within the government-wide financial statements, deferred revenues represent unearned revenues advanced to the County. Such advances are reported as deferred revenue until the earnings process is complete. Deferred revenues may include grant awards reflected as a receivable, but not recognized as revenues since all criteria have not been met.

Within the governmental funds, revenues must be available in order to be recognized. Revenues, such as property taxes that are not available, are recorded as deferred revenues and reflected as a liability within the balance sheet.

**10. Short-Term Obligations**

No short-term debt occurred during the current fiscal year.

**11. Long-Term Obligations**

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

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



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

**11. Net Assets (continued)**

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

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

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

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

**12. Fund Equity Reservation and Designations**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the board of commissioners – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the board of commissioners removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* – This classification reflects the amounts constrained by the County’s “intent” to be used for specific purposes, but are neither restricted nor committed. The board of commissioners, and County manager, has the authority to assign amounts to be used for specific purposes.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

**12. Fund Equity (continued)**

*Assigned fund balance (continued)* – Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – The fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use externally restricted resources first, then unrestricted resources-committed, assigned, and unassigned-in order as needed.

**F. Other Matters**

**1. Presentation**

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

**2. Cash Flows**

For the purpose of the statement of cash flows, the County considers all highly liquid investments, including restricted cash with maturity of three months or less when purchased, to be cash equivalents.

**3. Use of Estimates**

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

**2. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

**Cash**

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash.

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**2. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)**

*Cash (continued)*

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more bank or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States of America or by collateral deposited as security or by bond given by the financial institution. The rate of interest in non-demand interest-bearing accounts shall be set by the state Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer's investment pool, or in securities which are issued by the state or by the United States government, or by their departments or agencies, and which are either direct obligations of the state or the United States, or are backed by the full faith and credit of those governments.

*Cash Deposited with Financial Institutions*

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

As of June 30, 2013, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	<u>Per Institution</u>	<u>Reconciling Items</u>	<u>Per Financial Statements</u>
Cash on hand	\$ -	\$ 250	\$ 250
First National Bank of New Mexico	2,919,765	(89,119)	2,830,646
Farmer's & Stockmen's Bank	2,886,951	4,906	2,891,857
	<u>\$ 5,806,716</u>	<u>\$ (83,963)</u>	<u>\$ 5,722,753</u>

The amounts reported as cash for the primary government within the financial statement is displayed as:

Statement of Net Position:	
Cash	\$ 5,024,692
Statement of fiduciary assets and liabilities - agency funds	<u>698,061</u>
Total cash reported on financial statements	<u>\$ 5,722,753</u>

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

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**2. CASH DEPOSITS (continued)**

*Cash Deposited with Financial Institutions (continued)*

Such collateral, as permitted by the state statutes is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

	First National Bank of New Mexico	Farmer's & Stockmen's Bank
Total deposit in bank	\$ 2,919,765	\$ 2,886,951
Less FDIC insurance	<u>(250,000)</u>	<u>(250,000)</u>
Uninsured public funds	2,669,765	2,636,951
Pledged collateral held by pledging bank's agent, but not in the County's name	<u>1,644,172</u>	<u>1,528,940</u>
Uninsured and uncollateralized public funds	<u>\$ 1,025,593</u>	<u>\$ 1,108,011</u>
Total pledged collateral	\$ 1,644,172	\$ 1,528,940
50% pledged collateral requirement per state statute	<u>1,334,883</u>	<u>1,318,476</u>
Pledged collateral (under) over the requirement	<u>\$ 309,289</u>	<u>\$ 210,464</u>

A detailed listing of the pledged collateral is contained in the supplemental financial information section of this report. According to the Federal Deposit Insurance Corporation, public unit deposits, time deposit, savings deposits and interest bearing money market accounts at a public unit in an institution in the same state will be insured up to \$250,000.

*Custodial Credit Risk – Deposits* – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$5,306,716 of the County's bank balances of \$5,806,716 was exposed to custodial credit risk as follows:

	First National Bank of New Mexico	Farmer's & Stockmen's Bank	Total
Uninsured and collateral held by pledging bank's pledging bank's trust department or an agent not in the County's name	<u>\$ 2,669,765</u>	<u>\$ 2,636,951</u>	<u>\$ 5,306,716</u>

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**3. RESTRICTED ASSETS**

The County has restricted cash and investments for particular purposes. A description of the assets restricted, and the purpose of the restriction is described as:

*Investments Held by Fiscal Agent*

As required by note agreements with the New Mexico Finance Authority (NMFA), the County has cash held and invested with the NMFA. For the fiscal year ended June 30, 2013, the NMFA has invested the funds held in the debt service and debt reserve pools.

*NMFA – Debt Service Pool*

The County has \$74,836 invested with the NMFA debt service pool. At June 30, 2013, the pool was composed of money market funds.

*NMFA – Debt Reserve Pool*

The County has \$124,675 invested with the NMFA debt reserve pool. At June 30, 2013, the pool was composed of 5.42% money market funds; 59.33% of fixed income agencies funds; 30.49% agencies funds; and 35.25% fixed income U.S. Treasuries.

*Interest Rate Risk*

Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The NMFA debt service pool fund weighted average maturity is 42.41-day WAM. The NMFA debt reserve pool fund weighted average maturity is 1.335 WAM.

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

**4. RECEIVABLES, NET**

Receivables, net of allowance for doubtful accounts, at June 30, 2013, consisted of the following:

	Governmental Activities
Accounts receivable:	
Charges for services	\$ 789
Allowance for doubtful accounts	-
Total	789

**STATE OF NEW MEXICO  
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**4. RECEIVABLES, NET (continued)**

	Governmental Activities
Taxes receivable:	
Sales taxes	\$ 201,288
Property taxes	72,128
Public service taxes	75,357
Allowance for doubtful accounts	-
Total	348,773
Intergovernmental receivables:	
Homeland security grant	15,253
Sole community provider grant	441,149
Allowance for doubtful accounts	-
Total	456,402
Receivables, net	\$ 805,964

The County's policy is to provide for uncollectible accounts based upon expected defaults.

**5. PROPERTY TAX**

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

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

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

Property taxes are payable to the County Treasurer in two equal installments due on November 10th of the year in which the tax bill was prepared and mailed, and on April 10th of the following year. Property taxes that are not paid within thirty days after the date on which they are due are delinquent. Delinquent taxes are subject to penalties and interest. A lien against the real property for taxes is effective from January 1st of the tax year that the taxes are imposed.

**STATE OF NEW MEXICO  
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**5. PROPERTY TAX (continued)**

The lien runs in favor of the state and secures the payment of taxes on real property and any penalty and interest that may become due. The lien continues until the taxes and any penalty and interest are paid.

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

Per NMSA 7-37-7-(B)(1), the County is permitted to levy taxes for general operating purposes up to \$11.85 per \$1,000 of taxable value for both residential and non-residential property, taxable value being defined as one third of the fully assessed value. In addition, the County is allowed to levy taxes for payments of bond principal and interest in amounts approved by County voters.

The County's operating tax rate to finance general government services for 2012 was \$9.150 per \$1,000 for non-residential property and \$7.188 per \$1,000 for residential property.

**6. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2013, is as follows:

	Balance 06/30/12	Increases	Decreases	Balance 06/30/13
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,830	\$ -	\$ -	\$ 6,830
Other capital assets being depreciated:				
Buildings and improvements	9,812	235,552	-	245,364
Infrastructure	14,043,474	-	-	14,043,474
Equipment	5,495,646	22,980	-	5,518,626
Total other capital assets being depreciated	19,548,932	258,532	-	19,807,464
Less accumulated depreciation for:				
Buildings and improvements	(9,812)	-	-	(9,812)
Infrastructure	(11,730,555)	-	-	(11,730,555)
Equipment	(3,407,169)	-	-	(3,407,169)
Total accumulated depreciation	(15,147,536)	-	-	(15,147,536)
Other capital assets, net	4,401,396	258,532	-	4,659,928
Total capital assets, net	<u>\$ 4,408,226</u>	<u>\$ 258,532</u>	<u>\$ -</u>	<u>\$ 4,666,758</u>

The County did not record depreciation expense for the year ended June 30, 2013.

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**7. LONG-TERM OBLIGATIONS**

Changes in governmental activities obligations during the year ended June 30, 2013, were as follows:

	Balance 06/30/12	Restatement	Additions	Deletions	Balance 06/30/13	Amounts Due Within One Year
Governmental Activities:						
Notes payable	\$ 1,812,659	\$ -	\$ -	\$ (252,455)	\$ 1,560,204	\$ 258,840
Compensated absences	45,043	10,864	45,893	(53,931)	47,869	23,938
	<u>\$ 1,857,702</u>	<u>\$ 10,864</u>	<u>\$ 45,893</u>	<u>\$ (306,386)</u>	<u>\$ 1,608,073</u>	<u>\$ 282,778</u>

**Note Payable – New Mexico Finance Authority #1**

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

The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2014	\$ 14,820	\$ 919	\$ 15,739
2015	15,242	497	15,739
	<u>\$ 30,062</u>	<u>\$ 1,416</u>	<u>\$ 31,478</u>

**Note Payable – New Mexico Finance Authority #2**

On August 14, 2009, the County borrowed \$666,975 from the New Mexico Finance Authority for the purchase of a three motor graders for the road department. The loan is to be repaid from the motor vehicle tax revenues received from the state of New Mexico. The note matures May 1, 2019. The annual payment is approximately \$80,535 with accrued interest at rates of 3.092% and a .250% annual administrative charge.

The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2014	\$ 66,562	\$ 13,973	\$ 80,535
2015	68,322	12,212	80,534
2016	70,324	10,211	80,535
2017	72,515	8,020	80,535
2018	74,973	5,562	80,535
2019	77,648	2,888	80,536
	<u>\$ 430,344</u>	<u>\$ 52,866</u>	<u>\$ 483,210</u>



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

*Note Payable – New Mexico Finance Authority #3*

On March 5, 2010, the County borrowed \$134,995 from the New Mexico Finance Authority for the purchase of an initial attack fire truck for the Sedan Fire District. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2015. The annual payment is approximately \$28,493 with accrued interest rates at 1.817% per annum and a .25% administrative charge.

The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2014	\$ 27,312	\$ 1,181	\$ 28,493
2015	27,837	657	28,494
	<u>\$ 55,149</u>	<u>\$ 1,838</u>	<u>\$ 56,987</u>

*Note Payable – New Mexico Finance Authority #4*

On November 19, 2010, the County borrowed \$576,115 from the New Mexico Finance Authority for the purchase of a bulldozer for the road department. The loan is to be repaid from the gas tax revenues received from the state of New Mexico. The note matures May 1, 2015. The annual payment is approximately \$119,547 with accrued interest rates at 1.064% per annum and a .25% administrative charge.

The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2014	\$ 116,626	\$ 2,921	\$ 119,547
2015	118,631	1,708	120,339
	<u>\$ 235,257</u>	<u>\$ 4,629</u>	<u>\$ 239,886</u>

*Note Payable – New Mexico Finance Authority #5*

On August 19, 2011, the County borrowed \$464,870 from the New Mexico Finance Authority for the construction of the new main station for the Rabbit Ear Fire District. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2032. The annual payment is approximately \$31,685 with accrued interest rates at 3.027% per annum, and a .25% annual administrative charge.

The following is a schedule of the annual payments required for the note:

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

*Note Payable – New Mexico Finance Authority #5 (continued)*

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2014	\$ 17,051	\$ 12,793	\$ 29,844
2015	17,363	12,633	29,996
2016	17,745	12,391	30,136
2017	18,185	12,095	30,280
2018	18,698	11,731	30,429
2019 - 2023	103,818	50,767	154,585
2024 - 2028	128,064	31,736	159,800
2029 - 2032	127,144	9,774	136,918
	<u>\$ 448,068</u>	<u>\$ 153,920</u>	<u>\$ 601,988</u>

*Note Payable – New Mexico Finance Authority #6*

On June 1, 2012, the County borrowed \$253,750 from the New Mexico Finance Authority for the construction of an addition to the fire station for the Sedan Fire District. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2023. The annual payment is approximately \$34,200, with accrued interest rates at 1.940% per annum, and a .25% annual administrative charge.

The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2014	\$ 1,285	\$ 4,413	\$ 5,698
2015	1,290	4,408	5,698
2016	29,791	4,400	34,191
2017	30,053	4,138	34,191
2018	30,360	3,832	34,192
2019 - 2023	159,689	11,268	170,957
	<u>\$ 252,468</u>	<u>\$ 32,459</u>	<u>\$ 284,927</u>

*Note Payable – New Mexico Finance Authority #7*

On July 22, 2011, the County borrowed \$121,800 from the New Mexico Finance Authority for the purchase of an initial attack fire truck for the Capulin Fire District. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2020. The annual payment is approximately \$17,340 with accrued interest rates at 2.626% per annum and a .25% administrative charge.

The following is a schedule of the annual payments required for the note:

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

*Note Payable – New Mexico Finance Authority #7 (continued)*

The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2014	\$ 15,184	\$ 2,686	\$ 17,870
2015	14,482	2,626	17,108
2016	14,850	2,321	17,171
2017	15,276	1,930	17,206
2018	15,769	1,472	17,241
2019 - 2020	33,295	1,508	34,803
	<u>\$ 108,856</u>	<u>\$ 12,543</u>	<u>\$ 121,399</u>

*Compensated Absences*

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

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

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the general fund.

In the past, approximately forty-three percent has been paid by the General Fund and fifty-seven percent by the Road Fund.

**8. DEFERRED REVENUES**

The County has recorded deferred revenues of \$33,555, \$17,180 and \$789 within the governmental general, hospital mill levy and re-appraisal funds, respectively. These amounts represent non-current property taxes.

**9. OPERATING LEASES**

The County has entered into a lead agreement to lease a computer system. The agreement includes the used of the computer software and support. The agreement is renewable annually. The County expects that in the normal course of business, the computer agreement will continued to be required. For the fiscal year ended June 30, 2013, the County expended \$46,120 for the computer agreement.

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

The County leases four motor graders and a Caterpillar loader from a third party under a governmental operating lease agreement. The lease term is for eighty-four months ending October 2020. In the event no funds or insufficient are appropriated and budgeted, or otherwise not available in any fiscal year for rental payments; upon notification to the Lessor, the operating lease agreement will terminate on the last day of the fiscal year, for which appropriations were received without penalty or expense to the County. Future minimum operating lease commitments are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2014	\$ 161,430
2015	161,430
2016	161,430
2017	161,430
2018	117,362
2019	108,549
2020	54,274
	<u>\$ 925,905</u>

**10. INTERFUND BALANCES AND TRANSFERS**

*Interfund Balances*

The composition of interfund balances as of June 30, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Rabbie Ear Fire Fund	\$ 58,804

Interfund balances represent short-term advances for funds that receive grants on a reimbursement basis.

*Transfers*

	<u>Transfers In Road Fund</u>
Transfers (out):	
General Fund	\$ 323,657
Clerk's Fees Fund	19,084
Corrections Gross Receipts Fund	25,434
GRT Reserve Fund	109,938
	<u>\$ 478,113</u>

**STATE OF NEW MEXICO**  
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**10. INTERFUND BALANCES AND TRANSFERS (continued)**

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

**11. DEFICIT BALANCES**

The Rabbit Ear Fire fund had a deficit fund balance of \$55,843 at June 30, 2013. This deficit balance will be reduced from revenues received in the next fiscal year, and or transfers from the general fund.

**12. CONDUIT DEBT OBLIGATIONS AND HOSPITAL OPERATIONS**

Pursuant to Section 4-48B-1 NMSA 1978, the County 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 requires CHS to operate the hospital to provide health care services to County residents. The County provides the health care facility and certain equipment for the use of CHS 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 the CHS 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 the County.

The County has entered into a series of four special limited obligation loan agreements with the New Mexico Finance Authority to provide financial assurance to CHS for the remodeling and construction of the County hospital. As of June 30, 2013, the four loans outstanding balances are as follows:

<u>Year of Agreement</u>	<u>Amount</u>
2005	\$ 2,609,448
2006	1,346,769
2007	1,298,471
2009	<u>1,937,755</u>
	<u>\$ 7,192,443</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.

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**12. CONDUIT DEBT OBLIGATIONS AND HOSPITAL OPERATIONS (continued)**

Nor, do the obligations constitute a charge against the County's general credit or taxing power and, accordingly, therefore, have not been reported in the accompanying financial statements, pursuant to GASB Codification Section C65.

However, the County remains contingently liable in the event of default to the extent of its third one-eighth 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 one-eighth 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 the loan payments.

The operating agreement between the County 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 one hundred thirty percent of the aggregate annual debt service requirements payable during the current fiscal year.

In 2007, the County and CHS entered into a memorandum of understanding in which the County agreed to provide a subsidy to CHS in the amount of the principal and interest payments on the 2007 loan agreement. For the current fiscal year, the County budgeted a payment of \$159,300 through its Governmental Gross Receipts Tax General Special Revenue Fund for this subsidy.

**13. RESTATEMENT OF NET POSITION**

During the fiscal year ended June 30, 2013, the county determined that changes to the beginning of year net position and fund balances were necessary. A description and the effect of the changes are as follows:

	Governmental Activities	Individual Funds
<i><u>Government-Wide Statements</u></i>		
In the previous year, the compensated absences were understated.	\$ (10,864)	
<i><u>Major Funds</u></i>		
<b>Road Fund</b>		
In the previous year, the New Mexico Finance Authority debt service balance was understated.	38,111	\$ 38,111
<i><u>Other Governmental Funds</u></i>		
<b>GRT Reserve Fund</b>		
In the previous year, the New Mexico Finance Authority debt service balance was overstated.	(37,576)	(37,576)
Total Government-Wide Financial Statements	\$ (10,329)	\$ 535

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**14. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

*Plan Description*

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

*Funding Policy*

Plan members are required to contribute from 9.15% to 12.35% (ranges from 3.83% to 16.65% depending upon the plan, i.e., state general, state hazardous duty, state police, and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The County is required to contribute from 9.15% to 18.5% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary.

The contribution requirements of plan members and the County are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County contributions to PERA for the years ending June 30, 2013, 2012, and 2011 were \$235,724, \$225,699, \$216,321, respectively, equal to the amount of the required contributions for each year.

**15. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

*Plan Description*

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

**STATE OF NEW MEXICO  
UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**15. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (continued)**

*Plan Description (continued)*

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf, unless that person retires before the employer's RCHA 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 RCHA issued a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment 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, New Mexico 87107.

*Funding Policy*

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RCHA 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 RCHA 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 RCHA or viewed on their website at [www.nmrcha.state.nm.us](http://www.nmrcha.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RCHA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plans 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**15. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (continued)**

For employees that were not members of an enhanced retirement plan during the fiscal year ended **June 30, 2013**, the statute required each participating employer to contribute **2.0%** of each participating employee's annual salary; each participating employee was required to contribute **1.0%** of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The County's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$25,651, \$23,656 and \$19,876, respectively, which equal the required contributions for each year.

**16. RISK MANAGEMENT**

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

**17. CONTINGENT LIABILITIES**

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

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

## **SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL OTHER  
GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
UNION COUNTY  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	Special Revenue Funds								
	Farm and Range Fund	Recreation Fund	Clerk's Fees Fund	Indigent Hospital Fund	Capulin Fire Fund	Sedan Fire Fund	Amistad/Hayden Fire Fund	Rabbit Ear Fire Fund	Grenville Fire Fund
<b><u>ASSETS</u></b>									
Cash	\$ 214	\$ 89	\$ 15,070	\$ 46,937	\$ 13,689	\$ 41,316	\$ 208,018	\$ 768	\$ 48,101
Receivables, net	-	-	63	195,301	-	-	-	-	-
Prepaid expenses	-	-	-	-	2,974	2,926	2,941	2,830	2,893
Restricted:									
Cash	-	-	-	-	2	6	-	-	2
Investments	-	-	-	-	45	-	-	4	-
Total assets	<u>\$ 214</u>	<u>\$ 89</u>	<u>\$ 15,133</u>	<u>\$ 242,238</u>	<u>\$ 16,710</u>	<u>\$ 44,248</u>	<u>\$ 210,959</u>	<u>\$ 3,602</u>	<u>\$ 50,996</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 183	\$ 4,080	\$ 236	\$ 641	\$ 2,115
Accrued salaries	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	58,804	-
Deferred revenues	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	183	4,080	236	59,445	2,115
Fund Balances:									
Nonspendable	-	-	-	-	2,974	2,926	2,941	2,830	2,893
Restricted for:									
Debt service	-	-	-	-	47	6	-	4	2
State mandated per statutes	-	-	-	195,338	-	-	-	-	-
Committed for:									
Subsequent years' expenditures	214	-	15,133	46,900	13,506	37,236	207,782	-	45,986
Assigned	-	89	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(58,677)	-
Total fund balances	<u>214</u>	<u>89</u>	<u>15,133</u>	<u>242,238</u>	<u>16,527</u>	<u>40,168</u>	<u>210,723</u>	<u>(55,843)</u>	<u>48,881</u>
Total liabilities and fund balances	<u>\$ 214</u>	<u>\$ 89</u>	<u>\$ 15,133</u>	<u>\$ 242,238</u>	<u>\$ 16,710</u>	<u>\$ 44,248</u>	<u>\$ 210,959</u>	<u>\$ 3,602</u>	<u>\$ 50,996</u>

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

**STATE OF NEW MEXICO  
UNION COUNTY  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2013**

Special Revenue Funds

	Capulin EMS Fund	Amistad/ Hayden EMS Fund	Folsom EMS Fund	Fire Marshal Fund	Corrections Gross Receipts Fund	Corrections Fees Fund	DWI Grant Fund	Reappraisal Fund	Emergency Services GGRT Fund
<b>ASSETS</b>									
Cash	\$ 201	\$ 168	\$ 19,946	\$ 58,338	\$ 132,297	\$ 15,700	\$ 9,370	\$ 59,358	\$ 134,117
Receivables, net	-	-	-	-	27,650	-	-	1,122	42,903
Prepaid expenses	-	-	-	-	-	-	-	-	-
Restricted:									
Cash	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 201</b>	<b>\$ 168</b>	<b>\$ 19,946</b>	<b>\$ 58,338</b>	<b>\$ 159,947</b>	<b>\$ 15,700</b>	<b>\$ 9,370</b>	<b>\$ 60,480</b>	<b>\$ 177,020</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 91	\$ -	\$ 69	\$ 88	\$ 18,030	\$ -	\$ 326	\$ 99	\$ 9,719
Accrued salaries	-	-	-	872	1,573	-	1,877	448	2,082
Due to other funds	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-	789	-
<b>Total liabilities</b>	<b>91</b>	<b>-</b>	<b>69</b>	<b>960</b>	<b>19,603</b>	<b>-</b>	<b>2,203</b>	<b>1,336</b>	<b>11,801</b>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted for:									
Debt service	-	-	-	-	-	-	-	-	-
State mandated per statutes	-	-	-	-	-	-	-	34,635	-
Committed for:									
Subsequent years' expenditures	110	168	19,877	57,378	-	15,700	7,167	24,509	94,264
Assigned	-	-	-	-	140,344	-	-	-	70,955
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>110</b>	<b>168</b>	<b>19,877</b>	<b>57,378</b>	<b>140,344</b>	<b>15,700</b>	<b>7,167</b>	<b>59,144</b>	<b>165,219</b>
<b>Total liabilities and fund balances</b>	<b>\$ 201</b>	<b>\$ 168</b>	<b>\$ 19,946</b>	<b>\$ 58,338</b>	<b>\$ 159,947</b>	<b>\$ 15,700</b>	<b>\$ 9,370</b>	<b>\$ 60,480</b>	<b>\$ 177,020</b>

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

**STATE OF NEW MEXICO  
UNION COUNTY  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2013**

Special Revenue Funds

	County Hospital GGRT Fund	General Gross Receipts Tax Fund	GRT Reserve Fund	Law Enforcement Fund	Legislative Appropriations Fund	Total Special Revenue Funds	Capital Improvements/ Emergency Fund	Total Other Government Funds
<b><u>ASSETS</u></b>								
Cash	\$ 96,487	\$ 409,298	\$ 338,768	\$ 23,926	\$ 11,839	\$ 1,684,015	\$ 235,542	\$ 1,919,557
Receivables, net	166,684	27,651	7,777	-	-	469,151	-	469,151
Prepaid expenses	-	-	-	-	-	14,564	-	14,564
Restricted:								
Cash	-	-	-	-	-	10	-	10
Investments	-	-	-	-	-	49	-	49
<b>Total assets</b>	<b>\$ 263,171</b>	<b>\$ 436,949</b>	<b>\$ 346,545</b>	<b>\$ 23,926</b>	<b>\$ 11,839</b>	<b>\$ 2,167,789</b>	<b>\$ 235,542</b>	<b>\$ 2,403,331</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,677	\$ -	\$ 35,677
Accrued salaries	-	-	-	-	-	6,852	-	6,852
Due to other funds	-	-	-	-	-	58,804	-	58,804
Deferred revenues	-	-	-	-	-	789	-	789
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,122</b>	<b>-</b>	<b>102,122</b>
Fund Balances:								
Nonspendable	-	-	-	-	-	14,564	-	14,564
Restricted for:								
Debt service	-	-	-	-	-	59	-	59
State mandated per statutes	-	-	-	-	-	229,973	-	229,973
Committed for:								
Subsequent years' expenditures	-	44,300	-	23,926	-	654,156	-	654,156
Assigned	263,171	392,649	346,545	-	11,839	1,225,592	235,542	1,461,134
Unassigned	-	-	-	-	-	(58,677)	-	(58,677)
<b>Total fund balances</b>	<b>263,171</b>	<b>436,949</b>	<b>346,545</b>	<b>23,926</b>	<b>11,839</b>	<b>2,065,667</b>	<b>235,542</b>	<b>2,301,209</b>
<b>Total liabilities and fund balances</b>	<b>\$ 263,171</b>	<b>\$ 436,949</b>	<b>\$ 346,545</b>	<b>\$ 23,926</b>	<b>\$ 11,839</b>	<b>\$ 2,167,789</b>	<b>\$ 235,542</b>	<b>\$ 2,403,331</b>

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

**STATE OF NEW MEXICO  
UNION COUNTY**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds								
	Farm and Range Fund	Recreation Fund	Clerk's Fee Fund	Indigent Hospital Fund	Capulin Fire Fund	Sedan Fire Fund	Amistad/Hayden Fire Fund	Rabbie Ear Fire Fund	Grenville Fire Fund
Revenues:									
Sales taxes	\$ -	\$ -	\$ -	\$ 275,471	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-	-	-	-
Intergovernmental:									
Federal	16	-	-	-	-	-	-	-	-
State	-	-	-	140,000	48,476	86,766	48,476	105,911	48,476
Local	-	-	-	-	-	-	-	-	-
Charges for services	-	-	7,532	-	5,603	-	-	7,298	4,258
Interest	1	1	106	158	136	390	1,032	196	369
Miscellaneous	-	-	-	-	-	-	19	5,507	-
Total revenues	<u>17</u>	<u>1</u>	<u>7,638</u>	<u>415,629</u>	<u>54,215</u>	<u>87,156</u>	<u>49,527</u>	<u>118,912</u>	<u>53,103</u>
Expenditures:									
Current:									
General government	-	-	4,012	-	-	-	-	-	-
Public safety	-	-	-	-	31,847	41,015	18,737	61,179	28,689
Health and welfare	-	-	-	213,524	-	-	-	-	-
Capital outlay	-	-	-	-	-	235,552	-	-	22,980
Debt service:									
Principal	-	-	-	-	12,944	28,191	-	16,802	14,460
Interest and other charges	-	-	-	-	4,931	5,633	-	21,945	1,279
Total expenditures	<u>-</u>	<u>-</u>	<u>4,012</u>	<u>213,524</u>	<u>49,722</u>	<u>310,391</u>	<u>18,737</u>	<u>99,926</u>	<u>67,408</u>
Excess (deficiency) of revenues over expenditures	17	1	3,626	202,105	4,493	(223,235)	30,790	18,986	(14,305)
Other Financing Sources (Uses):									
Transfers (out)	-	-	(19,084)	-	-	-	-	-	-
Net change in fund balances	17	1	(15,458)	202,105	4,493	(223,235)	30,790	18,986	(14,305)
Fund balance, beginning of year	197	88	30,591	40,133	12,034	263,403	179,933	(74,829)	63,186
Restatement	-	-	-	-	-	-	-	-	-
Fund balance, beginning of year, restated	<u>197</u>	<u>88</u>	<u>30,591</u>	<u>40,133</u>	<u>12,034</u>	<u>263,403</u>	<u>179,933</u>	<u>(74,829)</u>	<u>63,186</u>
Fund balance, end of year	<u>\$ 214</u>	<u>\$ 89</u>	<u>\$ 15,133</u>	<u>\$ 242,238</u>	<u>\$ 16,527</u>	<u>\$ 40,168</u>	<u>\$ 210,723</u>	<u>\$ (55,843)</u>	<u>\$ 48,881</u>

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

**STATE OF NEW MEXICO  
UNION COUNTY**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds								
	Capulin EMS Fund	Amistad/ Hayden EMS Fund	Folsom EMS Fund	Fire Marshal Fund	Corrections Gross Receipts Fund	Corrections Fees Fund	DWI Grant Fund	Reappraisal Fund	Emergency Services GGRT Fund
Revenues:									
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ 121,814	\$ -	\$ -	\$ -	\$ 137,080
Property taxes	-	-	-	-	-	-	-	31,335	-
Intergovernmental:									
Federal	-	-	-	-	-	-	-	-	33,215
State	7,763	-	-	48,476	-	-	63,391	-	9,025
Local	-	-	19,241	-	-	-	-	-	-
Charges for services	-	-	6,986	1,168	86,638	19,478	1,760	-	196
Interest	18	4	25	425	1,239	44	58	238	922
Miscellaneous	-	-	135	-	-	-	-	-	8,403
Total revenues	7,781	4	26,387	50,069	209,691	19,522	65,209	31,573	188,841
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	28,156	-
Public safety	7,738	1,805	6,510	64,621	287,328	51,530	65,596	-	-
Health and welfare	-	-	-	-	-	-	-	-	231,595
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-
Total expenditures	7,738	1,805	6,510	64,621	287,328	51,530	65,596	28,156	231,595
Excess (deficiency) of revenues over expenditures	43	(1,801)	19,877	(14,552)	(77,637)	(32,008)	(387)	3,417	(42,754)
Other Financing Sources (Uses):									
Transfers (out)	-	-	-	-	(25,434)	-	-	-	-
Net change in fund balances	43	(1,801)	19,877	(14,552)	(103,071)	(32,008)	(387)	3,417	(42,754)
Fund balance, beginning of year	67	1,969	-	71,930	243,415	47,708	7,554	55,727	207,973
Restatement	-	-	-	-	-	-	-	-	-
Fund balance, beginning of year, restated	67	1,969	-	71,930	243,415	47,708	7,554	55,727	207,973
Fund balance, end of year	\$ 110	\$ 168	\$ 19,877	\$ 57,378	\$ 140,344	\$ 15,700	\$ 7,167	\$ 59,144	\$ 165,219

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



**STATE OF NEW MEXICO  
UNION COUNTY**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds							
	County Hospital GGRT Fund	General Gross Receipts Tax Fund	GRT Reserve Fund	Law Enforcement Fund	Legislative Appropriations Fund	Total Special Revenue Funds	Capital Improvements/ Emergency Fund	Total Other Government Funds
Revenues:								
Sales taxes	\$ 289,779	\$ 137,736	\$ 39,103	\$ -	\$ -	\$ 1,000,983	\$ -	\$ 1,000,983
Property taxes	-	-	-	-	-	31,335	-	31,335
Intergovernmental:								
Federal	-	-	-	-	-	33,231	-	33,231
State	111,425	-	-	22,400	-	740,585	-	740,585
Local	-	-	-	-	-	19,241	-	19,241
Charges for services	-	-	-	-	-	140,917	-	140,917
Interest	721	2,047	1,833	115	57	10,135	1,709	11,844
Miscellaneous	-	-	-	-	-	14,064	-	14,064
Total revenues	<u>401,925</u>	<u>139,783</u>	<u>40,936</u>	<u>22,515</u>	<u>57</u>	<u>1,990,491</u>	<u>1,709</u>	<u>1,992,200</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	32,168	-	32,168
Public safety	-	-	-	-	-	666,595	-	666,595
Health and welfare	374,338	159,278	-	-	-	978,735	-	978,735
Capital outlay	-	-	-	-	-	258,532	-	258,532
Debt service:								
Principal	-	-	-	-	-	72,397	-	72,397
Interest and other charges	-	-	-	-	-	33,788	-	33,788
Total expenditures	<u>374,338</u>	<u>159,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,042,215</u>	<u>-</u>	<u>2,042,215</u>
Excess (deficiency) of revenues over expenditures	27,587	(19,495)	40,936	22,515	57	(51,724)	1,709	(50,015)
Other Financing Sources (Uses):								
Transfers (out)	-	-	(109,938)	-	-	(154,456)	-	(154,456)
Net change in fund balances	27,587	(19,495)	(69,002)	22,515	57	(206,180)	1,709	(204,471)
Fund balance, beginning of year	235,584	456,444	453,123	1,411	11,782	2,309,423	233,833	2,543,256
Restatement	-	-	(37,576)	-	-	(37,576)	-	(37,576)
Fund balance, beginning of year, restated	<u>235,584</u>	<u>456,444</u>	<u>415,547</u>	<u>1,411</u>	<u>11,782</u>	<u>2,271,847</u>	<u>233,833</u>	<u>2,505,680</u>
Fund balance, end of year	<u>\$ 263,171</u>	<u>\$ 436,949</u>	<u>\$ 346,545</u>	<u>\$ 23,926</u>	<u>\$ 11,839</u>	<u>\$ 2,065,667</u>	<u>\$ 235,542</u>	<u>\$ 2,301,209</u>

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

**OTHER SPECIAL REVENUE FUNDS  
BUDGETARY COMPARISON STATEMENTS**

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**FARM AND RANGE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION WITH GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental:						
Federal	\$ 35	\$ 35	\$ 16	\$ -	\$ 16	\$ (19)
Interest	-	-	1	-	1	1
Total revenues	35	35	17	-	17	(18)
Expenditures:						
Current:						
Public works	232	232	-	-	-	232
Net change	(197)	(197)	17	\$ -	\$ 17	214
Cash balance, beginning of year	197	197	197			-
Cash balance, end of year	\$ -	\$ -	\$ 214			\$ 214

**Explanation of Differences:**

None.

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**RECREATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Interest	\$ -	\$ -	\$ 1	\$ -	\$ 1	\$ 1
Expenditures:						
Current:						
Culture and recreation	-	-	-	-	-	-
Net change	-	-	1	\$ -	\$ 1	1
Cash balance, beginning of year	88	88	88			-
Cash balance, end of year	\$ 88	\$ 88	\$ 89			\$ 1

**Explanation of Differences:**

None.

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**CLERK'S FEES FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>				
<b>Revenues:</b>						
Charges for services	\$ 5,000	\$ 5,000	\$ 7,469	\$ 63	\$ 7,532	\$ 2,469
Interest	-	-	106	-	106	106
Total revenues	5,000	5,000	7,575	63	7,638	2,575
<b>Expenditures:</b>						
Current:						
General government	20,000	20,000	4,012	-	4,012	15,988
Capital outlay	15,000	15,000	-	-	-	15,000
Total expenditures	35,000	35,000	4,012	-	4,012	30,988
Excess (deficiency) of revenues over expenditures	(30,000)	(30,000)	3,563	63	3,626	33,563
<b>Other Financing Sources (Uses):</b>						
Transfers (out)	-	(19,084)	(19,084)	-	(19,084)	-
Net change	(30,000)	(49,084)	(15,521)	<u>\$ 63</u>	<u>\$ (15,458)</u>	33,563
Cash balance, beginning of year	30,591	30,591	30,591			-
Cash balance, end of year	<u>\$ 591</u>	<u>\$ (18,493)</u>	<u>\$ 15,070</u>			<u>\$ 33,563</u>
<b>Explanation of Differences:</b>						
Change in receivables				<u>\$ 63</u>		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**INDIGENT HOSPITAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Sales taxes	\$ 265,000	\$ 265,000	\$ 256,634	\$ 18,837	\$ 275,471	\$ (8,366)
Intergovernmental:						
State	-	-	-	140,000	140,000	-
Interest	-	-	158	-	158	158
Total revenues	265,000	265,000	256,792	158,837	415,629	(8,208)
Expenditures:						
Current:						
Health and welfare	268,650	268,650	213,524	-	213,524	55,126
Net change	(3,650)	(3,650)	43,268	<u>\$ 158,837</u>	<u>\$ 202,105</u>	46,918
Cash balance, beginning of year	3,669	3,669	3,669			-
Cash balance, end of year	<u>\$ 19</u>	<u>\$ 19</u>	<u>\$ 46,937</u>			<u>\$ 46,918</u>
<b>Explanation of Differences:</b>						
Change in receivables				<u>\$ 158,837</u>		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**CAPULIN FIRE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
<b>Revenues:</b>						
Intergovernmental:						
State	\$ 41,100	\$ 41,100	\$ 30,601	\$ 17,875	\$ 48,476	\$ (10,499)
Charges for services	-	-	5,603	-	5,603	5,603
Interest	350	350	134	2	136	(216)
Miscellaneous	15,000	15,000	-	-	-	(15,000)
Total revenues	56,450	56,450	36,338	17,877	54,215	(20,112)
<b>Expenditures:</b>						
Current:						
Public safety	50,000	49,883	32,032	(185)	31,847	17,851
Capital outlay	-	117	-	-	-	177
Current:						
Principal	-	-	-	12,944	12,944	-
Interest and other charges	-	-	-	4,931	4,931	-
Total expenditures	50,000	50,000	32,032	17,690	49,722	18,028
Net change	6,450	6,450	4,306	\$ 187	\$ 4,493	(2,084)
Cash balance, beginning of year	9,383	9,383	9,383			-
Cash balance, end of year	\$ 15,833	\$ 15,833	\$ 13,689			\$ (2,084)
<b>Explanation of Differences:</b>						
Fire allotment intercepted				\$ 17,875		
Interest income earned by agent				2		
Change in accounts payable				185		
Debt service payments				(17,875)		
				\$ 187		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**SEDAN FIRE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
<b>Revenues:</b>						
Intergovernmental:						
State	\$ 62,950	\$ 62,950	\$ 52,946	\$ 33,820	\$ 86,766	\$ (10,004)
Interest	850	850	331	59	390	(519)
Total revenues	63,800	63,800	53,277	33,879	87,156	(10,523)
<b>Expenditures:</b>						
Current:						
Public safety	47,750	73,133	37,760	3,255	41,015	35,373
Capital outlay	300,000	274,617	235,552	-	235,552	39,065
Current:						
Principal	-	-	-	28,191	28,191	-
Interest and other charges	-	-	-	5,633	5,633	-
Total expenditures	347,750	347,750	273,312	37,079	310,391	74,438
(Deficiency) of revenues over expenditures	(283,950)	(283,950)	(220,035)	(3,200)	(223,235)	63,915
<b>Other Financing Sources (Uses):</b>						
Loan proceeds	325,000	325,000	250,054	(250,054)	-	(74,946)
Net change	41,050	41,050	30,019	<u>\$ (253,254)</u>	<u>\$ (223,235)</u>	(11,031)
Cash balance, beginning of year	11,297	11,297	11,297			-
Cash balance, end of year	<u>\$ 52,347</u>	<u>\$ 52,347</u>	<u>\$ 41,316</u>			<u>\$ (11,031)</u>
<b>Explanation of Differences:</b>						
Fire allotment intercepted				\$ 33,820		
Interest income earned by agent				59		
Change in accounts payable				(3,255)		
Debt service payments				(33,824)		
Reclassification of loan proceeds				(250,054)		
				<u>\$ (253,254)</u>		

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



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**AMISTAD/HAYDEN FIRE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
<b>Revenues:</b>						
Intergovernmental:						
State	\$ 55,975	\$ 55,975	\$ 48,476	\$ -	\$ 48,476	\$ (7,499)
Interest	1,200	1,200	1,048	(16)	1,032	(152)
Miscellaneous	1,000	1,000	19	-	19	(981)
Total revenues	58,175	58,175	49,543	(16)	49,527	(8,632)
<b>Expenditures:</b>						
Current:						
Public safety	101,000	106,383	18,724	13	18,737	87,659
Capital outlay	260,028	254,645	-	-	-	254,645
Total expenditures	361,028	361,028	18,724	13	18,737	342,304
Net change	(302,853)	(302,853)	30,819	<u>\$ (3)</u>	<u>\$ 30,790</u>	333,672
Cash balance, beginning of year	177,199	177,199	177,199			-
Cash balance, end of year	<u>\$ (125,654)</u>	<u>\$ (125,654)</u>	<u>\$ 208,018</u>			<u>\$ 333,672</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (16)		
Change in accounts payable				13		
				<u>\$ (3)</u>		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**RABBIT EAR FIRE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
<b>Revenues:</b>						
Intergovernmental:						
State	\$ 77,175	\$ 77,175	\$ 67,164	\$ 38,747	\$ 105,911	\$ (10,011)
Charges for services	-	-	7,298	-	7,298	7,298
Interest	600	600	192	4	196	(408)
Miscellaneous	33,500	33,500	5,507	-	5,507	(27,993)
Total revenues	111,275	111,275	80,161	38,751	118,912	(31,114)
<b>Expenditures:</b>						
Current:						
Public safety	99,050	104,433	60,978	201	61,179	43,455
Capital outlay	50,000	44,617	23,098	(23,098)	-	21,519
Current:						
Principal	-	-	-	16,802	16,802	-
Interest and other charges	-	-	-	21,945	21,945	-
Total expenditures	149,050	149,050	84,076	15,850	99,926	64,974
Net change	(37,775)	(37,775)	(3,915)	\$ 54,601	\$ 18,986	33,860
Cash balance, beginning of year	4,683	4,683	4,683			-
Cash balance, end of year	\$ (33,092)	\$ (33,092)	\$ 768			\$ 33,860

**Explanation of Differences:**

Fire allotment intercepted	\$ 38,747
Interest income earned by agent	4
Change in accounts payable	201
Debt service payments	38,747
Reclassification of capital outlay	(23,098)
	<u>\$ 54,601</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**GRENVILLE FIRE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
<b>Revenues:</b>						
Intergovernmental:						
State	\$ 41,250	\$ 41,250	\$ 32,740	\$ 15,736	\$ 48,476	\$ (8,510)
Charges for services	-	-	4,258	-	4,258	4,258
Interest	500	500	368	1	369	(132)
Miscellaneous	15,000	15,000	-	-	-	(15,000)
<b>Total revenues</b>	<b>56,750</b>	<b>56,750</b>	<b>37,366</b>	<b>15,737</b>	<b>53,103</b>	<b>(19,384)</b>
<b>Expenditures:</b>						
Current:						
Public safety	85,100	90,483	28,102	587	28,689	62,381
Capital outlay	50,000	44,617	22,980	-	22,980	21,637
Current:						
Principal	-	-	-	14,460	14,460	-
Interest and other charges	-	-	-	1,279	1,279	-
<b>Total expenditures</b>	<b>135,100</b>	<b>135,100</b>	<b>51,082</b>	<b>16,326</b>	<b>67,408</b>	<b>84,018</b>
Net change	(78,350)	(78,350)	(13,716)	<u>\$ 32,063</u>	<u>\$ (14,305)</u>	64,634
Cash balance, beginning of year	61,817	61,817	61,817			-
Cash balance, end of year	<u>\$ (16,533)</u>	<u>\$ (16,533)</u>	<u>\$ 48,101</u>			<u>\$ 64,634</u>

**Explanation of Differences:**

Fire allotment intercepted	\$ 15,736
Interest income earned by agent	1
Change in accounts payable	587
Debt service payments	<u>15,739</u>
	<u>\$ 32,063</u>

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**CAPULIN EMS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Original Budget	Budget to GAAP Differences	Actual on GAAP Budget	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental:						
State	\$ 7,763	\$ 8,563	\$ 7,763	\$ -	\$ 7,763	\$ (800)
Interest	-	-	18	-	18	18
Total revenues	7,763	8,563	7,781	-	7,781	(782)
Expenditures:						
Current:						
Public safety	7,000	7,800	7,647	91	7,738	153
Net change	763	763	134	\$ 91	\$ 43	(629)
Cash balance, beginning of year	67	67	67			-
Cash balance, end of year	\$ 830	\$ 830	\$ 201			\$ (629)
<b>Explanation of Differences:</b>						
Change in accounts payable				\$ 91		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**AMISTAD/HAYDEN EMS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Interest	\$ -	\$ -	\$ 4	\$ -	\$ 4	\$ 4
Expenditures:						
Current:						
Public safety	2,799	2,799	1,805	-	1,805	994
Net change	(2,799)	(2,799)	(1,801)	\$ -	\$ (1,801)	998
Cash balance, beginning of year	1,969	1,969	1,969			-
Cash balance, end of year	\$ (830)	\$ (830)	\$ 168			\$ 998

**Explanation of Differences:**

None.

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**FOLSOM EMS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
<b>Revenues:</b>						
Intergovernmental:						
Local	\$ -	\$ 2,345	\$ 19,241	\$ -	\$ 19,241	\$ 16,896
Charges for services	-	18,000	6,986	-	6,986	(11,014)
Interest	-	75	25	-	25	(50)
Miscellaneous	-	-	135	-	135	135
Total revenues	-	20,420	26,387	-	26,387	5,967
<b>Expenditures:</b>						
Current:						
Public safety	-	20,420	6,441	69	6,510	13,979
Net change	-	-	19,946	<u>\$ (69)</u>	<u>\$ 19,877</u>	19,946
Cash balance, beginning of year	-	-	-			-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,946</u>			<u>\$ 19,946</u>
<b>Explanation of Differences:</b>						
Change in accounts payable				<u>\$ (69)</u>		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**FIRE MARSHAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
<b>Revenues:</b>						
<b>Intergovernmental:</b>						
State	\$ -	\$ -	\$ 48,476	\$ -	\$ 48,476	\$ 48,476
Charges for services	-	-	1,168	-	1,168	1,168
Interest	500	500	426	(1)	425	(74)
Miscellaneous	10,000	10,000	-	-	-	(10,000)
Total revenues	10,500	10,500	50,070	(1)	50,069	39,570
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	102,742	102,725	64,627	(6)	64,621	38,098
Capital outlay	45,000	45,017	-	-	-	45,017
Total expenditures	147,742	147,742	64,627	(6)	64,621	83,115
(Deficiency) of revenues over expenditures	(137,242)	(137,242)	(14,557)	5	(14,552)	122,685
<b>Other Financing Sources (Uses):</b>						
Transfers in	23,000	23,000	-	-	-	(23,000)
Net change	(114,242)	(114,242)	(14,557)	\$ 5	\$ (14,552)	99,685
Cash balance, beginning of year	72,895	72,895	72,895			-
Cash balance, end of year	\$ (41,347)	\$ (41,347)	\$ 58,338			\$ 99,685
<b>Explanation of Differences:</b>						
Change in receivables				\$ (1)		
Change in accounts payable				6		
				\$ 5		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
CORRECTIONS GROSS RECEIPTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
<b>Revenues:</b>						
Sales taxes	\$ 125,000	\$ 125,000	\$ 127,699	\$ (5,885)	\$ 121,814	\$ 2,699
Charges for services	25,000	25,000	86,638	-	86,638	61,638
Interest	1,200	1,200	1,295	(56)	1,239	95
Total revenues	151,200	151,200	215,632	(5,941)	209,691	64,432
<b>Expenditures:</b>						
Current:						
Public safety	350,000	350,000	267,725	19,603	287,328	82,275
(Deficiency of revenues over expenditures	(198,800)	(198,800)	(52,093)	(25,544)	(77,637)	146,707
<b>Other Financing Sources (Uses):</b>						
Transfers (out)	-	(25,434)	(25,434)	-	(25,434)	-
Net change	(198,800)	(224,234)	(77,527)	<u>\$ (25,544)</u>	<u>\$ (103,071)</u>	146,707
Cash balance, beginning of year	209,824	209,824	209,824			-
Cash balance, end of year	<u>\$ 11,024</u>	<u>\$ (14,410)</u>	<u>\$ 132,297</u>			<u>\$ 146,707</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (5,941)		
Change in accounts payable				(18,030)		
Change in accrued salaries				(1,573)		
				<u>\$ (25,544)</u>		

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



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**CORRECTIONS FEES FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
<b>Revenues:</b>						
Charges for services	\$ 20,000	\$ 20,000	\$ 19,478	\$ -	\$ 19,478	\$ (522)
Interest	-	-	44	-	44	44
Total revenues	20,000	20,000	19,522	-	19,522	(478)
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	65,000	65,000	51,676	(146)	51,530	116,676
Net change	(45,000)	(45,000)	(32,154)	<u>\$ (146)</u>	<u>\$ (32,008)</u>	116,198
Cash balance, beginning of year	47,857	47,854	47,854			-
Cash balance, end of year	<u>\$ 2,857</u>	<u>\$ 2,854</u>	<u>\$ 15,700</u>			<u>\$ 116,198</u>
<b>Explanation of Differences:</b>						
Change in accounts payable				<u>\$ (146)</u>		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**DWI GRANT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>				
<b>Revenues:</b>						
Intergovernmental:						
State	\$ 62,250	\$ 62,250	\$ 63,391	\$ -	\$ 63,391	\$ 1,141
Charges for services	1,250	1,250	1,760	-	1,760	510
Interest	500	500	58	-	58	(442)
Total revenues	64,000	64,000	65,209	-	65,209	1,209
<b>Expenditures:</b>						
Current:						
Public safety	72,350	72,350	65,035	561	65,596	7,315
Capital outlay	750	750	-	-	-	750
Total expenditures	73,100	73,100	65,035	561	65,596	8,065
Net change	(9,100)	(9,100)	174	<u>\$ 561</u>	<u>\$ (387)</u>	9,274
Cash balance, beginning of year	9,196	9,196	9,196			-
Cash balance, end of year	<u>\$ 96</u>	<u>\$ 96</u>	<u>\$ 9,370</u>			<u>\$ 9,274</u>
<b>Explanation of Differences:</b>						
Change in accounts payable				\$ 209		
Change in accrued salaries				352		
				<u>\$ 561</u>		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
REAPPRAISAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Property taxes	\$ 23,000	\$ 23,000	\$ 31,196	\$ 139	\$ 31,335	\$ 8,196
Interest	-	-	245	(7)	238	245
Total revenues	23,000	23,000	31,441	132	31,573	8,441
Expenditures:						
Current:						
General government	31,800	34,800	28,107	49	28,156	6,693
Capital outlay	3,000	-	-	-	-	-
Total expenditures	34,800	34,800	28,107	49	28,156	6,693
Net change	(11,800)	(11,800)	3,334	\$ 181	\$ 3,417	15,134
Cash balance, beginning of year	56,024	56,024	56,024			-
Cash balance, end of year	\$ 44,224	\$ 44,224	\$ 59,358			\$ 15,134
<b>Explanation of Differences:</b>						
Change in receivables				\$ 384		
Change in accounts payable				44		
Change in accrued salaries				5		
Change in deferred revenues				(252)		
				\$ 181		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**EMERGENCY SERVICES GRT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary
	Original Budget	Final Budget				Variance With Final Budget Over (Under)
Revenues:						
Sales taxes	\$ 209,000	\$ 209,920	\$ 127,657	\$ 9,423	\$ 137,080	\$ 15,774
Intergovernmental:						
Federal	-	-	26,987	6,228	33,215	-
State	15,000	15,000	-	9,025	9,025	-
Charges for services	-	-	196	-	196	-
Interest	1,000	1,000	931	(9)	922	-
Miscellaneous	-	-	8,403	-	8,403	8,403
Total revenues	225,000	225,920	164,174	24,667	188,841	(61,746)
Expenditures:						
Current:						
Health and welfare	275,000	278,420	229,255	2,340	231,595	49,165
Net change	(50,000)	(52,500)	(65,081)	\$ 27,007	\$ (42,754)	(12,581)
Cash balance, beginning of year	199,198	199,198	199,198			-
Cash balance, end of year	\$ 149,198	\$ 146,698	\$ 134,117			\$ (12,581)
<b>Explanation of Differences:</b>						
Change in receivables				\$ 24,667		
Change in accounts payable				2,338		
Change in accrued salaries				2		
				\$ 27,007		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SPECIAL COUNTY HOSPITAL GRT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Sales taxes	\$ 240,000	\$ 240,000	\$ 263,649	\$ 26,130	\$ 289,779	\$ 23,649
Intergovernmental:						
State	-	-	-	111,425	111,425	-
Interest	-	-	747	(26)	721	747
Total revenues	240,000	240,000	264,396	137,529	401,925	24,396
Expenditures:						
Current:						
Public safety	575,000	575,000	374,338	-	374,338	200,662
Net change	(335,000)	(335,000)	(109,942)	\$ 137,529	\$ 27,587	225,058
Cash balance, beginning of year	206,429	206,429	206,429			-
Cash balance, end of year	\$ (128,571)	\$ (128,571)	\$ 96,487			\$ 225,058
<b>Explanation of Differences:</b>						
Change in accounts payable				\$ 137,529		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
GENERAL GROSS RECEIPTS TAX FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 112,500	\$ 112,500	\$ 128,317	\$ 9,419	\$ 137,736	\$ 15,817
Interest	2,500	2,500	2,053	(6)	2,047	(447)
Total revenues	115,000	115,000	130,370	9,413	139,783	15,370
Expenditures:						
Current:						
Health and welfare	159,300	159,300	159,278	-	159,278	22
Total expenditures	159,300	159,300	159,278	-	159,278	22
Net change	(44,300)	(44,300)	(28,908)	<u>\$ 9,413</u>	<u>\$ (19,495)</u>	15,392
Cash balance, beginning of year	438,206	438,206	438,206			-
Cash balance, end of year	<u>\$ 393,906</u>	<u>\$ 393,906</u>	<u>\$ 409,298</u>			<u>\$ 15,392</u>
<b>Explanation of Differences:</b>						
Change in receivables				<u>\$ 9,413</u>		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**GRT RESERVE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Sales taxes	\$ 42,000	\$ 42,000	\$ 36,454	\$ 2,649	\$ 39,103	\$ (5,546)
Interest	3,000	3,000	1,929	(96)	1,833	(1,071)
Total revenues	45,000	45,000	38,383	2,553	40,936	(6,617)
Other Financing Sources:						
Transfers (out)	(120,000)	(120,000)	(109,938)	-	(109,938)	10,062
Net change	(75,000)	(75,000)	(71,555)	\$ 2,553	\$ (69,002)	3,445
Cash balance, beginning of year	410,323	410,323	410,323			-
Cash balance, end of year	\$ 335,323	\$ 335,323	\$ 338,768			\$ 3,445
<b>Explanation of Differences:</b>						
Change in receivables				\$ 2,553		

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

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**LAW ENFORCEMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental:						
State	\$ 22,400	\$ 22,400	\$ 22,400	\$ -	\$ 22,400	\$ -
Interest	-	-	115	-	115	115
Total revenues	22,400	22,400	22,515	-	22,515	115
Expenditures:						
Capital outlay	23,810	23,810	-	-	-	23,810
Net change	(1,410)	(1,410)	22,515	\$ -	\$ 22,515	23,925
Cash balance, beginning of year	1,411	1,411	1,411			-
Cash balance, end of year	\$ 1	\$ 1	\$ 23,926			\$ 23,925
<b>Explanation of Differences:</b>						
None.						

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



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
 LEGISLATIVE APPROPRIATIONS FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 WITH RECONCILIATION TO GAAP  
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual on Budgetary Basis	Actual on GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Interest	\$ -	\$ -	\$ 57	\$ -	\$ 57	\$ 57
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Net change	-	-	57	<u>\$ -</u>	<u>\$ 57</u>	57
Cash balance, beginning of year	<u>11,782</u>	<u>11,782</u>	<u>11,782</u>			<u>-</u>
Cash balance, end of year	<u>\$ 11,782</u>	<u>\$ 11,782</u>	<u>\$ 11,839</u>			<u>\$ 57</u>

**Explanation of Differences:**

None.

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

**OTHER CAPITAL PROJECTS FUND  
BUDGETARY COMPARISON STATEMENT**

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
CAPITAL IMPROVEMENTS/EMERGENCY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BASIS  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variances With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Interest	\$ -	\$ -	\$ 1,781	\$ (72)	\$ 1,709	\$ 1,781
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Net change	-	-	1,781	<u>\$ (72)</u>	<u>\$ 1,709</u>	1,781
Cash balance, beginning of year	<u>233,761</u>	<u>233,761</u>	<u>233,761</u>			-
Cash balance, end of year	<u>\$ 233,761</u>	<u>\$ 233,761</u>	<u>\$ 235,542</u>			<u>\$ 1,781</u>
<b>Explanation of Differences:</b>						
Change in receivables				<u>\$ (72)</u>		

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

**OTHER SUPPLEMENTAL FINANCIAL INFORMATION**

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
COMBINING SCHEDULE OF CHANGES IN ASSETS  
AND LIABILITIES FOR THE AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Balance 06/30/12	Increases/ Receipts	Decreases/ Disbursements	Balance 06/30/13
<b>Property Tax Fund</b>				
Assets:				
Cash	\$ 221,407	\$ 1,484,721	\$ 1,008,067	\$ 698,061
Receivables:				
Property taxes	-	49,435	-	49,435
Public service taxes	9,315	7,820	9,315	7,820
Interest	109	52	109	52
	<u>\$ 230,831</u>	<u>\$ 1,542,028</u>	<u>\$ 1,017,491</u>	<u>\$ 755,368</u>
Total assets	<u>\$ 230,831</u>	<u>\$ 1,542,028</u>	<u>\$ 1,017,491</u>	<u>\$ 755,368</u>
Liabilities:				
Deposits held for others	\$ 59,181	\$ 67,553	\$ 49,434	\$ 77,300
Due to other tax units	-	49,435	-	49,435
Taxes paid in protest	171,650	456,983	-	628,633
	<u>\$ 230,831</u>	<u>\$ 573,971</u>	<u>\$ 49,434</u>	<u>\$ 755,368</u>
Total liabilities	<u>\$ 230,831</u>	<u>\$ 573,971</u>	<u>\$ 49,434</u>	<u>\$ 755,368</u>

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

**STATE OF NEW MEXICO  
UNION COUNTY  
SCHEDULE OF CASH ACCOUNTS  
JUNE 30, 2013**

Financial Institution/ Account Description	Type of Account	Financial Institution Balance	Reconciling Items	Reconciled Balance
The First National Bank of New Mexico 201 Main Street Clayton, New Mexico 88415				
Union County Treasurer	Checking	\$ 1,519,013	\$ (89,119)	\$ 1,429,894
Union County Treasurer	Checking	<u>1,400,752</u>	<u>-</u>	<u>1,400,752</u>
Total First National Bank of New Mexico		<u>\$ 2,919,765</u>	<u>\$ (89,119)</u>	<u>\$ 2,830,646</u>
Farmer's & Stockmen's Bank P.O. Box 488 Clayton, New Mexico 88415				
Union County Treasurer	Checking	\$ 2,255,117	\$ 4,906	\$ 2,260,023
Certificate of Deposit	CD	173,035	-	173,035
Certificate of Deposit	CD	<u>458,799</u>	<u>-</u>	<u>458,799</u>
Total Farmer's & Stockmen's Bank		<u>\$ 2,886,951</u>	<u>\$ 4,906</u>	<u>\$ 2,891,857</u>

**STATE OF NEW MEXICO  
UNION COUNTY  
SCHEDULE OF PLEDGED COLLATERAL  
JUNE 30, 2013**

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

Security	CUSIP	Maturity	Par Value	Market Value
Eastern NM Univ Revs	276785UA8	04/01/14	\$ 200,000	\$ -
Hobbs NM Sch Dist No. 16	433866DH0	04/15/16	250,000	-
Vaughn NM Mun Sch Dist 33	922383BZ8	08/01/16	95,000	-
Lea Cnty NM Pub Sch Dist	521513CC3	07/15/17	100,000	-
Bernalillo NM Mun SCH No. 1	085279PK7	08/01/19	150,000	-
Roswell NM Indep Sch Dist	778550HD8	08/01/21	150,000	-
Albuquerque NM Mun SCH 012	013595LM3	08/01/22	100,000	-
Albuquerque NM Mun SCH 012	013595LM3	08/01/22	150,000	-
Hobbs NM Sch Dist No. 16	433866DF4	04/15/23	50,000	-
FNMA Pool #AK9045	3138EEBP3	04/01/27	-	399,172
Total			<u>\$ 1,245,000</u>	<u>\$ 399,172</u>

The holder of the collateral pledged by First State Bank is the Federal Reserve Bank of Dallas, 8500 Freeport Parkway South, Suite 100, Irving, Texas.

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

Security	CUSIP	Maturity	Par Value	Market Value
Las Vegas N Mex City SCH #2	51778FCM9	08/15/13	\$ 100,000	\$ -
Los Lunas NM Sch Dist #1	545562QA1	07/15/14	275,000	-
Carlsbad NM Mun Sch	142735DH9	08/01/17	50,000	-
SBA Pool	83165AHP2	09/25/23	-	1,103,940
Total			<u>\$ 425,000</u>	<u>\$ 1,103,940</u>

The holder of the collateral pledged by First State Bank is the Federal Reserve Bank of Dallas, 8500 Freeport Parkway South, Suite 100, Irving, Texas.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**SCHEDULE OF TAX ROLL RECONCILIATION -**  
**CHANGES IN PROPERTY TAXES RECEIVABLES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Property taxes receivable, beginning of year	\$	127,140
Changes to Tax Roll:		
Net taxes charged to treasurer for fiscal year		3,148,300
Adjustments:		
Increases in taxes receivable		68,651
Charge off of taxes receivable		(39,526)
Penalty and interest - 2012		18,744
Interest earned on protest taxes		(3,199)
Non-Rendition - 2012		(597)
		3,319,513
Total receivables prior to collections		3,319,513
Collections for fiscal year ended June 30, 2013		(3,197,950)
Property taxes receivable, end of the year	\$	121,563
 Property taxes receivable by years:		
2002	\$	5
2003		5
2004		5
2005		5
2006		25
2007		58
2008		75
2009		725
2010		3,738
2011		33,609
2012		83,313
		121,563
	\$	121,563



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Agency	Property Taxes Levied	Collected in Current Year	Collected To Date	Distributed in Current Year	Distributed To Date	Current Amount Uncollectible	To Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Union County:									
General advalorem:									
2002 - 2011	\$ 9,441,873	\$ 112,149	\$ 9,426,571	\$ 33,277	\$ 9,347,698	\$ -	\$ -	\$ 78,873	\$ 13,660
2012	1,419,713	1,386,822	1,386,822	1,146,985	1,146,985	-	-	239,837	32,890
Total general advalorem	10,861,586	1,498,971	10,813,393	1,180,262	10,494,683	-	-	318,710	46,550
Non-Rendition fees:									
2002 - 2011	8,534	8,098	8,452	6	360	-	-	8,092	79
2012	591	591	591	591	591	-	-	-	-
Total non-rendition fees	9,125	8,689	9,043	597	951	-	-	8,092	79
Administrative fees:									
2002 - 2011	11,529	128	11,384	128	11,384	-	-	-	135
2012	1,068	935	935	935	935	-	-	-	134
Total administrative fees	12,597	1,063	12,319	1,063	12,319	-	-	-	269
Reappraisal Program:									
2002 - 2011	242,907	2,560	242,594	843	240,878	-	-	1,717	272
2012	31,788	30,938	30,938	26,368	26,368	-	-	4,570	850
Total reappraisal program	274,695	33,498	273,532	27,211	267,246	-	-	6,287	1,122
Hospital Bond:									
2002 - 2011	4,624,782	53,811	4,616,977	17,176	4,580,342	-	-	36,635	7,017
2012	685,666	668,576	668,576	557,176	557,176	-	-	111,400	17,091
Total hospital bond	5,310,448	722,387	5,285,553	574,352	5,137,518	-	-	148,035	24,108
Total Union County	16,468,451	2,264,608	16,393,840	1,783,485	15,912,717	-	-	481,124	72,128
Municipalities									
Town of Clayton									
2002 - 2011	1,097,169	11,513	1,090,371	10,528	1,089,385	-	-	985	6,798
2012	137,189	123,692	123,692	121,118	121,118	-	-	2,574	13,497
Total Town of Clayton	1,234,358	135,205	1,214,063	131,646	1,210,503	-	-	3,559	20,295
Village of Des Moines:									
2002 - 2011	83,422	428	83,156	421	83,149	-	-	7	265
2012	9,610	8,819	8,819	8,772	8,772	-	-	47	791
Total Village of Des Moines	93,032	9,247	91,975	9,193	91,921	-	-	54	1,056
Village of Grenville:									
2002 - 2011	24,136	20	24,134	20	24,134	-	-	-	1
2012	3,157	3,098	3,099	3,096	3,097	-	-	2	59
Total Village of Grenville	27,293	3,118	27,233	3,116	27,231	-	-	2	60
Village of Folsom:									
2002 - 2011	28,417	369	28,275	368	28,274	-	-	1	142
2012	5,579	5,353	5,353	5,318	5,318	-	-	35	227
Total Village of Folsom	33,996	5,722	33,628	5,686	33,592	-	-	36	369
Total municipalities	1,388,679	153,292	1,366,899	149,641	1,363,247	-	-	3,651	21,780

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
**SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS (CONCLUDED)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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
<b>Schools:</b>									
<b>Clayton Public School:</b>									
2002 - 2011	3,621,373	43,120	3,617,319	7,275	3,581,474	-	-	35,844	3,710
2012	337,401	328,536	328,535	259,549	259,549	-	-	68,987	8,865
Total Clayton Public School	3,958,774	371,656	3,945,854	266,824	3,841,023	-	-	104,831	12,575
<b>Des Moines School:</b>									
2002 - 2011	2,033,202	3,933	2,032,253	3,648	2,031,968	-	-	284	835
2012	185,283	182,077	182,077	179,730	178,730	-	-	3,348	3,205
Total Des Moines School	2,218,485	186,010	2,214,330	183,378	2,210,698	-	-	3,632	4,040
<b>Springer Public School:</b>									
2002 - 2011	72,168	287	72,168	287	72,168	-	-	-	-
2012	11,241	11,113	11,113	10,853	10,853	-	-	260	124
Total Springer Public School	83,409	11,400	83,281	11,140	83,021	-	-	260	124
<b>Luna Tech:</b>									
2002 - 2011	20,097	80	20,097	80	20,097	-	-	-	-
2012	2,885	2,850	2,850	2,788	2,788	-	-	62	34
Total Luna Tech	22,982	2,930	22,947	2,868	22,885	-	-	62	34
Total schools	6,283,650	571,996	6,266,412	464,210	6,157,627	-	-	108,785	16,773
<b>State of New Mexico Treasurer:</b>									
<b>State of New Mexico:</b>									
2002 - 2011	1,399,168	16,755	1,396,606	5,339	1,385,190	-	-	11,416	2,380
2012	220,453	214,908	214,908	176,698	176,698	-	-	38,211	5,545
Total State of New Mexico	1,619,621	231,663	1,611,514	182,037	1,561,888	-	-	49,627	7,925
<b>Cattle Levy:</b>									
2002 - 2011	1,565,287	2,824	1,564,094	2,824	1,564,094	-	-	-	1,123
2012	127,237	125,476	125,476	123,009	123,009	-	-	2,467	1,762
Total cattle levy	1,692,524	128,300	1,689,570	125,833	1,687,103	-	-	2,467	2,885
<b>Sheep/Goat Levy:</b>									
2002 - 2011	150	-	149	-	149	-	-	-	1
2012	13	12	12	12	12	-	-	-	1
Total sheep/goat levy	163	12	161	12	161	-	-	-	2
<b>Equine Levy:</b>									
2002 - 2011	14,084	45	14,073	29	14,057	-	-	16	10
2012	808	773	773	756	756	-	-	17	35
Total equine levy	14,892	818	14,846	785	14,813	-	-	33	45
<b>Bison Levy:</b>									
2002 - 2011	12	-	12	-	12	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
Total bison levy	12	-	12	-	12	-	-	-	-
Total State of New Mexico Treasurer	3,327,212	360,793	3,316,103	308,667	3,263,977	-	-	52,127	10,857
<b>Special District:</b>									
<b>Ute Creek Soil &amp; Water:</b>									
2002 - 2011	763	14	754	14	754	-	-	-	10
2012	763	748	748	743	743	-	-	5	15
Total Ute Creek soil & water	1,526	762	1,502	757	1,497	-	-	5	25
<b>Grand Total</b>	<b>\$ 27,469,517</b>	<b>\$ 3,351,453</b>	<b>\$ 27,344,757</b>	<b>\$ 2,705,762</b>	<b>\$ 26,699,066</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 645,691</b>	<b>\$ 121,563</b>

**STATE OF NEW MEXICO  
UNION COUNTY  
SCHEDULE OF JOINT POWERS AGREEMENTS  
JUNE 30, 2013**

**JOINT COMMUNICATIONS**

**Participants** – County of Union, Town of Clayton and Clayton Consolidate School District.

**Party responsible for operations** – Town of Clayton.

**Description** – The joint powers agreement was established between the governments for the purpose of establishing, operating, and maintaining a consolidated communications center for the joint use and benefit of the governments.

**Beginning dates and ending dates of JPA** – The current agreement began on July 1, 2009, and was updated on November 16, 2011. The agreement is perpetual, unless terminated by one of the participants.

**Total estimated amount of the project and portion applicable to the county** – The total estimated cost of the joint communication operations is \$300,000. The County's share of the joint communications expenses is \$100,000.

**Amount the county contributed during the current fiscal year** – \$98,482.25.

**Audit responsibility** – Town of Clayton.

**Name of government where revenues and expenditures are reported** – Town of Clayton.

**EMERGENCY MANAGER POSITION**

**Participants** – County of Union and the Town of Clayton.

**Party responsible for operations** – County of Union.

**Description** – The joint powers agreement was established between the governments for the purpose of creating a position of emergency manager, who is to manage the mitigation of, preparedness for, response and recovery from disaster or major emergencies that occur within the County and the Town.

**Beginning dates and ending dates of JPA** – The current agreement was signed in November 2012. The agreement is good for three years and according to the agreement, the County's Board of Commissioners can approve the extension for one additional fiscal year.

**Amount the county contributed during the current fiscal year** – \$54,037.26.

**Audit responsibility** – County of Union.

**Name of government where revenues and expenditures are reported** – County of Union.

**ADDITIONAL INDEPENDENT AUDITORS' REPORT**

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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*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Union County (County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds and related budgetary comparisons of the County, presented as supplemental information, and have issued our report thereon dated November 11, 2013. The opinion was adverse on the governmental activities because the County could not support the balance of capital assets, and did not record the depreciation expense.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We considered the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses listed as items 2008-04, 2011-01, and 2013-01.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test 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 2012-02, 2013-02, 2013-03, 2013-04, 2013-05, and 2013-06.

## **The County's Responses to Findings**

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

November 11, 2013

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013

*Item 2008-04 – Material Weakness – Capital Assets Subsidiary Records*

**Statement of Condition** – For the audit year ending June 30, 2012, the County reported additions and adjustments to its capital assets of \$2,251,233. Of these capital assets, only \$320,240 were added to the capital assets subsidiary records and, as such, \$1,930,993 remains unreconciled. The applicable depreciation on capital assets could not be determined for the fiscal year June 30, 2013.

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

**Effect** – The omission of County capital assets from the subsidiary ledgers in is material to the financial statements and as such, is the reason for the adverse opinion.

**Cause** – The accounting staff of the County responsible for maintenance of the capital assets subsidiary records do not have the proper training to perform their duties. The current structure of the accounting system is not conducive to the reconciliation of the capital assets subsidiary ledgers and the general ledger.

**Recommendation** – We recommend the County determine the details of the \$1,930,993 of capital assets for proper inclusion onto the capital assets subsidiary records. Further, we recommend that the County establish procedures to ensure that 1) all purchases qualifying as a capital asset be recorded as capital outlay in the general ledger, 2) such purchases are immediately added to the capital asset inventory listing, and 3) the capital outlay and capital asset inventory listing are reconciled quarterly.

**Views of Responsible Officials and Planned Corrective Actions** – County staff will have a complete inventory for review. Staff has already added a non-capital purchases line item for expenditures in all the fund budgets. Staff will review the capital outlay line item for incorrect transactions when the reconciliation of the inventory list to the capital outlay occurs on a biannual basis.

*Item 2010-02 – Compliance – PERA Contributions*

**Statement of Condition** – While performing testing on retirement contributions we discovered \$4,816 of retirement wages were erroneously omitted from the report submitted to Public Employees Retirement Association (PERA).

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013

Item 2010-02 – Compliance – PERA Contributions (continued)

**Criteria** – Sections 10-11-124(A) and 10-11-126(A), NMSA 1978 provide that an employer affiliated with PERA is responsible for timely remitting to PERA both the employer and employee contributions due for each employee and that PERA may assess an interest charge on any remittance not made by its due date. PERA Rule 2 NMAC 80.500, paragraph 8.5: *“In the event the employer fails to make the necessary deductions, the employer shall be responsible to remit to PERA the total amount due for both the member and employer contributions plus interest as provided in paragraph 500.8.3 above.”*

Further, New Mexico Constitution Article IX, Section 14 states, *“neither the state, nor any county, school district, or municipality, except as otherwise provided in this constitution, shall directly or indirectly lend or pledge its credit, or make any donation to or in aid of any person, association or public or private corporation. A donation within the meaning of this provision is a “gift”, an allocation or appropriation of something of value, without consideration.”*

**Effect** – Because the County erred in not remitting these retirements contributions on a timely basis, not only is the County obligated to remit to PERA both the employer and employee contributions that are overdue, it is also obligated to pay applicable interest on the contributions and the effected employee’s service credit may be jeopardized. In addition, since the County had not made formal repayment arrangements to recover the employees portion, it has either gifted or loaned these retirements contributions, which is in violation of the New Mexico Constitution Article IX, Section 14.

**Cause** – The PERA report was not reconciled prior to submission.

**Recommendation** – We recommend that County management expedite individual repayment arrangements with the effected employees. Further, the County should establish and maintain appropriate internal controls to provide assurance that all retirement contributions are properly being withheld and remitted to PERA on a timely basis.

**Views of Responsible Officials and Planned Corrective Actions** – The County staff have started to reconcile payroll reports on a quarterly basis to correct, in a timely manner, any errors that have occurred. The staff has also implemented a check list to use when entering new employees into the payroll system.

Item 2011-01 – Material Weakness – Financial Statements and Disclosures

**Statement of Condition** – The County relies upon their independent auditor to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). At the present time, the accounting staff is unable to prepare such statements, as well as, the ability to detect accuracy and completeness of all required notes that explain financial activity contained in the financial statements. During the fiscal year ended June 30, 2013, County staff assisted the auditing firm in gathering some of the necessary information in order to convert their cash basis accounting information into financial statements prepared in accordance with GAAP. While the preparation of some of the schedules is a step in the right direction, the County must display a level of expertise regarding financial reporting in accordance with GAAP in order to reduce the deficiency noted in internal controls regarding financial reporting.



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013

*Item 2011-01 – Material Weakness – Financial Statements and Disclosures (continued)*

**Criteria** – Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 115, paragraph 3 states the following: *“Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives. Generally, controls that are relevant to an audit of financial statements are those that pertain to the entity’s objective of reliable financial reporting.”*

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

SAS 112 paragraph 11 provides examples of factors that may affect the likelihood that a control, or combination of controls could fail to prevent or detect a misstatement. One such example is *“The nature of the financial statements accounts, disclosures, and assertions involved.”* SAS 115 paragraph 5 provides an explanation of a deficiency in internal control as either a deficiency in design or in operation. Paragraph 6 states *“A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected or corrected on a timely basis.”* SAS 115 paragraph 15 provides a list of indicators of a material weakness in internal control. One such example is *“Ineffective oversight of the entity’s financial reporting and internal control by those charged with governance.”*

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

**Cause** – The employees maintain the County’s accounting records on the cash basis of accounting which is required by the state of New Mexico. The employees have not received accounting training which would provide knowledge regarding the differences between the cash basis of accounting and the accrual basis of accounting and how to convert accounting records from one basis to another. Furthermore, the staff has not received training or continuing education regarding the Government Accounting Standard Board (GASB) pronouncements.

Such training would include the regular attendance of courses that update the accounting profession as to changes in the guidance issued by GASB. County employees lack the proper abilities and training to prepare financial statements in accordance with generally accepted accounting principles.

**STATE OF NEW MEXICO  
UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013

*Item 2011-01 – Material Weakness – Financial Statements and Disclosures (continued)*

**Cause (continued)** – The County continues the tradition of the past, by requiring the independent auditor prepare the financial statements and the notes to the statements, as they perform the annual audit. In the past this may have been sufficient; however, the accounting profession (American Institute of Certified Public Accountants) by issuance of risk assessment statements on auditing standards, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance.

**Recommendation** – We understand the Board of Commissioners has to be mindful of the economic conditions facing the state of New Mexico and the County when considering budget appropriations and charges to such appropriations; however, the Commission should place proper financial resources in training the accounting staff. Such training, at the minimum, would include accounting courses that would instruct the staff of GAAP considerations in regards to government financial reporting. With that in mind, we recommend the County staff (the county manager and county treasurer) receive the proper training in regards to financial reporting in accordance with GAAP.

**Views of Responsible Officials and Planned Corrective Actions** – County management will be attending trainings in fiscal year 2014. The treasurer and the manager's office have developed a plan to stagger trainings available so that all employees can be educated in GAAP financial reporting. We will also request further training on our accounting software programs to ensure that the accounting programs are being used to their full potential.

*Item 2013-01 – Material Weakness – Accounting Activity*

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

- The County failed to record financial activity related to debt of the County held by outside parties. In particular, the County failed to record activity at the New Mexico Finance Authority for gross receipts intercepts, earning of interest income, and the payment of outstanding liabilities on their records.
- Further, the County failed to record financial activity at the New Mexico State Treasurer's escrow accounts related to County debt.
- The County failed to reconcile its capital assets subsidiary records with the general ledger activity.

**Criteria** – Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 115 paragraph 3 states the following: *“Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives.”*

**STATE OF NEW MEXICO  
UNION COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013**

*Item 2013-01 – Material Weakness – Accounting Activity (continued)*

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

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

**Cause** – The County's staff lacks the necessary accounting skills to prepare all the key components of the financial statements that are prepared on the economic resources measurement focus (which includes the accrual basis of accounting) and the current financial resources measurement focus (which includes the modified accrual basis of accounting). The County relies upon the auditor to obtain the necessary information to prepare the financial statements. In the past, this may have been sufficient; however, the accounting profession (American Institute of Certified Public Accountants) by issuance of SAS 115, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance.

**Recommendation** – The County Board of Commissioner should place proper financial resources for financial statement training for the County Manager and County Treasurer. Alternately, the County could choose to consult with a separate and independent accounting firm prior to and during the audit process that would assist the County in the gathering of key components of the financial statements and the related notes.

**Views of Responsible Officials and Planned Corrective Actions** – County management will be attending trainings in fiscal year 2014. The treasurer and the manager's office have developed a plan to stagger trainings available so that all employees can be educated in GAAP financial reporting. We will also request further training on our accounting software programs to ensure that the accounting programs are being used to their full potential. As a first step, we have added new line items in the respective funds to record principal and interest expenditures related to the loans from the New Mexico Finance Authority.

**STATE OF NEW MEXICO  
UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013

*Item 2013-02 – Other – Travel and Per Diem Reimbursements*

**Statement of Condition** – During the course of the audit, we performed tests of travel and per diem expenditures. Our sample size was forty-seven transactions, which were selected throughout the fiscal year, and contained the following discrepancies:

- There were thirty instances where the mileage reimbursement rate used was incorrect. In total, the employees were overpaid by \$662.95.
- There were ten instances where an employee was not paid correctly for partial day per diem on their final day of travel. In total, the employees were underpaid by \$108.00.
- There were four instances where there the employee’s supervisor failed to sign the travel request form. The travel requests totaled \$1,509.70.
- There were three instances where the employee failed to sign the travel request form. The travels requests totaled \$990.80.
- There was one instance where an employee was not paid a correct per diem amount. The employee was underpaid by \$85.00.
- There was one instance where an employee was paid for 100% mileage in advance of a trip. The mileage paid in advance totaled \$145.20.
- There was one instance where an employee traveled for three days and was reimbursed for parking fees, totaling \$20.00, without any receipts.

**Criteria** – The New Mexico Department of Finance and Administration (DFA) has issued regulations in the form of Title 2, Chapter 42, Part 2, *Travel and Per Diem Regulations Governing the Per Diem and Mileage Act* of the New Mexico Administrative Code. The rule was issued in accordance with Section 10-8-1 to 10-8-8 NMSA 1978. Also, the County approved Resolution 97-42, *Governing the County’s Mileage and Per Diem Compensation*, on July 14, 2009. The County’s resolution states, “*all employees shall be entitled for reimbursement for travel expenses at a rate of \$.505 per mile.*” Item B1 of the County’s resolution 97-42, “*On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in a partial day, begin with the time the traveler initially departed. Divide the number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as: less than two hours, none; for two but less than six hours, \$12.00; for six but less than twelve hours, \$20.00 and for twelve hours or more, \$30.00.*”

Section 2.42.2.12 A (4) states, “*If more than \$6.00 per day or \$30.00 per trip is claimed, for parking fees, the entire amount of the reimbursement claim must be accompanied by receipts.*”

**Effect** – Non-compliance with the state of New Mexico Travel and Per Diem Act subjects officials and employees to penalties as required by state statutes.

**Cause** – County staff failed to update the travel request form for the updated mileage rate. County staff didn’t fully understand the partial per diem rates and how the rates are applied.

**STATE OF NEW MEXICO  
UNION COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013**

Item 2013-02 – Other – Travel and Per Diem Reimbursements (continued)

**Recommendation** – We recommend the County review the Travel and Per Diem Act as well as the County Resolution 97-42. Furthermore, we recommend the county manager to send a memorandum to all departments emphasizing various aspects of the Per Diem and Mileage Act. Finally, after county elections, the county manager shall meet with any newly elected officials to discuss travel and per diem expenses, in particular compliance with all aspects of the Per Diem and Mileage Act and County Resolution 97-42.

**Views of Responsible Officials and Planned Corrective Actions** – County staff has deleted the incorrect mileage and per diem form from the system. The County has implemented the recommendation of the auditor.

Item 2013-03 – Compliance – Deficit Ending Cash Balances for Budget

**Statement of Condition** – The County budgeted a deficit ending cash balance within the following funds:

Fund	Amount
Clerk's Fees	\$ 18,493
Amistad/Hayden Fire	125,654
Rabbit Ear Fire	33,092
Grenville Fire	16,533
Amistad/Hayden EMS	830
Fire Marshal	41,347
Corrections Gross Receipts	14,410
Special County Hospital GRT	128,571

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

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

**Cause** – When the County was working on its budget for the current fiscal year, the County Manager combined all the fire districts into one line item. The County Manager also combined all the Hospital Mill Levy gross receipts tax into one line item. After the budget was approved by the Department of Finance and Administration, the County Manager failed to allocate the correct amounts to each of the individual funds.

**Recommendation** – We recommend that the County officials expedite the establishment of procedures that will provide assurance of compliance with budget constraints established by state law. Such procedures should include an extensive review of beginning cash balances as these balances may have a direct and material effect on the final budget.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013

*Item 2013-03 – Compliance – Deficit Ending Cash Balances for Budget (continued)*

**Views of Responsible Officials and Planned Corrective Actions** – The County staff had professional help to create a spreadsheet to calculate the correct budget allocation among individual departments and funds. This has been corrected within the fiscal year 2014 budget and will be continued forward.

*Item 2013-04 – Compliance – New Mexico Procurement Code – Hospital Assets*

**Statement of Condition** – During our testing of the County's adherence to the New Mexico procurement code, we discovered that County was given information concerning capital purchases of hospital equipment from the management company of the hospital. The management company expended \$213,427 for hospital equipment during the fiscal year of which \$194,599 qualifies as capital purchases. Prior to the expenditure of the funds, the County failed to determine if the management company of the hospital operations, who selected the items to purchase, adhered to the New Mexico procurement code.

**Criteria** – The State of New Mexico has a procurement code to ensure the best protection for those responsible for the expenditures of public funds. The purpose of the procurement code is to 1) provide for fair and equitable treatment, 2) maximize purchasing value of public funds, and 3) offer safeguards to maintaining a system of quality and integrity. The County is governed by the New Mexico Statutes (NMSA) 1978 annotated, Chapter 13, Pamphlet 29 as amended and the General Service Department (GSD) Regulation 1.4.1 NMAC. Further, Section 13-1-102 NMSA 1978 states that all procurement shall be by competitive sealed bid except for procurements via competitive sealed proposals; small purchases; sole source; emergency procurements; existing procurements; and antipoverty program businesses.

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

**Cause** – The management company of the hospital is a non-profit organization that is not required to follow New Mexico State Statutes and rules regarding the procurement of goods and services. The management company dictates to the County what equipment is needed at the hospital and the company does not provide documentation to the County that procurement laws have been adhered to.

**Recommendation** – We recommend that efforts be made to establish a procedure between the County and the management company of the hospital operations to assurance of compliance with the Procurement Code. The General Services Department of the state of New Mexico would be a good resource to answer questions concerning its role in the procurement process. Further, we recommend that County not wait until the end of the year to obtain from the management company, a listing of the newly acquired capital assets. The listing should be provided quarterly.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013

*Item 2013-04 – Compliance – New Mexico Procurement Code – Hospital Assets (continued)*

**Views of Responsible Officials and Planned Corrective Actions** – Union County expended \$626,121 out of mill levy funding for the Union County match for the hospital's Sole Community Provider program and \$12,408 for insurance on the hospital building. An agreement between Union County and the hospital states that any capital asset purchased will become a county asset regardless of the fund used for purchase. No mill levy funds were used to purchase equipment at the hospital. The hospital procurement staff and the County have a working relationship that would allow for County involvement if public funds were ever used to purchase equipment as per the state of New Mexico Procurement Code.

*Item 2013-05 – Compliance - Annual Inventory of Capital Assets*

**Statement of Condition** – The County did not perform a physical inventory of capital assets for the fiscal year ended June 30, 2013. As such, management is unable to determine if the capital assets subsidiary ledger is accurate, correct or complete.

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

**Effect** – Non-performance of a physical observation of the capital assets owned by the County could allow errors in the capital assets subsidiary records and the financial statements to exist and not be detected on a timely basis. The errors would include, but are not limited to, the inclusion or deletions of capital assets that were purchased for the County hospital. Further, a dishonest employee could remove assets and the theft would not be detected on a timely basis.

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

**Recommendation** – We recommend the County adhere to the New Mexico Administrative Code regarding the performance of a complete and accurate annual inventory. Further, we recommend that the County manager's office establish procedures that utilize other County employees within the various departments to assist in completing the inventory. The entire burden of the performing the inventory does not need to be placed on the County manager's office.

**Views of Responsible Officials and Planned Corrective Actions** – A thorough physical inventory is scheduled for November and December 2013 and will be completed by the end of the year. All departments will be completed and the inventory report verified, updated, corrected, and certified by elected officials.

**STATE OF NEW MEXICO  
UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013

Item 2013-06 – Compliance – Submission of Audit Report

**Statement of Condition** – The audit report for the fiscal year ended June 30, 2013, was due to the New Mexico State Auditor’s office by Friday, November 15, 2013. The audit report was submitted on Monday, November 18, 2013.

**Criteria** – New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. New Mexico Administrative Code Title 2, Chapter 2, Part 2, *Audits of Governmental Entities Requirements for Contracting and Conducting Audits of Agencies* requires that the County submit its audit report by November 15th following the end of each fiscal year at June 30<sup>th</sup>.

**Effect** – Delays in submission of the audit report affect the reporting of financial information to other state agencies and local governments.

**Cause** – The auditor extended the time to fully review the report prior to submission to the State Auditor’s office.

**Recommendation** – We recommend the auditor and the County develop a working schedule of deliverables to enable the submission of a timely audit report to the New Mexico State Auditor’s Office. The schedule should be developed during the engagement process such that each party can plan accordingly.

**Views of Responsible Officials and Planned Corrective Actions** – Union County will work with the auditor to ensure the audit is submitted on a timely basis in the future.

**PRIOR YEAR’S AUDIT FINDINGS**

Item 2011-01 – Recording of Debt Issues and intercept Payments on NMFA Loans – The prior year’s auditor noted that the County does not record the New Mexico Finance Authority debt service activity within the County’s accounting records. The prior year finding has not been resolved and was revised and repeated as Item 2011-01.

Item 2011-02 – Interfund Loans – The prior year’s auditor noted that the County failed to record the loan between the general fund and the Rabbit Ear fire fund. During the current year, the County recorded the annual repayment to the general fund. The audit finding is considered resolved.

Item 2011-03 – Sole Community Provider Funding – The prior year’s auditor noted that the County did not record the receipts and disbursements in the County’s accounting records, of the sole community provider funding that was directly paid to the County hospital. During the current year, the state changed their process of payment for the sole community provider funding. All activity is being recorded in the County’s accounting records. The audit finding is considered resolved.



**STATE OF NEW MEXICO**  
**UNION COUNTY**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2013

**PRIOR YEAR'S AUDIT FINDINGS (continued)**

Item 2011-04 – Controls over Compliance with Bid Specifications for Federal and State Grants – The prior year's auditor noted that the County did not have a system in place to review bid specifications to ensure contracts awarded include all the provisions required by the grant. During the current year, the County reviewed and updated their policies concerning the compliance with grant requirements. The audit finding has is considered resolved.

Item 2010-07 – Revenue Classifications – The prior year's auditor noted that the County failed to classify revenues to correct categories besides miscellaneous revenues. During the current year, the County had an emphasis to record the revenues in the correct classifications. The audit finding is considered resolved.

Item 2012-01 – Disposition of Public Property – The prior year's auditor noted that the County failed to follow the regulations concerning the disposition of property. During the current fiscal year, the County changed their policies concerning the disposition of property to be in compliance with state requirements. The audit finding is considered resolved.

Item 2011-10 – Budgeting – The prior year's auditor noted that the County failed to input the original and final budgets within the Triadic accounting system. During the current fiscal year, the County inputted the original and final budgets for revenues and expenditures into the Triadic accounting system. The audit finding is considered resolved.

Item 2010-02 – Reconciliation of Payroll reports to Regulatory Report – The prior year's auditor noted that the County failed to reconcile their payroll reports. During the current fiscal year, while the County continued to make strides to resolve this finding, there was a reporting error with PERA. The finding is not considered resolved, and was revised and is repeated as item 2010-02.

Item 2011-05 – Reporting and Grants Management – The prior year's auditor noted that the County failed to submit the DWI grant reports timely, as per the grant agreement. During the current fiscal year, the County hired a new DWI coordinator and part of his duties was to ensure the grant reports were submitted timely. The DWI coordinator submitted the reports on a timely basis. The audit finding is considered resolved.

Item 2008-08 – Procurement – The prior year's auditor noted that the County did not have all the documentation for purchases between \$1,000 and \$5,000. During the current fiscal year, the County had all the bid documents for all items that were purchased. The finding is considered resolved.

Item 2008-04 – Deficiencies in Capital Asset Records – The prior year's auditor noted that the County's subsidiary records (beginning balances, additions, deletions, and ending balances) for capital assets did not tie to the audit report. During the current fiscal year, the County continues to work on determining the correct balances for their capital assets. The finding is not considered resolved, and was revised and is repeated as Item 2008-04.

**STATE OF NEW MEXICO**  
**UNION COUNTY**  
EXIT CONFERENCE AND  
PREPARATION OF FINANCIAL STATEMENTS  
JUNE 30, 2013

**EXIT CONFERENCE**

The audit report for the fiscal year ended June 30, 2013, was discussed during the exit conference held on November 14, 2013 in Clayton, New Mexico. Present for the County was W. Carr Vincent, county commissioner; Angie Gonzales, county manager; Brandy Thompson, county treasurer; and Cheryl Garcia, assistant county manager. Present for the auditing firm was Rose Fierro, CPA.

**PREPARATION OF FINANCIAL STATEMENTS**

The auditing firm of Fierro & Fierro, P.A., Certified Public Accountants, prepared the financial statements of Union County as of June 30, 2013. The County's upper management has reviewed and approved the financial statements and related notes, and they believe the County's books and records adequately support them.