

**STATE OF NEW MEXICO
UNION COUNTY**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2014

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UNION COUNTY
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**STATE OF NEW MEXICO
UNION COUNTY
OFFICIAL ROSTER
JUNE 30, 2014**

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

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www.fierrocpa.comIndependent Auditors' ReportHector 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, 2014, 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, 2014, 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 involves 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and the major special revenue funds 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, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the nonmajor governmental funds for the year ended in accordance with 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 relates 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 7, 2014 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 7, 2014

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
UNION COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 4,100,136
Receivables, net	362,477
Prepaid expenses	36,681
Restricted cash	90,637
Restricted investments	124,846
Capital assets:	
Land and construction in progress	65,285
Other capital assets, net of depreciation	<u>6,695,411</u>
Total capital assets	<u>6,760,696</u>
Total assets	11,475,473
LIABILITIES	
Accounts payable	270,316
Accrued salaries	83,481
Accrued interest payable	5,758
Long-term liabilities:	
Due within one year	292,755
Due in more than one year	<u>1,060,894</u>
Total liabilities	<u>1,713,204</u>
NET POSITION	
Net investment in capital assets	5,459,332
Restricted:	
Debt service	215,483
State mandated per statutes	606,947
Unrestricted	<u>3,480,507</u>
Total net position	<u><u>\$ 9,762,269</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, 2014**

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	\$ 1,776,655	\$ 45,925	\$ 455,090	\$ -	\$ (1,275,640)
Public safety	1,371,054	49,497	483,915	-	(837,642)
Public works	1,683,233	995	397,195	-	(1,285,043)
Health and welfare	2,008,079	13,523	57,113	230,000	(1,707,443)
Interest on long-term debt	25,408	-	-	-	(25,408)
Total governmental activities	<u>\$ 6,864,429</u>	<u>\$ 109,940</u>	<u>\$ 1,393,313</u>	<u>\$ 230,000</u>	(5,131,176)
General Revenues:					
					1,062,503
					1,227,618
					587,209
					970,125
					38,609
					1,162,715
					<u>(12,558)</u>
					Total general revenues and special item
					<u>5,036,221</u>
					Change in net position
					(94,955)
					Net position, beginning of year
					8,429,282
					Restatement
					<u>1,427,942</u>
					Net position, beginning of year, restated
					<u>9,857,224</u>
					Net position, end of year
					<u>\$ 9,762,269</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, 2014**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Hospital Mill Levy Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 1,826,291	\$ 383,883	\$ 15,441	\$ 1,874,521	\$ 4,100,136
Receivables, net	90,593	33,641	44,187	194,056	362,477
Due from other funds	35,707	-	-	-	35,707
Prepaid expenses	10,929	3,611	6,692	15,449	36,681
Restricted:					
Cash	-	90,611	-	18	90,629
Investments	-	124,801	-	53	124,854
Total assets	<u>\$ 1,963,520</u>	<u>\$ 636,547</u>	<u>\$ 66,320</u>	<u>\$ 2,084,097</u>	<u>\$ 4,750,484</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 147,743	\$ 19,387	\$ -	\$ 103,186	\$ 270,316
Accrued salaries	47,686	27,324	-	8,471	83,481
Due to other funds	-	-	-	35,707	35,707
Total liabilities	<u>195,429</u>	<u>46,711</u>	<u>-</u>	<u>147,364</u>	<u>389,504</u>
Deferred Inflows of Resources:					
Unearned revenues	42,430	-	21,693	1,065	65,188
Fund Balances:					
Nonspendable	10,929	3,611	6,692	15,449	36,681
Restricted for:					
Debt service	-	215,412	-	71	215,483
State mandated per statutes	-	-	-	102,044	102,044
Committed for:					
One twelfth budget reserve	487,309	119,637	-	-	606,946
Subsequent years' expenditures	371,162	-	37,500	729,585	1,138,247
Assigned	-	251,176	435	1,116,705	1,368,316
Unassigned	<u>856,261</u>	<u>-</u>	<u>-</u>	<u>(28,186)</u>	<u>828,075</u>
Total fund balances	<u>1,725,661</u>	<u>589,836</u>	<u>44,627</u>	<u>1,935,668</u>	<u>4,295,792</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,963,520</u>	<u>\$ 636,547</u>	<u>\$ 66,320</u>	<u>\$ 2,084,097</u>	<u>\$ 4,750,484</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, 2014

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

Total fund balances governmental funds (page six)	\$	4,295,792
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		6,760,696
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.		65,188
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(1,353,649)
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>(5,758)</u>
Net position of governmental activities (page four)	\$	<u><u>9,762,269</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, 2014

	General Fund	Road Fund	Hospital Mill Levy Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Gross receipts taxes	\$ 750	\$ -	\$ -	\$ 1,061,753	\$ 1,062,503
Property taxes	1,191,904	-	582,696	26,563	1,218,467
Public service taxes	455,234	396,487	118,404	-	455,234
Intergovernmental:					
Federal	151,090	241	-	61,681	212,771
State	304,000	396,933	230,000	479,203	1,180,136
Charges for services	36,470	15	-	67,944	104,429
Licenses and permits	1,076	-	-	-	1,076
Interest	28,688	1,805	410	7,706	38,199
Miscellaneous	375,936	549,246	1,660	240,473	1,165,655
Total revenues	2,545,148	1,344,727	933,170	1,945,323	6,768,368
Expenditures:					
Current:					
General government	1,661,919	-	-	32,269	1,694,188
Public safety	498,569	-	-	574,136	1,072,705
Public works	132,563	1,230,233	-	-	1,362,796
Health and welfare	-	-	719,182	1,185,490	1,904,672
Capital outlay	349,174	548,266	230,229	338,373	1,466,042
Debt service:					
Principal	-	152,250	-	106,590	258,840
Interest and other charges	-	16,894	-	21,993	38,887
Total expenditures	2,642,225	1,947,643	949,411	2,258,851	7,798,130
Excess (deficiency) of revenues over expenditures	(97,077)	(602,916)	(16,241)	(313,528)	(1,029,762)
Other Financing Sources (Uses):					
Transfers in	-	638,559	-	52,000	690,559
Transfers (out)	(580,546)	(6,000)	-	(104,013)	(690,559)
Total other financing sources (uses)	(580,546)	632,559	-	(52,013)	-
Net change in fund balances	(677,623)	29,643	(16,241)	(365,541)	(1,029,762)
Fund balances, beginning of year	2,403,284	560,193	60,868	2,301,209	5,325,554
Fund balances, end of year	\$ 1,725,661	\$ 589,836	\$ 44,627	\$ 1,935,668	\$ 4,295,792

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, 2014

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

Net change in fund balances total governmental funds (page eight)	\$	(1,029,762)
Governmental funds report capital outlay as expenditures in the amount of \$1,466,042; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense, in the amount of \$788,138. The net adjustment is \$677,904.		677,904
Within the statement of activities, the basis of capital assets disposed of are netted with the gross proceeds to produce a gain or loss. The disposal of capital assets does not use current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(12,558)
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, 2013, deferred property taxes amounted to \$51,524. The deferred property taxes for the current fiscal year amounted to \$65,188; therefore, the net adjustment is \$13,664.		13,664
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.		723
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.		258,840
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>(3,766)</u>
Net change in governmental activities net position - government-wide financial statements (page five)	<u>\$</u>	<u>(94,955)</u>

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

STATE OF NEW MEXICO
UNION COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	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:						
Gross receipts taxes	\$ 500	\$ 500	\$ 765	\$ (15)	\$ 750	\$ 265
Property taxes	1,419,791	1,419,791	1,193,888	(1,984)	1,191,904	(225,903)
Public service taxes	273,381	273,381	263,794	191,440	455,234	(9,587)
Intergovernmental:						
Federal	115,000	115,000	151,090	-	151,090	36,090
State	350,000	350,000	304,000	-	304,000	(46,000)
Charges for services	27,000	27,000	36,925	(455)	36,470	9,925
Licenses and permits	500	500	1,076	-	1,076	576
Interest	27,500	27,500	28,688	-	28,688	1,188
Miscellaneous	500	25,500	51,780	324,156	375,936	26,280
Total revenues	2,214,172	2,239,172	2,032,006	513,142	2,545,148	(207,166)
Expenditures:						
Current:						
General government	1,186,764	1,631,264	1,532,227	129,692	1,661,919	99,037
Public works	513,267	513,267	482,982	15,587	498,569	30,285
Public safety	137,002	137,002	130,704	1,859	132,563	6,298
Capital outlay	18,000	10,000	12,804	336,370	349,174	(2,804)
Total expenditures	1,855,033	2,291,533	2,158,717	483,508	2,642,225	132,816
Excess (deficiency) of revenues over expenditures	359,139	(52,361)	(126,711)	29,634	(97,077)	(74,350)
Other Financing Sources (Uses):						
Transfers (out)	(210,000)	(560,000)	(396,000)	(184,546)	(580,546)	164,000
Net change	149,139	(612,361)	(522,711)	\$ (154,912)	\$ (677,623)	89,650
Cash balance, beginning of year	2,349,002	2,349,002	2,349,002			-
Cash balance, end of year	<u>\$ 2,498,141</u>	<u>\$ 1,736,641</u>	<u>\$ 1,826,291</u>			<u>\$ 89,650</u>
Explanation of Differences:						
Change in receivables				\$ 151,396		
Change in prepaid expenses				797		
Change in due from other funds				(129,369)		
Change in accounts payable				(7,412)		
Change in accrued salaries				(8,875)		
Change in deferred revenues				23,097		
Change in transfers				(184,546)		
				<u>\$ (154,912)</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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014**

	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:						
Public service taxes	\$ 494,000	\$ 688,000	\$ 564,127	\$ (167,640)	\$ 396,487	\$ (123,873)
Intergovernmental:						
Federal	750	750	241	-	241	(509)
State	500,000	500,000	396,933	-	396,933	(103,067)
Charges for services	-	-	15	-	15	15
Interest	2,000	2,000	1,245	560	1,805	(755)
Miscellaneous	1,500	1,500	982	548,264	549,246	(518)
Total revenues	<u>998,250</u>	<u>1,192,250</u>	<u>963,543</u>	<u>381,184</u>	<u>1,344,727</u>	<u>(228,707)</u>
Expenditures:						
Current:						
Public works	1,355,623	1,355,623	1,261,020	(30,787)	1,230,233	94,603
Capital outlay	30,000	30,000	6,000	542,266	548,266	24,000
Debt service:						
Principal	-	165,000	152,250	-	152,250	12,750
Interest and other charges	-	29,000	16,894	-	16,894	12,106
Total expenditures	<u>1,385,623</u>	<u>1,579,623</u>	<u>1,436,164</u>	<u>511,479</u>	<u>1,947,643</u>	<u>143,459</u>
Excess (deficiency) of revenues over expenditures	(387,373)	(387,373)	(472,621)	(130,295)	(602,916)	(85,248)
Other Financing Sources (Uses):						
Transfers in	125,000	475,000	454,013	184,546	638,559	(20,987)
Transfers (out)	-	-	-	(6,000)	(6,000)	-
Total other financing sources (uses)	<u>125,000</u>	<u>475,000</u>	<u>454,013</u>	<u>178,546</u>	<u>632,559</u>	<u>(20,987)</u>
Net change	(262,373)	87,627	(18,608)	<u>\$ 48,251</u>	<u>\$ 29,643</u>	(106,235)
Cash balance, beginning of year	<u>402,491</u>	<u>402,491</u>	<u>402,491</u>			-
Cash balance, end of year	<u>\$ 140,118</u>	<u>\$ 490,118</u>	<u>\$ 383,883</u>			<u>\$ (106,235)</u>
Explanation of Differences:						
Change in receivables				\$ (167,082)		
Change in prepaid expenses				264		
Change in accounts payable				32,886		
Change in accrued salaries				(2,363)		
Change in transfers				184,546		
				<u>\$ 48,251</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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 560,000	\$ 760,000	\$ 583,600	\$ (904)	\$ 582,696	\$ (176,400)
Public service taxes	115,000	115,000	115,229	3,175	118,404	229
Intergovernmental:						
State	-	230,000	419,724	(189,724)	230,000	189,724
Interest	-	-	410	-	410	410
Miscellaneous	-	-	-	1,660	1,660	-
Total revenues	675,000	1,105,000	1,118,963	(185,793)	933,170	13,963
Expenditures:						
Current:						
Health and welfare	1,028,600	1,228,600	1,228,595	(509,413)	719,182	5
Capital outlay	-	230,000	228,569	1,660	230,229	1,431
Total expenditures	1,028,600	1,458,600	1,457,164	(507,753)	949,411	1,436
Net change	(353,600)	(353,600)	(338,201)	\$ 321,960	\$ (16,241)	15,399
Cash balance, beginning of year	353,642	353,642	353,642			-
Cash balance, end of year	\$ 42	\$ 42	\$ 15,441			\$ 15,399
Explanation of Differences:						
Change in receivables				\$ (181,280)		
Change in donations				(1,660)		
Change in prepaid expenses				488		
Change in accounts payable				508,925		
Change in deferred revenues				(4,513)		
				\$ 321,960		

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, 2014

	<u>Agency Funds</u>
Assets:	
Cash	\$ 1,036,581
Receivables:	
Property taxes	52,382
Public service taxes	9,688
Interest	<u>335</u>
Total receivables	<u>62,405</u>
Total assets	<u><u>\$ 1,098,986</u></u>
Liabilities:	
Deposits held for others	\$ 74,931
Due to other taxing units	52,382
Taxes paid under protest	<u>971,673</u>
Total liabilities	<u><u>\$ 1,098,986</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The County was established by the laws of the Territory of New Mexico of 1876, under the provisions of the act now referred to as Sections 4-9-1 and 4-9-2 of the New Mexico Statutes Annotated, 1978 Compilation. The County operates under the commission-manager form of government and provides the following services as authorized in the grant of powers: public safety (sheriff, fire, emergency medical, etc.), public works (highways and streets), sanitation, health and welfare services, 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. For the most part, the effect of interfund activity has been eliminated from these statements.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Property, franchise, sales and public service tax revenues associated with the current fiscal period are recognized under the susceptible to accrual concept.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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:

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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Special Revenue Funds (continued)

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.

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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Special Revenue Funds (continued)

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.

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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting,

C. and Financial Statement Presentation (continued)

Special Revenue Funds (continued)

The *law enforcement fund* accounts for the County's state distribution of Law Enforcement Protection funds to be used for the repair and /or replacement of law enforcement equipment. The authority for the fund is given by 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 1st to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a pending budget by July 1st with final certification of the budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding. Based on the final certified budget submitted, DFA certifies the allowable tax rates for property taxes in September.

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

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only local commission approval.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets (continued)

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. Inventory

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, 2014**

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

8. Compensated Absences

County employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Compensated Absences (continued)

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 Inflows of Resources - Unearned Revenues

Within the government-wide financial statements, unearned revenues represent unearned revenues advanced to the County. Such advances are reported as unearned revenue until the earnings process is complete. Unearned 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 unearned 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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Net Position

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

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

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

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

13. 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, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

13. Fund Equity Reservation and Designations (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.

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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, 2014, 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	2,806,747	(403,305)	2,403,442
Farmer's & Stockmen's Bank	2,733,747	(722)	2,733,025
	<u>\$ 5,540,744</u>	<u>\$ (404,027)</u>	<u>\$ 5,136,717</u>

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

Statement of Net Position:	
Cash	\$ 4,100,136
Statement of fiduciary assets and liabilities - agency funds	<u>1,036,581</u>
Total cash reported on financial statements	<u>\$ 5,136,717</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).

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

2. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS (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	\$ 2,806,747	\$ 2,733,747
Less FDIC insurance	<u>(500,000)</u>	<u>(500,000)</u>
Uninsured public funds	2,306,747	2,233,747
Pledged collateral held by pledging bank's agent, but not in the County's name	<u>1,345,000</u>	<u>1,843,908</u>
Uninsured and uncollateralized public funds	<u>\$ 961,747</u>	<u>\$ 389,839</u>
Total pledged collateral	\$ 1,345,000	\$ 1,843,908
50% pledged collateral requirement per state statute	<u>1,153,374</u>	<u>1,116,873</u>
Pledged collateral (under) over the requirement	<u>\$ 191,626</u>	<u>\$ 727,035</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, 2014, \$4,540,494 of the County's bank balances of \$5,540,494 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>\$ 2,306,747</u>	<u>\$ 2,233,747</u>	<u>\$ 4,540,494</u>

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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, 2014, the NMFA has invested the funds held in the debt service and debt reserve pools.

NMFA – Debt Service Pool

The County has \$90,637 invested with the NMFA debt service pool. At June 30, 2014, the pool was composed of short-term, high-credit-quality money market instruments.

NMFA – Debt Reserve Pool

The County has \$124,846 invested with the NMFA debt reserve pool. At June 30, 2014, the pool was composed of 7.73% money market funds and 92.27% fixed income funds.

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 37-days WAM. The NMFA debt reserve pool fund weighted average maturity is 1.323 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, 2014, consisted of the following:

	Governmental Activities
Accounts receivable:	
Charges for services	\$ 6,000
Allowance for doubtful accounts	-
Total	6,000

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

4. RECEIVABLES, NET (continued)

	Governmental Activities
Taxes receivable:	
Gross receipts taxes	\$ 180,076
Property taxes	82,856
Public service taxes	86,916
Allowance for doubtful accounts	-
Total	349,848
Intergovernmental receivables:	
Homeland security grant	6,629
Allowance for doubtful accounts	-
Total	6,629
Receivables, net	\$ 362,477

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 1st of each year, the County Assessor mails a notice to each property owner informing him of the net value of his property that has been valued for property evaluation purposes by the assessor.

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

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

Property taxes are payable to the County Treasurer in two equal installments due on November 10th of the year in which the tax bill was prepared and mailed, and on April 10th of the following year. Property taxes that are not paid within thirty days after the date on which they are due are delinquent. Delinquent taxes are subject to penalties and interest. 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
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 2013 was \$9.150 per \$1,000 for non-residential property and \$7.239 per \$1,000 for residential property.

6. CAPITAL ASSETS

During the fiscal year, the county preformed an intensive inventory and review of its capital assets and the subsidiary records. The County discovered errors in the amounts reported at June 30, 2013, within the governmental capital assets. The effect of the changes is as follows:

	<u>06/30/13</u>	<u>Corrections</u>	<u>Restated Balance 06/30/13</u>
Governmental Capital Assets:			
Land	\$ 6,830	\$ 4,350	\$ 11,180
Buildings	245,364	4,200,662	4,446,026
Improvements	-	1,117,380	1,117,380
Infrastructure	14,043,474	(2,890,239)	11,153,235
Equipment	5,518,626	1,057,449	6,576,075
 Accumulated depreciation:			
Buildings	(9,812)	(1,704,984)	(1,714,796)
Improvements	-	(207,229)	(207,229)
Infrastructure	(11,730,555)	840,508	(10,890,047)
Equipment	(3,407,169)	(989,305)	(4,396,474)
	<u>\$ 4,666,758</u>	<u>\$ 1,428,592</u>	<u>\$ 6,095,350</u>

Capital assets activity for the fiscal year ended June 30, 2014, is as follows:

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

6. CAPITAL ASSETS (continued)

	Restated Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 11,180	\$ 8,505	\$ -	\$ 19,685
Construction in progress	-	45,600	-	45,600
Total other capital assets, not being depreciated	11,180	54,105	-	65,285
Other capital assets being depreciated:				
Buildings	4,446,026	221,724	-	4,667,750
Improvements	1,117,380	5,020	-	1,122,400
Infrastructure	11,153,235	-	-	11,153,235
Equipment	6,576,075	1,185,193	(25,983)	7,735,285
Total other capital assets being depreciated	23,292,716	1,411,937	(25,983)	24,678,670
Less accumulated depreciation for:				
Buildings	(1,714,796)	(126,302)	-	(1,841,098)
Improvements	(207,229)	(49,084)	-	(256,313)
Infrastructure	(10,890,047)	(263,188)	-	(11,153,235)
Equipment	(4,396,474)	(349,564)	13,425	(4,732,613)
Total accumulated depreciation	(17,208,546)	(788,138)	13,425	(17,983,259)
Other capital assets, net	6,084,170	623,799	(12,558)	6,695,411
Total capital assets, net	<u>\$ 6,095,350</u>	<u>\$ 677,904</u>	<u>\$ (12,558)</u>	<u>\$ 6,760,696</u>

Depreciation expense was charged to functions (programs) as follows:

General government	\$ 81,033
Public safety	283,561
Public works	320,137
Health and welfare	103,407
	<u>\$ 788,138</u>

7. LONG-TERM OBLIGATIONS

Changes in governmental activities obligations during the year ended June 30, 2014, were as follows:

	Balance 06/30/13	Restatement	Additions	Deletions	Balance 06/30/14	Amounts Due Within One Year
Governmental Activities:						
Notes payable	\$ 1,560,204	\$ -	\$ -	\$ (258,840)	\$ 1,301,364	\$ 263,167
Compensated absences	47,869	650	54,462	(50,696)	52,285	29,588
	<u>\$ 1,608,073</u>	<u>\$ 650</u>	<u>\$ 54,462</u>	<u>\$ (309,536)</u>	<u>\$ 1,353,649</u>	<u>\$ 292,755</u>

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

7. LONG-TERM OBLIGATIONS (continued)

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 \$15,739 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
2015	\$ 15,242	\$ 497	\$ 15,739

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
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>\$ 363,782</u>	<u>\$ 38,893</u>	<u>\$ 402,675</u>

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 \$28,494 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
2015	\$ 27,837	\$ 657	\$ 28,494

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

7. LONG-TERM OBLIGATIONS (continued)

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 \$120,339 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
2015	\$ 118,631	\$ 1,708	\$ 120,339

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:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
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	19,287	11,297	30,584
2020 - 2024	107,886	47,563	155,449
2025 - 2029	134,160	27,457	161,617
2030 - 2032	97,693	5,960	103,653
	<u>\$ 431,017</u>	<u>\$ 141,127</u>	<u>\$ 572,144</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.

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

7. LONG-TERM OBLIGATIONS (continued)

Note Payable – New Mexico Finance Authority #6 (continued)

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
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	30,767	3,425	34,192
2020 - 2023	128,922	7,843	136,765
	<u>\$ 251,183</u>	<u>\$ 28,046</u>	<u>\$ 279,229</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:

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2015	\$ 14,482	\$ 2,525	\$ 17,007
2016	14,850	2,321	17,171
2017	15,276	1,930	17,206
2018	15,768	1,472	17,240
2019	16,332	999	17,331
2020	16,964	509	17,473
	<u>\$ 93,672</u>	<u>\$ 9,756</u>	<u>\$ 103,428</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).

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

7. LONG-TERM OBLIGATIONS (continued)

Compensated Absences (continued)

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-seven percent has been paid by the General Fund and fifty-three percent by the Road Fund.

8. UNEARNED REVENUES

The County has recorded unearned revenues of \$42,430, \$21,693 and \$1,065 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 use of the computer software and support. The agreement is renewable annually. The County expects that in the normal course of business, the computer agreement will continue to be required. For the fiscal year ended June 30, 2014, the County expended \$44,535 for the computer agreement.

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>
2015	\$ 161,430
2016	161,430
2017	161,430
2018	117,362
2019	108,549
2020	<u>54,274</u>
	<u><u>\$ 764,475</u></u>

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

10. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

The composition of interfund balances as of June 30, 2014, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Rabbit Ear Fire Fund	\$ 35,707

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

Transfers

	Transfers In		Totals
	Road Fund	Other Governmental Funds	
Transfers (out):			
General Fund	\$ 534,546	\$ 46,000	\$ 580,546
Road Fund	-	6,000	6,000
Other Governmental Funds	104,013	-	104,013
	\$ 638,559	\$ 52,000	\$ 690,559

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 \$25,131 and the Capulin EMS fund had a deficit fund balance of \$47 at June 30, 2014. The deficit balances 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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

12. CONDUIT DEBT OBLIGATIONS AND HOSPITAL OPERATIONS (continued)

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, 2014, the four loans outstanding balances are as follows:

<u>Year of Agreement</u>	<u>Amount</u>
2005	\$ 2,424,093
2006	1,266,087
2007	1,088,442
2009	<u>1,843,392</u>
	<u><u>\$ 6,622,014</u></u>

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

The loans are special limited obligations of the County, payable solely from revenues of the hospital and do not constitute indebtedness to the County within the meaning of any State constitutional provision or statutory debt limitation.

Nor, do the obligations constitute a charge against 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.

**STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

13. RESTATEMENT OF NET POSITION

During the fiscal year ended June 30, 2014, the county determined that changes to the beginning of year net position. A description and the effect of the changes are as follows:

	Governmental Activities
<i>Government-Wide Statements</i>	
In the previous year, the compensated absences were understated.	\$ 650
In the previous year, the capital assets and accumulated depreciation were understated.	(1,428,592)
Total Government-Wide Financial Statements	\$ (1,427,942)

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.

Funding Policy

Plan members are required to contribute from 9.15% to 12.35% (ranges from 6.28% to 18.15% depending upon the plan, i.e., state general, state police, and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The County is required to contribute from 9.15% to 18.5% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary.

The contribution requirements of plan members and the County are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ending June 30, 2014, 2013, and 2012 were \$247,463, \$235,724, \$225,699, respectively, equal to the amount of the required contributions for each year.

STATE OF NEW MEXICO
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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 government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf, unless that person retires before the employer's 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 issues 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.

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.

STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
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15. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (continued)

Funding Policy (continued)

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, 2014, the statutes required 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.

For employees that were not members of an enhanced retirement plan during the fiscal year ended **June 30, 2014**, 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, 2014, 2013 and 2012 were \$26,912, \$25,651 and \$23,656, respectively, which equal the required contributions for each year.

16. RELATED PARTY TRANSACTION

During the fiscal year, the County received a donation from a commissioner's family trust, in the amount of \$230,000, for the purchase of a building for a rural health clinic.

17. 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.

18. 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.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

18. CONTINGENT LIABILITIES (continued)

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.

19. SUBSEQUENT EVENTS

Union County General Hospital Management Changes

After considerable thought and deliberation, a decision was made by the Union County Board of Commissioners in February 2014 involving the future management of Union County General Hospital. This decision was made to improve the management of the hospital and its accountability to the residents of Union County.

This change in management is no reflection of the staff and employees of the hospital, who have and continue to provide high quality healthcare to residents of the county. Throughout the process, the County Commissioners have assured hospital employees that their jobs are not at risk, they are integral to the future of the hospital, and that they can be confident that the provision of high quality healthcare is of paramount importance to the Commissioners.

In the spring of 2014, the Commissioners met with five prospective management companies regarding their potential operation of Union County General Hospital, and held public meetings with each company to allow residents of the County the opportunity to ask questions and learn about the companies. After careful consideration, a delegation consisting of two County Commissioners, two members of the staff of the hospital, and the County's financial advisor visited hospitals managed by three of the prospective management companies, including meetings with members of the Boards, employees and physicians. During the visits, the delegation stressed the importance of employees retaining their position with Union County General Hospital, and confirmed with representatives of the Boards of the visited hospitals that each management company understood the importance of maintaining jobs in rural communities, both philosophically and in their actions. Based on the findings of the delegation, the Commissioners then requested additional information from two management companies, Community Hospital Corporation and Endeavor Healthcare. Subsequent to the receipt and review of such information, the Commissioners analyzed the information received and the findings of their visits, and, upon careful deliberation, entered into detailed discussions with Community Hospital Consulting, Inc. (CHC Consulting) regarding their operations of Union County General Hospital commencing in August 2014.

On August 11, 2014, Clayton Health Systems, Inc., (CHS) the operator of Union County General Hospital, installed James Brook, Judith Cooper, Gloria Rice, and Holly Steen as new members of its Board of Directors. James Mayfield was later added as a fifth member of the CHS Board of Directors. The new CHS Directors were selected by the Union County Board of Commissioners to represent the community and its interest in providing strategic guidance and oversight to the hospital.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

19. SUBSEQUENT EVENTS (continued)

Union County General Hospital Management Changes (continued)

As one of its first orders of business, the new CHS Board unanimously voted to adopt a new set of Bylaws and a new Operating Agreement between CHS and Union County. The new bylaws and operating agreement are designed to promote transparency between CHS and the community, with CHS conducting itself as a public entity with its meetings noticed in advance and open to the general public. While the CHS Board will continue to have oversight over the hospital, the new bylaws and operating agreement increase the accountability of CHS to the Union County Board of Commissioners by virtue of certain key oversight and approval rights, including the selection of CHS Board of Directors by the commissioners.

After implementing these structural changes, the new CHS Board unanimously voted to select CHC Consulting, a hospital management company based in Texas, as its new management company for the hospital. As part of its management services, CHC Consulting provides one of its own employees to serve as the Administrator of the hospital. Effective August 11th, on an interim basis, Gary G. Kendrick was named Hospital Administrator. Mr. Kendrick is a seasoned hospital executive, having served as the chief executive officer of a wide variety of hospitals, including critical access hospitals similar to Union County General Hospital. Mr. Kendrick struck a positive tone in his remarks at the CHS board meeting, noting that 'CHC Consulting looks forward to partnering with the CHS Board and the County to deliver high quality care to Union County.'

As part of the management company transition to CHC Consulting, all hospital employees will retain their current positions. The County Commissioners reaffirmed their support for the employees of the hospital, and thanked them for their continued service to the health and wellness of Union County.

CHC Consulting is currently conducting a search for a permanent Administrator, which must be approved by the CHS Board with input from the County Commissioners.

Union County's Hospital-Related Debt Refinancing

At its meeting on July 24th, the New Mexico Finance Authority approved the refinancing of an outstanding loan to Union County for the benefit of Union County General Hospital. Appearing before the New Mexico Finance Authority, on behalf of Union County, were Angie Gonzales, County Manager, and Michael Newman, financial advisor to Union County.

The refinancing of this loan will reduce expenses of Union County General Hospital. Based on current interest rates, the refinancing is anticipated to result in savings of approximately \$287,000 after accounting for costs and expenses, with approximately \$257,000 of such savings to be realized prior to the fiscal year ending June 30, 2015. The refinancing will yield, based on current conditions, net present value savings as a percentage of refunded principal of approximately 10.2%, versus the threshold of 3% to 4% used by many state and local governments, including the state of New Mexico.

STATE OF NEW MEXICO
UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

19. SUBSEQUENT EVENTS (continued)

Union County's Hospital-Related Debt Refinancing (continued)

As a result of the reduction in interest rates on the new loan, the principal amount of the loan was able to be reduced by approximately \$12,000, and there is no extension of the final maturity date of the loan. The financing is scheduled to close in October 2014, at which time the interest rate on the loan will be set and savings finalized.

Union County has three additional loans from the New Mexico Finance Authority that were incurred to finance the expansion of Union County General Hospital. When permitted by contract to refinance these loans and subject to prevailing market conditions and the availability of more favorable interest rates, the County will seek to refinance each of such loans with the New Mexico Finance Authority for a reduction in interest expense.

SUPPLEMENTARY INFORMATION

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

STATE OF NEW MEXICO
UNION COUNTY
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2014

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
ASSETS									
Cash and cash equivalents	\$ 236	\$ 89	\$ 19,730	\$ 171,745	\$ 13,148	\$ 51,765	\$ 178,947	\$ 10,044	\$ 44,509
Receivables, net	-	-	-	49,467	-	-	-	-	-
Prepaid expenses	-	-	-	-	3,155	3,104	3,122	3,000	3,068
Restricted:									
Cash	-	-	-	-	4	10	-	-	4
Investments	-	-	-	-	45	-	-	8	-
Total assets	<u>\$ 236</u>	<u>\$ 89</u>	<u>\$ 19,730</u>	<u>\$ 221,212</u>	<u>\$ 16,352</u>	<u>\$ 54,879</u>	<u>\$ 182,069</u>	<u>\$ 13,052</u>	<u>\$ 47,581</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 369	\$ 1,819	\$ 2,703	\$ 2,476	\$ 730
Accrued salaries	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	35,707	-
Total liabilities	-	-	-	-	369	1,819	2,703	38,183	730
Deferred Inflows of Resources:									
Unearned revenues	-	-	-	-	-	-	-	-	-
Fund Balances:									
Nonspendable	-	-	-	-	3,155	3,104	3,122	3,000	3,068
Reserved for:									
Debt service	-	-	-	-	49	10	-	8	4
State mandated per statutes	-	-	-	49,512	-	-	-	-	-
Committed for:									
Subsequent years' expenditures	236	-	19,400	171,700	12,779	49,946	176,244	-	43,779
Assigned	-	89	330	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(28,139)	-
Total fund balances	<u>236</u>	<u>89</u>	<u>19,730</u>	<u>221,212</u>	<u>15,983</u>	<u>53,060</u>	<u>179,366</u>	<u>(25,131)</u>	<u>46,851</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 236</u>	<u>\$ 89</u>	<u>\$ 19,730</u>	<u>\$ 221,212</u>	<u>\$ 16,352</u>	<u>\$ 54,879</u>	<u>\$ 182,069</u>	<u>\$ 13,052</u>	<u>\$ 47,581</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, 2014**

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
<u>ASSETS</u>									
Cash and cash equivalents	\$ 39	\$ 168	\$ 12,924	\$ 117,699	\$ 78,587	\$ 10,774	\$ 4,737	\$ 62,669	\$ 152,560
Receivables, net	-	-	-	-	24,733	-	-	1,350	31,362
Prepaid expenses	-	-	-	-	-	-	-	-	-
Restricted assets:									
Cash	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 39</u>	<u>\$ 168</u>	<u>\$ 12,924</u>	<u>\$ 117,699</u>	<u>\$ 103,320</u>	<u>\$ 10,774</u>	<u>\$ 4,737</u>	<u>\$ 64,019</u>	<u>\$ 183,922</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ 86	\$ -	\$ 3,598	\$ 72	\$ 40,138	\$ -	\$ 7	\$ 51	\$ 7,184
Accrued salaries	-	-	-	1,033	2,214	-	2,265	529	2,430
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	86	-	3,598	1,105	42,352	-	2,272	580	9,614
Deferred Inflows of Resources:									
Unearned revenues	-	-	-	-	-	-	-	1,065	-
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Reserved for:									
Debt service	-	-	-	-	-	-	-	-	-
State mandated per statutes	-	-	-	-	-	-	-	52,532	-
Committed for:									
Subsequent years' expenditures	-	168	9,326	32,000	60,968	10,774	50	9,842	-
Assigned	-	-	-	84,594	-	-	2,415	-	174,308
Unassigned	(47)	-	-	-	-	-	-	-	-
Total fund balances	(47)	168	9,326	116,594	60,968	10,774	2,465	62,374	174,308
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39</u>	<u>\$ 168</u>	<u>\$ 12,924</u>	<u>\$ 117,699</u>	<u>\$ 103,320</u>	<u>\$ 10,774</u>	<u>\$ 4,737</u>	<u>\$ 64,019</u>	<u>\$ 183,922</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, 2014**

	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
<u>ASSETS</u>								
Cash and cash equivalents	\$ 22,803	\$ 395,949	\$ 277,159	\$ 19	\$ 11,882	\$ 1,638,182	\$ 236,339	\$ 1,874,521
Receivables, net	49,454	24,734	6,956	6,000	-	194,056	-	194,056
Prepaid expenses	-	-	-	-	-	15,449	-	15,449
Restricted assets:								
Cash	-	-	-	-	-	18	-	18
Investments	-	-	-	-	-	53	-	53
Total assets	<u>\$ 72,257</u>	<u>\$ 420,683</u>	<u>\$ 284,115</u>	<u>\$ 6,019</u>	<u>\$ 11,882</u>	<u>\$ 1,847,758</u>	<u>\$ 236,339</u>	<u>\$ 2,084,097</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ 43,953	\$ -	\$ -	\$ -	\$ -	\$ 103,186	\$ -	\$ 103,186
Accrued salaries	-	-	-	-	-	8,471	-	8,471
Due to other funds	-	-	-	-	-	35,707	-	35,707
Total liabilities	43,953	-	-	-	-	147,364	-	147,364
Deferred Inflows of Resources:								
Unearned revenues	-	-	-	-	-	1,065	-	1,065
Fund Balances:								
Nonspendable	-	-	-	-	-	15,449	-	15,449
Reserved for:								
Debt service	-	-	-	-	-	71	-	71
State mandated per statutes	-	-	-	-	-	102,044	-	102,044
Committed for:								
Subsequent years' expenditures	28,304	-	73,800	6,019	-	705,335	24,250	729,585
Assigned	-	420,683	210,315	-	11,882	904,616	212,089	1,116,705
Unassigned	-	-	-	-	-	(28,186)	-	(28,186)
Total fund balances	<u>28,304</u>	<u>420,683</u>	<u>284,115</u>	<u>6,019</u>	<u>11,882</u>	<u>1,699,329</u>	<u>236,339</u>	<u>1,935,668</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 72,257</u>	<u>\$ 420,683</u>	<u>\$ 284,115</u>	<u>\$ 6,019</u>	<u>\$ 11,882</u>	<u>\$ 1,847,758</u>	<u>\$ 236,339</u>	<u>\$ 2,084,097</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, 2014

	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:									
Gross receipts taxes	\$ -	\$ -	\$ -	\$ 283,093	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-	-	-	-
Intergovernmental:									
Federal	21	-	-	-	-	-	-	4,547	-
State	-	-	-	-	47,241	84,555	47,241	103,212	47,241
Charges for services	-	-	7,423	2,299	-	-	-	-	-
Interest	1	-	63	442	111	266	849	114	208
Miscellaneous	-	-	-	-	200	4	15	4,378	-
Total revenues	<u>22</u>	<u>-</u>	<u>7,486</u>	<u>285,834</u>	<u>47,552</u>	<u>84,825</u>	<u>48,105</u>	<u>112,251</u>	<u>47,449</u>
Expenditures:									
Current:									
General government	-	-	2,889	-	-	-	-	-	-
Public safety	-	-	-	-	30,226	37,742	33,862	51,694	23,119
Health and welfare	-	-	-	306,860	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	45,600	-	10,621
Debt service:									
Principal	-	-	-	-	15,184	28,597	-	17,051	14,820
Interest and other charges	-	-	-	-	2,686	5,594	-	12,794	919
Total expenditures	<u>-</u>	<u>-</u>	<u>2,889</u>	<u>306,860</u>	<u>48,096</u>	<u>71,933</u>	<u>79,462</u>	<u>81,539</u>	<u>49,479</u>
Excess (deficiency) of revenues over expenditures	22	-	4,597	(21,026)	(544)	12,892	(31,357)	30,712	(2,030)
Other Financing Sources (Uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	22	-	4,597	(21,026)	(544)	12,892	(31,357)	30,712	(2,030)
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 236</u>	<u>\$ 89</u>	<u>\$ 19,730</u>	<u>\$ 221,212</u>	<u>\$ 15,983</u>	<u>\$ 53,060</u>	<u>\$ 179,366</u>	<u>\$ (25,131)</u>	<u>\$ 46,851</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, 2014

	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:									
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ 141,440	\$ -	\$ -	\$ -	\$ 141,441
Property taxes	-	-	-	-	-	-	-	26,563	-
Intergovernmental:									
Federal	-	-	-	-	-	-	-	-	57,113
State	8,707	-	8,205	47,241	-	-	63,160	-	-
Charges for services	-	-	5,811	650	9,742	23,711	1,262	5,845	11,201
Interest	14	-	76	394	357	77	15	202	523
Miscellaneous	-	-	221,855	-	-	-	13,998	-	23
Total revenues	<u>8,721</u>	<u>-</u>	<u>235,947</u>	<u>48,285</u>	<u>151,539</u>	<u>23,788</u>	<u>78,435</u>	<u>32,610</u>	<u>210,301</u>
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	29,380	-
Public safety	8,878	-	24,778	35,069	230,915	28,714	69,139	-	-
Health and welfare	-	-	-	-	-	-	-	-	201,212
Capital outlay	-	-	221,720	-	-	-	13,998	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>8,878</u>	<u>-</u>	<u>246,498</u>	<u>35,069</u>	<u>230,915</u>	<u>28,714</u>	<u>83,137</u>	<u>29,380</u>	<u>201,212</u>
Excess (deficiency) of revenues over expenditures	(157)	-	(10,551)	13,216	(79,376)	(4,926)	(4,702)	3,230	9,089
Other Financing Sources (Uses):									
Transfers in	-	-	-	46,000	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(157)	-	(10,551)	59,216	(79,376)	(4,926)	(4,702)	3,230	9,089
Fund balances, beginning of year	110	168	19,877	57,378	140,344	15,700	7,167	59,144	165,219
Fund balances, end of year	<u>\$ (47)</u>	<u>\$ 168</u>	<u>\$ 9,326</u>	<u>\$ 116,594</u>	<u>\$ 60,968</u>	<u>\$ 10,774</u>	<u>\$ 2,465</u>	<u>\$ 62,374</u>	<u>\$ 174,308</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, 2014

	Special Revenue Funds					Capital Projects Fund	Total Other Government 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
Revenues:								
Gross receipts taxes	\$ 282,821	\$ 141,547	\$ 71,411	\$ -	\$ -	\$ 1,061,753	\$ -	\$ 1,061,753
Property taxes	-	-	-	-	-	26,563	-	26,563
Intergovernmental:								
Federal	-	-	-	-	-	61,681	-	61,681
State	-	-	-	22,400	-	479,203	-	479,203
Charges for services	-	-	-	-	-	67,944	-	67,944
Interest	469	1,448	1,110	127	43	6,909	797	7,706
Miscellaneous	-	-	-	-	-	240,473	-	240,473
Total revenues	283,290	142,995	72,521	22,527	43	1,944,526	797	1,945,323
Expenditures:								
Current:								
General government	-	-	-	-	-	32,269	-	32,269
Public safety	-	-	-	-	-	574,136	-	574,136
Health and welfare	518,157	159,261	-	-	-	1,185,490	-	1,185,490
Capital outlay	-	-	-	46,434	-	338,373	-	338,373
Debt service:								
Principal	-	-	30,938	-	-	106,590	-	106,590
Interest and other charges	-	-	-	-	-	21,993	-	21,993
Total expenditures	518,157	159,261	30,938	46,434	-	2,258,851	-	2,258,851
Excess (deficiency) of revenues over expenditures	(234,867)	(16,266)	41,583	(23,907)	43	(314,325)	797	(313,528)
Other Financing Sources (Uses):								
Transfers in	-	-	-	6,000	-	52,000	-	52,000
Transfers (out)	-	-	(104,013)	-	-	(104,013)	-	(104,013)
Total other financing sources and (uses)	-	-	(104,013)	6,000	-	(52,013)	-	(52,013)
Net change in fund balances	(234,867)	(16,266)	(62,430)	(17,907)	43	(366,338)	797	(365,541)
Fund balances, beginning of year	263,171	436,949	346,545	23,926	11,839	2,065,667	235,542	2,301,209
Fund balances, end of year	<u>\$ 28,304</u>	<u>\$ 420,683</u>	<u>\$ 284,115</u>	<u>\$ 6,019</u>	<u>\$ 11,882</u>	<u>\$ 1,699,329</u>	<u>\$ 236,339</u>	<u>\$ 1,935,668</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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION WITH GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ 25	\$ 25	\$ 21	\$ -	\$ 21	\$ (4)
Interest	-	-	1	-	1	1
Total revenues	25	25	22	-	22	(3)
Expenditures:						
Current:						
Public works	239	239	-	-	-	239
Net change	(214)	(214)	22	\$ -	\$ 22	236
Cash balance, beginning of year	214	214	214			-
Cash balance, end of year	\$ -	\$ -	\$ 236			\$ 236

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:						
Current:						
Culture and recreation	-	-	-	-	-	-
Net change	-	-	-	<u>\$ -</u>	<u>\$ -</u>	-
Cash balance, beginning of year	<u>89</u>	<u>89</u>	<u>89</u>			-
Cash balance, end of year	<u>\$ 89</u>	<u>\$ 89</u>	<u>\$ 89</u>			<u>\$ -</u>

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Charges for services	\$ 6,000	\$ 6,000	\$ 7,486	\$ (63)	\$ 7,423	\$ 1,486
Interest	100	100	63	-	63	(37)
Total revenues	6,100	6,100	7,549	(63)	7,486	1,449
Expenditures:						
Current:						
General government	10,000	10,000	2,889	-	2,889	7,111
Capital outlay	11,170	11,170	-	-	-	11,170
Total expenditures	21,170	21,170	2,889	-	2,889	18,281
Net change	(15,070)	(15,070)	4,660	<u>\$ (63)</u>	<u>\$ 4,597</u>	19,730
Cash balance, beginning of year	15,070	15,070	15,070			-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,730</u>			<u>\$ 19,730</u>
Explanation of Differences:						
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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Gross receipts tax	\$ 250,000	\$ 260,000	\$ 288,927	\$ (5,834)	\$ 283,093	\$ 28,927
Intergovernmental:						
State	-	-	140,000	(140,000)	-	140,000
Charges for services	-	-	2,299	-	2,299	2,299
Interest	100	100	442	-	442	342
Total revenues	250,100	260,100	431,668	(145,834)	285,834	171,568
Expenditures:						
Current:						
Health and welfare	297,000	307,000	306,860	-	306,860	140
Net change	(46,900)	(46,900)	124,808	<u>\$ (145,834)</u>	<u>\$ (21,026)</u>	171,708
Cash balance, beginning of year	46,937	46,937	46,937			-
Cash balance, end of year	<u>\$ 37</u>	<u>\$ 37</u>	<u>\$ 171,745</u>			<u>\$ 171,708</u>
Explanation of Differences:						
Change in receivables				<u>\$ (145,834)</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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 47,242	\$ 47,242	\$ 47,241	\$ -	\$ 47,241	\$ (1)
Interest	500	500	109	2	111	(391)
Miscellaneous	15,000	15,000	200	-	200	(14,800)
Total revenues	62,742	62,742	47,550	2	47,552	(15,192)
Expenditures:						
Current:						
Public safety	42,100	47,100	30,221	5	30,226	16,879
Capital outlay	15,000	10,000	-	-	-	10,000
Debt service:						
Principal	15,200	15,200	15,184	-	15,184	16
Interest and other charges	2,700	2,700	2,686	-	2,686	14
Total expenditures	75,000	75,000	48,091	5	48,096	26,909
Net change	(12,258)	(12,258)	(541)	\$ (3)	\$ (544)	11,717
Cash balance, beginning of year	13,689	13,689	13,689			-
Cash balance, end of year	\$ 1,431	\$ 1,431	\$ 13,148			\$ 11,717
Explanation of Differences:						
Change in prepaid expenses				\$ 181		
Interest income earned by agent				2		
Change in accounts payable				(186)		
				\$ (3)		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 134,555	\$ 134,555	\$ 84,555	\$ -	\$ 84,555	\$ (50,000)
Interest	1,000	1,000	262	4	266	(738)
Miscellaneous	10,000	10,000	4	-	4	(9,996)
Total revenues	145,555	145,555	84,821	4	84,825	(60,734)
Expenditures:						
Current:						
Public safety	80,800	80,800	40,181	(2,439)	37,742	40,619
Capital outlay	70,000	70,000	-	-	-	70,000
Debt service:						
Principal	28,600	28,600	28,597	-	28,597	3
Interest and other charges	5,600	5,600	5,594	-	5,594	6
Total expenditures	185,000	185,000	74,372	(2,439)	71,933	110,628
Net change	(39,445)	(39,445)	10,449	\$ 2,443	\$ 12,892	49,894
Cash balance, beginning of year	41,316	41,316	41,316			-
Cash balance, end of year	\$ 1,871	\$ 1,871	\$ 51,765			\$ 49,894
Explanation of Differences:						
Change in prepaid expenses				\$ 178		
Interest income earned by agent				4		
Change in accounts payable				2,261		
				\$ 2,443		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 47,250	\$ 47,250	\$ 47,241	\$ -	\$ 47,241	\$ (9)
Interest	1,000	1,000	849	-	849	(151)
Miscellaneous	-	-	15	-	15	15
Total revenues	48,250	48,250	48,105	-	48,105	(145)
Expenditures:						
Current:						
Public safety	75,000	80,000	31,576	2,286	33,862	48,424
Capital outlay	162,960	157,960	45,600	-	45,600	112,360
Total expenditures	237,960	237,960	77,176	2,286	79,462	160,784
Net change	(189,710)	(189,710)	(29,071)	<u>\$ (2,286)</u>	<u>\$ (31,357)</u>	160,639
Cash balance, beginning of year	208,018	208,018	208,018			-
Cash balance, end of year	<u>\$ 18,308</u>	<u>\$ 18,308</u>	<u>\$ 178,947</u>			<u>\$ 160,639</u>
Explanation of Differences:						
Change in prepaid expenses				\$ 181		
Change in accounts payable				<u>(2,467)</u>		
				<u>\$ (2,286)</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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
Federal	\$ -	\$ -	\$ 4,547	\$ -	\$ 4,547	\$ 4,547
State	103,200	103,200	103,212	-	103,212	12
Interest	500	500	110	4	114	(390)
Miscellaneous	12,000	12,000	4,378	-	4,378	(7,622)
Total revenues	115,700	115,700	112,247	4	112,251	(3,453)
Expenditures:						
Current:						
Public safety	62,045	62,045	50,029	1,665	51,694	12,016
Debt service:						
Principal	37,005	37,005	37,004	(19,953)	17,051	1
Interest and other charges	16,950	16,950	15,938	(3,144)	12,794	1,012
Total expenditures	116,000	116,000	102,971	(21,432)	81,539	13,029
Net change	(300)	(300)	9,276	\$ 21,436	\$ 30,712	9,576
Cash balance, beginning of year	768	768	768			-
Cash balance, end of year	\$ 468	\$ 468	\$ 10,044			\$ 9,576
Explanation of Differences:						
Change in prepaid expenses				\$ 170		
Interest income earned by agent				4		
Change in accounts payable				(1,835)		
Change in due to general fund				23,097		
				\$ 21,436		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 147,242	\$ 147,242	\$ 47,241	\$ -	\$ 47,241	\$ (100,001)
Interest	500	500	206	2	208	(294)
Miscellaneous	50,000	50,000	-	-	-	(50,000)
Total revenues	197,742	197,742	47,447	2	47,449	(150,295)
Expenditures:						
Current:						
Public safety	54,075	54,075	24,679	(1,560)	23,119	29,396
Capital outlay	275,000	275,000	10,621	-	10,621	264,379
Debt service:						
Principal	15,000	15,000	14,820	-	14,820	180
Interest and other charges	925	925	919	-	919	6
Total expenditures	345,000	345,000	51,039	(1,560)	49,479	293,961
Excess (deficiency) of revenues over expenditures	(147,258)	(147,258)	(3,592)	1,562	(2,030)	(143,666)
Other Financing Sources (Uses):						
Loan proceeds	100,000	100,000	-	-	-	(100,000)
Net change	(47,258)	(47,258)	(3,592)	\$ 1,562	\$ (2,030)	43,666
Cash balance, beginning of year	48,101	48,101	48,101			-
Cash balance, end of year	\$ 843	\$ 843	\$ 44,509			\$ 43,666
Explanation of Differences:						
Change in prepaid expenses				\$ 175		
Interest income earned by agent				2		
Change in accounts payable				1,385		
				\$ 1,562		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Original Budget	Budget to GAAP Differences	Actual on GAAP Budget	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 8,707	\$ 8,707	\$ 8,707	\$ -	\$ 8,707	\$ -
Interest	-	-	14	-	14	14
Total revenues	8,707	8,707	8,721	-	8,721	14
Expenditures:						
Current:						
Public safety	8,900	8,900	8,883	(5)	8,878	17
Net change	(193)	(193)	(162)	<u>\$ (5)</u>	<u>\$ (157)</u>	31
Cash balance, beginning of year	201	201	201			-
Cash balance, end of year	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 39</u>			<u>\$ 31</u>
Explanation of Differences:						
Change in accounts payable				<u>\$ (5)</u>		

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 BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 WITH RECONCILIATION TO GAAP
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:						
Current:						
Public safety	-	-	-	-	-	-
Net change	-	-	-	\$ -	\$ -	-
Cash balance, beginning of year	168	168	168			-
Cash balance, end of year	\$ 168	\$ 168	\$ 168			\$ -

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 8,205	\$ 8,205	\$ 8,205	\$ -	\$ 8,205	\$ -
Charges for services	13,104	13,104	5,811	-	5,811	(7,293)
Interest	195	195	76	-	76	(119)
Miscellaneous	-	-	135	221,720	221,855	135
Total revenues	21,504	21,504	14,227	221,720	235,947	(7,277)
Expenditures:						
Current:						
Public safety	27,650	27,650	21,249	3,529	24,778	6,401
Capital outlay	13,976	13,976	-	221,720	221,720	13,976
Total expenditures	41,626	41,626	21,249	225,249	246,498	20,377
Net change	(20,122)	(20,122)	(7,022)	<u>\$ (3,529)</u>	<u>\$ (10,551)</u>	13,100
Cash balance, beginning of year	19,946	19,946	19,946			-
Cash balance, end of year	<u>\$ (176)</u>	<u>\$ (176)</u>	<u>\$ 12,924</u>			<u>\$ 13,100</u>
Explanation of Differences:						
Change in accounts payable				<u>\$ (3,529)</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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 47,242	\$ 47,242	\$ 47,241	\$ -	\$ 47,241	\$ (1)
Charges for services	1,500	1,500	650	-	650	(850)
Interest	1,000	1,000	394	-	394	(606)
Miscellaneous	7,000	7,000	-	-	-	(7,000)
Total revenues	56,742	56,742	48,285	-	48,285	(8,457)
Expenditures:						
Current:						
Public safety	80,000	80,000	34,924	145	35,069	45,076
Capital outlay	58,000	58,000	-	-	-	58,000
Total expenditures	138,000	138,000	34,924	145	35,069	103,076
(Deficiency) of revenues over expenditures	(81,258)	(81,258)	13,361	(145)	13,216	94,619
Other Financing Sources (Uses):						
Transfers in	-	23,000	46,000	-	46,000	23,000
Net change	(81,258)	(58,258)	59,361	\$ (145)	\$ 59,216	117,619
Cash balance, beginning of year	58,338	58,338	58,338			-
Cash balance, end of year	\$ (22,920)	\$ 80	\$ 117,699			\$ 117,619
Explanation of Differences:						
Change in accounts payable				\$ 16		
Change in accrued salaries				(161)		
				\$ (145)		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Gross receipts taxes	\$ 125,000	\$ 175,000	\$ 144,357	\$ (2,917)	\$ 141,440	\$ (30,643)
Charges for services	49,000	49,000	9,742	-	9,742	(39,258)
Interest	1,000	1,000	357	-	357	(643)
Total revenues	175,000	225,000	154,456	(2,917)	151,539	(70,544)
Expenditures:						
Current:						
Public safety	215,000	265,000	208,166	22,749	230,915	56,834
Net change	(40,000)	(40,000)	(53,710)	<u>\$ (25,666)</u>	<u>\$ (79,376)</u>	(13,710)
Cash balance, beginning of year	132,297	132,297	132,297			-
Cash balance, end of year	<u>\$ 92,297</u>	<u>\$ 92,297</u>	<u>\$ 78,587</u>			<u>\$ (13,710)</u>
Explanation of Differences:						
Change in receivables				\$ (2,917)		
Change in accounts payable				(22,108)		
Change in accrued salaries				(641)		
				<u>\$ (25,666)</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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Charges for services	\$ 20,000	\$ 20,000	\$ 23,711	\$ -	\$ 23,711	\$ 3,711
Interest	50	50	77	-	77	27
Total revenues	20,050	20,050	23,788	-	23,788	3,738
Expenditures:						
Current:						
Public safety	35,750	35,750	28,714	-	28,714	7,036
Net change	(15,700)	(15,700)	(4,926)	\$ -	\$ (4,926)	10,774
Cash balance, beginning of year	15,700	15,700	15,700			-
Cash balance, end of year	\$ -	\$ -	\$ 10,774			\$ 10,774
Explanation of Differences:						
None.				\$ -		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 63,000	\$ 63,000	\$ 63,160	\$ -	\$ 63,160	\$ 160
Charges for services	1,950	1,950	1,262	-	1,262	(688)
Interest	50	50	15	-	15	(35)
Miscellaneous	-	-	-	13,998	13,998	-
Total revenues	65,000	65,000	64,437	13,998	78,435	(563)
Expenditures:						
Current:						
Public safety	74,350	74,350	69,070	69	69,139	5,280
Capital outlay	-	-	-	13,998	13,998	-
Total expenditures	74,350	74,350	69,070	14,067	83,137	5,280
Net change	(9,350)	(9,350)	(4,633)	<u>\$ (69)</u>	<u>\$ (4,702)</u>	4,717
Cash balance, beginning of year	9,370	9,370	9,370			-
Cash balance, end of year	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 4,737</u>			<u>\$ 4,717</u>
Explanation of Differences:						
Change in accounts payable				\$ 319		
Change in accrued salaries				(388)		
				<u>\$ (69)</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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Property taxes	\$ 25,200	\$ 25,200	\$ 26,611	\$ (48)	\$ 26,563	\$ 1,411
Charges for services	-	-	5,845	-	5,845	5,845
Interest	-	-	202	-	202	202
Total revenues	25,200	25,200	32,658	(48)	32,610	7,458
Expenditures:						
Current:						
General government	19,916	36,916	29,347	33	29,380	7,569
Capital outlay	-	13,000	-	-	-	13,000
Total expenditures	19,916	49,916	29,347	33	29,380	20,569
Net change	5,284	(24,716)	3,311	\$ (81)	\$ 3,230	28,027
Cash balance, beginning of year	59,358	59,358	59,358			-
Cash balance, end of year	<u>\$ 64,642</u>	<u>\$ 34,642</u>	<u>\$ 62,669</u>			<u>\$ 28,027</u>
Explanation of Differences:						
Change in receivables				\$ (228)		
Change in accounts payable				(48)		
Change in accrued salaries				(81)		
Change in deferred revenues				276		
				<u>\$ (81)</u>		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Gross receipts taxes	\$ 119,000	\$ 127,000	\$ 144,358	\$ (2,917)	\$ 141,441	\$ 17,358
Intergovernmental:						
Federal	15,000	65,000	65,737	(8,624)	57,113	737
Charges for services	-	-	11,201	-	11,201	11,201
Interest	1,000	1,000	523	-	523	(477)
Miscellaneous	-	-	23	-	23	23
Total revenues	135,000	193,000	221,842	(11,541)	210,301	28,842
Expenditures:						
Current:						
Health and welfare	230,025	288,025	203,399	(2,187)	201,212	84,626
Net change	(95,025)	(95,025)	18,443	\$ (9,354)	\$ 9,089	113,468
Cash balance, beginning of year	134,117	134,117	134,117			-
Cash balance, end of year	\$ 39,092	\$ 39,092	\$ 152,560			\$ 113,468
Explanation of Differences:						
Change in receivables				\$ (11,541)		
Change in accounts payable				2,535		
Change in accrued salaries				(348)		
				\$ (9,354)		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Gross receipts taxes	\$ 229,000	\$ 229,000	\$ 288,626	\$ (5,805)	\$ 282,821	\$ 59,626
Intergovernmental:						
State	-	110,000	111,425	(111,425)	-	1,425
Interest	1,000	1,000	469	-	469	(531)
Total revenues	230,000	340,000	400,520	(117,230)	283,290	60,520
Expenditures:						
Current:						
Health and welfare	326,400	476,400	474,204	43,953	518,157	2,196
Net change	(96,400)	(136,400)	(73,684)	\$ (161,183)	\$ (234,867)	62,716
Cash balance, beginning of year	96,487	96,487	96,487			-
Cash balance, end of year	\$ 87	\$ (39,913)	\$ 22,803			\$ 62,716
Explanation of Differences:						
Change in receivables				\$ (117,230)		
Change in accounts payable				(43,953)		
				\$ (161,183)		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Gross receipts taxes	\$ 114,000	\$ 114,000	\$ 144,464	\$ (2,917)	\$ 141,547	\$ 30,464
Interest	1,000	1,000	1,448	-	1,448	448
Total revenues	115,000	115,000	145,912	(2,917)	142,995	30,912
Expenditures:						
Current:						
Health and welfare	-	-	-	159,261	159,261	-
Debt service:						
Principal	91,050	91,050	91,018	(91,018)	-	32
Interest and other charges	68,250	68,250	68,243	(68,243)	-	7
Total expenditures	159,300	159,300	159,261	-	159,261	39
Net change	(44,300)	(44,300)	(13,349)	<u>\$ (2,917)</u>	<u>\$ (16,266)</u>	30,951
Cash balance, beginning of year	409,298	409,298	409,298			-
Cash balance, end of year	<u>\$ 364,998</u>	<u>\$ 364,998</u>	<u>\$ 395,949</u>			<u>\$ 30,951</u>
Explanation of Differences:						
Change in receivables				<u>\$ (2,917)</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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Gross receipts taxes	\$ 38,000	\$ 38,000	\$ 72,232	\$ (821)	\$ 71,411	\$ 34,232
Interest	2,000	2,000	1,110	-	1,110	(890)
Total revenues	40,000	40,000	73,342	(821)	72,521	33,342
Expenditures:						
Current:						
Debt service:						
Principal	-	36,000	30,938	-	30,938	5,062
Excess (deficiency) of revenues over expenditures	40,000	4,000	42,404	(821)	41,583	38,404
Other Financing Sources (Uses):						
Transfers (out)	(125,000)	(125,000)	(104,013)	-	(104,013)	20,987
Net change	(85,000)	(121,000)	(61,609)	<u>\$ (821)</u>	<u>\$ (62,430)</u>	59,391
Cash balance, beginning of year	338,768	338,768	338,768			-
Cash balance, end of year	<u>\$ 253,768</u>	<u>\$ 217,768</u>	<u>\$ 277,159</u>			<u>\$ 59,391</u>
Explanation of Differences:						
Change in receivables				<u>\$ (821)</u>		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 26,400	\$ 26,400	\$ 22,400	\$ -	\$ 22,400	\$ (4,000)
Interest	500	500	127	-	127	(373)
Total revenues	26,900	26,900	22,527	-	22,527	(4,373)
Expenditures:						
Capital outlay	50,826	50,826	46,434	-	46,434	4,392
Net change	(23,926)	(23,926)	(23,907)	-	(23,907)	19
Other Financing Sources (Uses):						
Transfers in	-	-	-	6,000	6,000	-
Net change	(23,926)	(23,926)	(23,907)	\$ 6,000	\$ (17,907)	19
Cash balance, beginning of year	23,926	23,926	23,926			-
Cash balance, end of year	\$ -	\$ -	\$ 19			\$ 19
Explanation of Differences:						
Change in receivables				\$ 6,000		

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Actual on GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental:						
State	\$ 210,000	\$ 210,000	\$ -	\$ -	\$ -	\$ (210,000)
Interest	-	-	43	-	43	43
Total revenues	210,000	210,000	43	-	43	(209,957)
Expenditures:						
Current:						
General government	100,000	100,000	-	-	-	100,000
Capital outlay	110,000	110,000	-	-	-	110,000
Total expenditures	210,000	210,000	-	-	-	210,000
Net change	-	-	43	\$ -	\$ 43	43
Cash balance, beginning of year	11,839	11,839	11,839			-
Cash balance, end of year	\$ 11,839	\$ 11,839	\$ 11,882			\$ 43

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 BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variances With Final Budget Over (Under)
	Original	Final				
Revenues:						
Interest	\$ 1,200	\$ 1,200	\$ 797	\$ -	\$ 797	\$ (403)
Expenditures:						
Current:						
Capital outlay	25,000	25,000	-	-	-	25,000
Net change	(23,800)	(23,800)	797	\$ -	\$ 797	24,597
Cash balance, beginning of year	235,542	235,542	235,542			-
Cash balance, end of year	\$ 211,742	\$ 211,742	\$ 236,339			\$ 24,597

Explanation of Differences:

None.

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, 2014

	Balance 06/30/13	Increases/ Receipts	Decreases/ Disbursements	Balance 06/30/14
Property Tax Fund				
Assets:				
Cash	\$ 698,061	\$ 1,442,164	\$ 1,103,644	\$ 1,036,581
Property taxes receivable	49,435	52,382	49,435	52,382
Public service taxes receivable	7,820	9,688	7,820	9,688
Interest receivable	52	335	52	335
Total assets	<u>\$ 755,368</u>	<u>\$ 1,504,569</u>	<u>\$ 1,160,951</u>	<u>\$ 1,098,986</u>
Liabilities:				
Deposits held for others	\$ 77,300	\$ 929,625	\$ 931,994	\$ 74,931
Due to other tax units	49,435	52,382	49,435	52,382
Taxes paid in protest	628,633	514,689	171,649	971,673
Total liabilities	<u>\$ 755,368</u>	<u>\$ 1,496,696</u>	<u>\$ 1,153,078</u>	<u>\$ 1,098,986</u>

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

**STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2014**

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	\$ 1,346,052	\$ (403,305)	\$ 942,747
Union County Treasurer	Checking	1,000,297	-	1,000,297
Certificate of Deposit	CD	<u>460,398</u>	<u>-</u>	<u>460,398</u>
Total First National Bank of New Mexico		<u>\$ 2,806,747</u>	<u>\$ (403,305)</u>	<u>\$ 2,403,442</u>
Farmer's & Stockmen's Bank P.O. Box 488 Clayton, New Mexico 88415				
Union County Treasurer	Checking	\$ 2,218,302	\$ (722)	\$ 2,217,580
Certificate of Deposit	CD	<u>515,445</u>	<u>-</u>	<u>515,445</u>
Total Farmer's & Stockmen's Bank		<u>\$ 2,733,747</u>	<u>\$ (722)</u>	<u>\$ 2,733,025</u>

**STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2014**

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

Security	CUSIP	Maturity	Par Value	Market Value
Vaughn NM Mun Sch Dist 33	922382BZ8	08/01/16	\$ 95,000	\$ -
Bernaililo NM Mun SCH No. 1	085279PK7	08/01/19	150,000	-
Hobbs NM Sch Dist No. 16	433866DF4	04/15/16	50,000	-
Hobbs NM Sch Dist No. 16	433866DH0	04/15/16	250,000	-
Roswell NM Indep Sch Dist	778550HD8	08/01/21	150,000	-
Lea County NM Pub Sch Dist	521513CC3	07/15/17	100,000	-
San Juan County NM Central CISD	798359JM8	08/01/23	100,000	-
Loving NM Muni Sch Dist #10	547413DF8	07/15/19	200,000	-
Española NM Pub Sch Dist	29662RAW8	09/01/21	250,000	-
Total			<u>\$ 1,345,000</u>	<u>\$ -</u>

The holder of the collateral pledged by First National Bank of New Mexico is the Federal Home Bank of Dallas, 8500 Freepoint 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
FHLMC	3134G4D39	07/25/18	\$ 650,000	\$ 650,821
SBA Pool 521838	83165AHP2	09/25/23	755,819	829,942
SBA Pool 521911	83165AKY9	01/25/25	327,258	363,145
Total			<u>\$ 1,733,077</u>	<u>\$ 1,843,908</u>

The holder of the collateral pledged by Farmer's and Stockmen's Bank is the Federal Home Loan Bank of Dallas, 8500 Freepoint 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, 2014

Property taxes receivable, beginning of year	\$	121,563
Changes to Tax Roll:		
Net taxes charged to treasurer for fiscal year		3,172,104
Adjustments:		
Increases in taxes receivable		33,337
Charge off of taxes receivable		(17,905)
Interest earned on protest taxes		3,199
Non-Rendition - 2013		(77)
		3,312,221
Total receivables prior to collections		3,312,221
Collections for fiscal year ended June 30, 2014		(3,176,983)
Property taxes receivable, end of the year	\$	135,238
 Property taxes receivable by years:		
2004	\$	5
2005		5
2006		25
2007		58
2008		75
2009		298
2010		368
2011		3,239
2012		32,967
2013		98,198
		98,198
	\$	135,238

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2014

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:									
2004-2012	\$ 9,221,723	\$ 36,545	\$ 9,207,574	\$ 36,545	\$ 8,967,737	\$ -	\$ -	\$ 239,837	\$ 14,149
2013	1,466,821	1,427,465	1,427,465	1,157,342	1,157,342	-	-	270,123	39,356
Total general advalorem	10,688,544	1,464,010	10,635,039	1,193,887	10,125,079	-	-	509,960	53,505
Non-Rendition fees:									
2004-2012	1,027	54	1,027	54	1,027	-	-	-	-
2013	23	23	23	23	23	-	-	-	-
Total non-rendition fees	1,050	77	1,050	77	1,050	-	-	-	-
Administrative fees:									
2004-2012	10,001	112	9,836	112	9,836	-	-	-	165
2013	1,131	1,012	1,012	1,012	1,012	-	-	-	119
Total administrative fees	11,132	1,124	10,848	1,124	10,848	-	-	-	284
Reappraisal Program:									
2004-2012	229,589	921	229,220	921	224,650	-	-	4,570	369
2013	31,818	30,837	30,837	25,690	25,690	-	-	5,147	981
Total reappraisal program	261,407	31,758	260,057	26,611	250,340	-	-	9,717	1,350
Hospital Bond:									
2004-2012	4,502,430	18,848	4,495,243	18,848	4,383,843	-	-	111,400	7,187
2013	710,749	690,219	690,219	564,752	564,752	-	-	125,467	20,530
Total hospital bond	5,213,179	709,067	5,185,462	583,600	4,948,595	-	-	236,867	27,717
Total Union County	16,175,312	2,206,036	16,092,456	1,805,299	15,335,912	-	-	756,544	82,856
Municipalities									
Town of Clayton									
2004-2012	1,046,324	13,394	1,039,096	9,261	1,034,962	-	-	4,134	7,228
2013	138,190	124,724	124,724	122,212	122,212	-	-	2,512	13,466
Total Town of Clayton	1,184,514	138,118	1,163,820	131,473	1,157,174	-	-	6,646	20,694
Village of Des Moines:									
2004-2013	80,237	846	79,917	764	79,835	-	-	82	320
2013	8,853	8,420	8,420	8,029	8,029	-	-	391	433
Total Village of Des Moines	89,090	9,266	88,337	8,793	87,864	-	-	473	753
Village of Folsom									
2004-2012	30,332	331	30,295	331	30,295	-	-	-	37
2013	3,236	3,061	3,061	3,050	3,050	-	-	11	175
Total Village of Folsom	33,568	3,392	33,356	3,381	33,345	-	-	11	212
Village of Grenville:									
2004-2013	23,346	3	23,290	1	23,288	-	-	2	57
2013	3,433	3,356	3,356	3,354	3,354	-	-	2	76
Total Village of Grenville	26,779	3,359	26,646	3,355	26,642	-	-	4	133
Total municipalities	1,333,951	154,135	1,312,159	147,002	1,305,025	-	-	7,134	21,792

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2014

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
Schools:									
Clayton Public School:									
2004-2012	3,116,249	9,569	3,112,359	7,392	3,044,653	-	-	67,706	3,890
2013	347,899	337,240	337,240	261,094	261,094	-	-	76,146	10,659
Total Clayton Public School	3,464,148	346,809	3,449,599	268,486	3,305,747	-	-	143,852	14,549
Des Moines School:									
2004-2012	1,818,296	3,570	1,817,417	3,391	1,817,238	-	-	179	879
2013	108,656	106,713	106,713	106,205	106,205	-	-	508	1,943
Total Des Moines School	1,926,952	110,283	1,924,130	109,596	1,923,443	-	-	687	2,822
Springer Public School:									
2004-2012	70,742	128	70,742	73	70,687	-	-	55	-
2013	9,619	9,615	9,615	9,471	9,471	-	-	144	4
Total Springer Public School	80,361	9,743	80,357	9,544	80,158	-	-	199	4
Luna Tech:									
2004-2012	19,424	35	19,424	20	19,409	-	-	15	-
2013	2,402	2,401	2,401	2,366	2,366	-	-	35	1
Total Luna Tech	21,826	2,436	21,825	2,386	21,775	-	-	50	1
Total schools	5,493,287	469,271	5,475,911	390,012	5,331,123	-	-	144,788	17,376
State of New Mexico Treasurer:									
State of New Mexico:									
2004-2012	1,369,821	6,149	1,367,494	4,900	1,330,597	-	-	36,897	2,327
2013	227,457	220,888	220,888	179,257	179,257	-	-	41,631	6,569
Total State of New Mexico	1,597,278	227,037	1,588,382	184,157	1,509,854	-	-	78,528	8,896
Cattle Levy:									
2004-2012	1,405,108	1,754	1,404,685	1,572	1,404,503	-	-	182	423
2013	121,054	117,249	117,249	116,666	116,666	-	-	583	3,805
Total cattle levy	1,526,162	119,003	1,521,934	118,238	1,521,169	-	-	765	4,228
Sheep/Goat Levy:									
2004-2012	106	1	106	1	106	-	-	-	-
2013	24	22	22	22	22	-	-	-	2
Total sheep/goat levy	130	23	128	23	128	-	-	-	2
Equine Levy:									
2004-2012	11,705	41	11,700	41	11,700	-	-	-	5
2013	722	658	658	657	657	-	-	1	64
Total equine levy	12,427	699	12,358	698	12,357	-	-	1	69
Total State of New Mexico Treasurer	3,135,997	346,762	3,122,802	303,116	3,043,508	-	-	79,294	13,195
Special District:									
Ute Creek Soil & Water:									
2004-2012	1,526	22	1,523	22	1,523	-	-	-	3
2013	851	835	835	826	826	-	-	9	16
Total Ute Creek soil & water	2,377	857	2,358	848	2,349	-	-	9	19
Grand Total	\$ 26,140,924	\$ 3,177,061	\$ 26,005,686	\$ 2,646,277	\$ 25,017,917	\$ -	\$ -	\$ 987,769	\$ 135,238

**STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2014**

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 – \$83,323.

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 – \$57,359.

Audit responsibility – County of Union.

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

ADDITIONAL INDEPENDENT AUDITORS' REPORT

Ed Fierro, CPA • Rose Fierro, CPA

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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, 2014, 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 supplementary information, and have issued our report thereon dated November 7, 2014.

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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

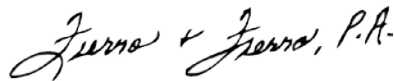
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 2013-002, 2013-003, and 2014-001.

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 7, 2014

**STATE OF NEW MEXICO
UNION COUNTY**
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

Item 2013-002 – 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 was one instance where there was no documentation for the purpose of a luncheon.
- There were four instances where an employee was not paid correctly for partial day per diem on their final day of travel. Two employees were overpaid \$12 each; one employee was underpaid \$12, and another was underpaid \$10.
- There was one instance where an employee was paid 100% in advance of a training trip. The amount paid in advance totaled \$457.73.

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 – The County failed to review the travel documentations prior to disbursement.

Recommendation – We recommend the County review the Travel and Per Diem Act as well as its procedures for payment. Each travel voucher should be thoroughly reviewed for accuracy and completeness.

Views of Responsible Officials and Planned Corrective Actions – County staff has corrected the mileage and per diem form to reflect the most recent resolution from which the amounts are used. Administration will not reimburse until the mileage/per diem form is completed along with purpose of trip documentation.

**STATE OF NEW MEXICO
UNION COUNTY**
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

Item 2013-003 – Compliance – Deficit Ending Cash Balances for Budget

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

Fund	Amount
Folsom EMS	\$ 176
Fire Marshal	22,920
Special County Hospital GRT	39,913

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 failed to verify all ending cash budgeted balances within all the 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.

Views of Responsible Officials and Planned Corrective Actions – Procedures have been implanted in the budget allocation process to allocate the proper amounts to the departments. The Statement of Revenues, Expenditures and Changes in cash basis documents are reviewed and updated on a quarterly basis to catch and correct any deficit spending in any department.

Item 2014-001 – Compliance – New Mexico Procurement Code

Statement of Condition - During our testing of the County's adherence to the New Mexico procurement code, we discovered the County was billed and paid for attorney services that had been procured under sealed bid procedures. The amount of overpayment was \$10,874.

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 maintain a system of quality and integrity. The County is governed by 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 anti-poverty program businesses.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

Item 2014-001 – Compliance – New Mexico Procurement Code (continued)

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

Cause - An administrative fee of 2.5% of the legal fees charged was billed in error by the legal firm. The firm had agreed to waive administrative fees. During the processing of payments, the County did not take notice of the billing of administrative fees.

Recommendation – We recommend that efforts be made to review payment procedures as they related to disbursements made under the sealed bid process.

Views of Responsible Officials and Planned Corrective Actions – The County will review bid documents to ensure the proper payment is issued to vendors. Administration contacted the vendor and a credit was issued for the amount billed in error.

PRIOR YEAR'S AUDIT FINDINGS

Item 2008-04 – Capital Assets Subsidiary Records – In the prior year, it was noted that the capital assets subsidiary records were not reconciled. As a result, depreciation on capital assets could not be determined. During the fiscal year ended June 30, 2014, the County conducted a county wide inventory and a major reconciliation of its capital asset records. The County recorded an adjustment of \$1,428,592 to its overall capital assets total. Staff continues to review the inventory for proper recording of additions and deletions. The finding is considered resolved.

Item 2010-02 – Compliance – PERA Contributions – In the prior year, \$4,816 of retirement wages were erroneously omitted from the reports submitted to Public Employees Retirement Association (PERA). The County identified the employees, corrected their payroll files and worked diligently with PERA to remit omitted retirement contributions. As a control, the County implemented a check list to use when entering new employees into the payroll system. Periodic reconciliations are conducted throughout the year. The finding is considered resolved.

Item 2011-01 – Material Weakness – Financial Statements and Disclosures – The County relies upon their independent auditor to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). Several staff members responsible for the preparation of the financial activity of the County attended training on governmental accounting during the fiscal year. As a result of the training and efforts of such members, the County displayed a satisfactory level of expertise regarding financial reporting in accordance with GAAP. The County prepared numerous schedules and financial statements which were incorporated in the audit process. The finding is considered resolved.

**STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

PRIOR YEAR'S AUDIT FINDINGS (continued)

Item 2013-01 – Material Weakness – Accounting Activity – During the prior 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 (NMFA) 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.

During the current fiscal year, the County established protocol for incorporating the financial activity related to its debt held with NMFA into its accounting records. At the very minimum, the County has demonstrated an understanding of how this activity should be accounted in the County accounting records and for inclusion in financial statements. In addition, the County reconciled its capital outlay purchases to the capital assets subsidiary records. The finding is considered resolved.

Item 2013-02 – Travel and Per Diem Reimbursements – In the prior year audit, the County had several discrepancies related to travel and per diem expenditures. While the discrepancies found during the current year testing were less in magnitude, the finding is not considered resolved and is repeated as item 2013-002.

Item 2013-03 – Compliance – Deficit Ending Cash Balances for Budget - In the prior year, the County budgeted a deficit ending cash balance in eight separate funds. For the current year, the County budgeted a deficit ending cash balance in three funds. The finding is not considered resolved and is repeated as item 2013-003.

Item 2013-04 – Compliance – New Mexico Procurement Code – Hospital Assets –The County failed to determine if the management company of the hospital operations, who selects hospital items to purchase on behalf of the County, adhered to the New Mexico procurement code. The County's procedures require the mill levy or special hospital gross receipts requests from the management company of the hospital include documents to justify the expenditure. Such expenditures are approved by the County Board of Commissioners.

Item 2013-05 – Compliance - Annual Inventory of Capital Assets – 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. As part of the capital assets subsidiary records reconciliation performed in fiscal year 2013-2014, the County performed a physical inventory of capital assets. The inventory procedure has been set up to repeat itself every year. The finding is considered resolved.

STATE OF NEW MEXICO
UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

PRIOR YEAR'S AUDIT FINDINGS (continued)

Item 2013-06 – Compliance – Submission of Audit Report – The audit report for the fiscal year ended June 30, 2013, was submitted three days late. The finding was unique to the prior year and is not repeated for the current year.

STATE OF NEW MEXICO
UNION COUNTY
EXIT CONFERENCE AND
PREPARATION OF FINANCIAL STATEMENTS
JUNE 30, 2014

EXIT CONFERENCE

The audit report for the fiscal year ended June 30, 2014, was discussed during the exit conference held on November 12, 2014 in Clayton, New Mexico. Present for the County was Walter C. Hall, 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, 2014. 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.