

**STATE OF NEW MEXICO  
VALENCIA COUNTY**

**Annual Financial Report**

**June 30, 2013**



**AXIOM**

*Certified Public Accountants  
and Business Advisors LLC*

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**STATE OF NEW MEXICO**

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**STATE OF NEW MEXICO**

Valencia County

Official Roster

June 30, 2013

**BOARD OF COUNTY COMMISSIONERS**

Charles D. Eaton	Chairman
Alicia Aguilar	Vice – Chair
Mary J. Andersen	Member
Lawrence R. Romero	Member
Jhonathan Aragon	Member

**ELECTED OFFICIALS**

Peggy Carabajal	County Clerk
Dorothy Lovato	County Treasurer
Viola Garcia – Vallejos	County Assessor
Louis Burkhard	County Sherriff
Jaime J. Baca	County Probate Judge

**ADMINISTRATIVE OFFICIALS**

Bruce Swingle	County Manager
Nick Telles	Finance Director

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas  
New Mexico State Auditor  
The Board of Valencia County Commissioners  
Valencia County  
Los Lunas, New Mexico

### Report on the 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 for the general fund and major special revenue funds of Valencia County, New Mexico (the County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental and fiduciary funds, and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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 the County as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for the general fund and 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 and fiduciary fund of the County as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require 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 accompanying Schedule of Findings and Responses, introductory sections, and "other supplemental schedules" required by 2.2.2.NMAC are presented for purpose of additional analysis, and are also not a required part of the basic financial statements.

The Other schedules required by 2.2.2. NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the "other supplemental 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 15, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Valencia County, New Mexico's internal control over financial reporting and compliance.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Axiom CPAs and Business Advisors, LLC  
Albuquerque, New Mexico  
November 15, 2013

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 STATEMENT OF NET POSITION  
 June 30, 2013**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 9,589,468
Investments	-
Receivables:	
Property taxes receivable	3,045,272
Due from other governments	1,200,359
Other receivables	34,654
Prepaid expenses	694,641
Inventory	141,377
<b>Total Current Assets</b>	<u>14,705,771</u>
Restricted cash and cash equivalents	997,607
Capital assets, net of depreciation	38,309,689
<b>Total Assets</b>	<u>\$ 54,013,067</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 STATEMENT OF NET POSITION (CONTINUED)  
 June 30, 2013**

	<u>Governmental Activities</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 483,286
Accrued payroll expenses	176,660
Deferred revenue	355,588
Accrued interest	110,465
Current portion of accrued compensated absences	371,891
Current portion of capital leases payable	71,877
Current portion of bonds and notes payable	1,009,617
<b>Total Current Liabilities</b>	<u>2,579,384</u>
Noncurrent portion of accrued compensated balances	77,101
Landfill liability	445,000
Noncurrent portion of capital leases payable	72,863
Noncurrent portion of bonds and notes payable	5,936,847
<b>Total Liabilities</b>	<u>9,111,195</u>
 <b>NET POSITION</b>	
Net investment in capital assets	30,612,536
Restricted for:	
Debt service	1,498,476
Capital projects	-
Other purposes-special revenue	6,325,842
Unrestricted	6,465,018
<b>Total net position</b>	<u>\$ 44,901,872</u>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
VALENCIA COUNTY  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Primary government</b>					
General government	\$ 8,819,705	1,216,302	567,381	-	(7,036,022)
Public safety	12,775,318	552,588	1,015,013	-	(11,207,717)
Public works	2,533,916	10,843	211,564	-	(2,311,509)
Culture and recreation	1,232,153	-	289,689	-	(942,464)
Health and welfare	1,206,081	-	-	303,057	(903,024)
Interest on long-term debt	128,660	-	-	-	(128,660)
Transfer out, agency funds	-	-	-	-	-
<i>Total governmental activities</i>	<u>\$ 26,695,833</u>	<u>1,779,733</u>	<u>2,083,647</u>	<u>303,057</u>	<u>(22,529,396)</u>
<b>General Revenue and Special Items:</b>					
Taxes					
Property taxes, levied for general purpose and debt service					11,885,397
Gross receipts taxes					7,544,971
Gasoline, motor vehicle and cigarette taxes					825,235
Investment loss					(23,935)
Miscellaneous income					662,520
Total general revenues and special items					<u>20,894,188</u>
Change in net position					(1,635,208)
Net position, as previously stated					<u>50,224,431</u>
Prior period adjustment					<u>(3,687,351)</u>
Net position, as restated					<u>46,537,080</u>
Net position, ending					<u>\$ 44,901,872</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VALENCIA COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2013**

	General Fund	Road	County Indigent Claims
<b>Assets</b>			
Cash and cash equivalents	\$ 3,809,543	163,478	1,752,277
Investments	-	-	-
Property taxes receivable	319,888	-	-
Due from other governments	96,825	-	153,308
Other receivables	23,377	-	-
Prepaid expenses	447,493	30,000	3,235
Inventory	18,329	111,422	-
Due from other funds	123,057	-	-
<i>Total assets</i>	<u>\$ 4,838,512</u>	<u>304,900</u>	<u>1,908,820</u>
<b>Liabilities and fund balances</b>			
<i>Liabilities</i>			
Accounts payable	\$ 107,250	58,249	341
Accrued payroll expenses	106,686	23,794	1,585
Deferred Revenue	-	185,290	-
Due to other funds	-	-	-
<i>Total liabilities</i>	<u>213,936</u>	<u>267,333</u>	<u>1,926</u>
<i>Fund balances</i>			
Nonspendable			
Prepaid expenses	447,493	30,000	3,235
Inventory	18,329	111,422	-
Spendable			
Restricted for:			
General county operations	-	-	-
Maintenance of roads	-	-	-
Fire departments	-	-	-
Older American programs	-	-	-
Public safety	-	-	-
Healthcare	-	-	1,903,659
Recreation	-	-	-
Capital improvements and acquisitions	-	-	-
Debt service expenditures	-	-	-
Committed to:			
Minimum fund balance	2,429,777	245,277	-
Senior center	-	-	-
Unassigned	1,728,977	(349,132)	-
<i>Total fund balances</i>	<u>4,624,576</u>	<u>37,567</u>	<u>1,906,894</u>
<i>Total liabilities and fund balances</i>	<u>\$ 4,838,512</u>	<u>304,900</u>	<u>1,908,820</u>

See Notes to Financial Statements.

Fire Protection	Adult Detention Center	Other Governmental Funds	Total
570,504	-	4,291,273	10,587,075
-	-	-	-
-	-	18,637	338,525
-	172,365	777,861	1,200,359
-	-	11,277	34,654
-	192,500	21,413	694,641
-	-	11,626	141,377
-	-	-	123,057
<b>570,504</b>	<b>364,865</b>	<b>5,132,087</b>	<b>13,119,688</b>
25,305	163,856	128,285	483,286
-	15,285	29,310	176,660
168,246	-	2,052	355,588
-	369	122,688	123,057
<b>193,551</b>	<b>179,510</b>	<b>282,335</b>	<b>1,138,591</b>
-	192,500	21,413	694,641
-	-	11,626	141,377
-	-	738,126	738,126
-	-	254,485	254,485
-	-	-	-
-	-	102,840	102,840
376,953	-	32,787	409,740
-	-	-	1,903,659
-	-	16,907	16,907
-	-	-	-
-	-	1,555,773	1,555,773
-	-	-	2,675,054
-	-	-	-
-	(7,145)	2,115,795	3,488,495
<b>376,953</b>	<b>185,355</b>	<b>4,849,752</b>	<b>11,981,097</b>
<b>570,504</b>	<b>364,865</b>	<b>5,132,087</b>	<b>13,119,688</b>

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
Year Ended June 30, 2013**

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

<b>Fund balances - total governmental funds</b>	\$ 11,981,097
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of capital assets	53,942,776
Accumulated depreciation	<u>(15,633,087)</u>
<b>Total capital assets</b>	38,309,689
The Statement of Net Position reflects property tax receivables on the full accrual method while the governmental funds receivables reflect only the balance that is considered to be a current economic resource	
	2,706,747
Accrued interest is not due and payable with current financial resources and, therefore, is not reported in the funds	
	(110,465)
Certain liabilities, including bonds payable and current and long-term portions of accrued compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and notes payable	(6,946,464)
Capital leases	(144,740)
Landfill liability	(445,000)
Compensated absences	<u>(448,992)</u>
<b>Net position - governmental activities (Statement of Net Position)</b>	<u><u>\$ 44,901,872</u></u>

*See Notes to Financial Statements.*



**STATE OF NEW MEXICO  
VALENCIA COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2013**

	General Fund	Road	County Indigent Claims
<b>Revenues</b>			
Taxes:			
Property	\$ 10,959,656	-	-
Gross receipts	2,209,517	-	1,487,278
Gasoline, motor vehicle and cigarette taxes	475,069	350,166	-
Intergovernmental:			
Federal operating grants	-	-	-
State operating grants	-	211,564	-
State capital grants	-	-	-
Charges for services	127,020	443	-
Licenses and fees	527,292	10,400	-
Investment income	(31,358)	-	7,042
Miscellaneous	108,581	113,529	11,260
<b>Total revenues</b>	<b>14,375,777</b>	<b>686,102</b>	<b>1,505,580</b>
<b>Expenditures</b>			
Current			
General government	4,297,273	-	-
Public safety	4,632,709	-	-
Public works	-	2,001,686	-
Culture and recreation	-	150	-
Health and welfare	-	-	1,123,627
Capital outlay	789,124	941,486	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance cost	-	-	-
<b>Total expenditures</b>	<b>9,719,106</b>	<b>2,943,322</b>	<b>1,123,627</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>4,656,671</b>	<b>(2,257,220)</b>	<b>381,953</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	2,261,037	2,387,461	-
Proceeds from issuance of debt	-	-	-
Transfers out, governmental funds	(7,988,567)	-	(1,214,537)
Transfers out, agency funds	-	-	-
<b>Total other financing sources (uses)</b>	<b>(5,727,530)</b>	<b>2,387,461</b>	<b>(1,214,537)</b>
<b>Net change in fund balances</b>	<b>(1,070,859)</b>	<b>130,241</b>	<b>(832,584)</b>
<b>Fund balance - beginning of year</b>	<b>5,695,435</b>	<b>(92,674)</b>	<b>2,739,478</b>
<b>Fund balance - end of year</b>	<b>\$ 4,624,576</b>	<b>37,567</b>	<b>1,906,894</b>

See Notes to Financial Statements.

Fire Protection	Adult Detention Center	Other Governmental Funds	Total
-	-	1,250,991	12,210,647
-	-	3,848,176	7,544,971
-	-	-	825,235
-	-	261,946	261,946
793,185	209,552	607,400	1,821,701
-	-	303,057	303,057
-	552,588	561,990	1,242,041
-	-	-	537,692
-	-	381	(23,935)
(30,810)	12,152	447,808	662,520
762,375	774,292	7,281,749	25,385,875
-	-	1,977,413	6,274,686
433,143	3,958,179	2,833,468	11,857,499
-	-	-	2,001,686
-	-	1,119,611	1,119,761
-	-	82,454	1,206,081
412,001	-	1,354,427	3,497,038
-	-	1,228,328	1,228,328
-	-	75,492	75,492
-	-	-	-
845,144	3,958,179	8,671,193	27,260,571
(82,769)	(3,183,887)	(1,389,444)	(1,874,696)
156,035	3,555,199	1,093,854	9,453,586
-	-	58,565	58,565
-	-	(250,482)	(9,453,586)
-	-	-	-
156,035	3,555,199	901,937	58,565
73,266	371,312	(487,507)	(1,816,131)
303,687	(185,957)	5,337,259	13,797,228
376,953	185,355	4,849,752	11,981,097

**STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2013**

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

Net change in fund balances - total governmental funds	\$ (1,816,131)
<p>Governmental funds report capital outlays as expenditures. However, in          the Statement of Activities, the cost of those assets is allocated over their          estimated useful lives and reported as depreciation expense:</p>	
Capital assets reported as capital outlay expenditures	1,098,744
Depreciation expense	(1,662,558)
Revenue in the Statement of Activities that do not provide current financial resources are not recorded as revenue in the funds	(325,250)
<p>The issuance of long-term (e.g. bonds, notes, leases) provides current financial          resources to governmental funds, while the repayment of the principal of long-term          debt consumes the current financial resources of governmental funds. Neither          transaction, however, has any effect on net assets. Also governmental funds          report the effect of issuance costs, premiums, discounts, and similar items when          debt is first issued, whereas these amounts are deferred and amortized in the          Statement of Activities:</p>	
Increase in accrued compensated absences	(46,608)
Increase in accrued interest	(53,168)
Increase in landfill liability	-
Proceeds from issuance of debt	(58,565)
Principal payments on long-term debt	<u>1,228,328</u>
Change in net position governmental activities	<u>\$ (1,635,208)</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 11,574,878	11,574,878	10,615,427	(959,451)
Gross receipts	2,665,206	2,665,206	2,209,517	(455,689)
Gasoline, motor vehicle and cigarette taxes	522,671	522,671	475,069	(47,602)
Intergovernmental:				
Federal operating grants		-	-	-
State operating grants	43,500	43,500	-	(43,500)
State capital grants		-	-	-
Charges for services	477,889	513,889	127,020	(386,869)
Licenses and fees	129,189	129,189	527,292	398,103
Investment income		-	(31,358)	(31,358)
Miscellaneous	33,570	33,570	108,581	75,011
<i>Total revenues</i>	<u>15,446,903</u>	<u>15,482,903</u>	<u>14,031,548</u>	<u>(1,451,355)</u>
Expenditures				
Current:				
General government	4,805,310	4,983,705	4,314,959	668,746
Public safety	5,378,597	4,788,607	4,669,830	118,777
Public works		-	-	-
Culture and recreation		-	-	-
Health and welfare		-	-	-
Capital outlay	790,996	859,473	789,124	70,349
Debt service:				
Principal		-	-	-
Interest		-	-	-
<i>Total expenditures</i>	<u>10,974,903</u>	<u>10,631,785</u>	<u>9,773,913</u>	<u>857,872</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,472,000</u>	<u>4,851,118</u>	<u>4,257,635</u>	<u>(593,483)</u>
<i>Other financing sources (uses)</i>				
Transfers in	1,039,497	1,039,497	2,261,037	1,221,540
Proceeds from issuance of debt		-	-	-
Transfers out, governmental funds	(5,707,026)	(5,714,347)	(7,988,567)	(2,274,220)
Transfers out, agency funds		-	-	-
<i>Total other financing sources (uses)</i>	<u>(4,667,529)</u>	<u>(4,674,850)</u>	<u>(5,727,530)</u>	<u>(1,052,680)</u>
<i>Net change in fund balance</i>	\$ <u>(195,529)</u>	<u>176,268</u>	<u>(1,469,895)</u>	<u>(1,646,163)</u>
Changes in accounts receivable			\$ 344,229	
Changes in accounts payable			17,686	
Changes in accrued liabilities			<u>37,121</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (1,070,859)</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 ROAD - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	150,000	150,000	-	(150,000)
Gasoline, motor vehicle and cigarette taxes	-	-	350,166	350,166
Intergovernmental:				
Federal operating grants	12,000	795,521	-	(795,521)
State operating grants	795,521	100,000	211,564	111,564
State capital grants	100,000	-	-	-
Charges for services	-	-	443	443
Licenses and fees	-	-	10,400	10,400
Investment income	-	36,000	-	(36,000)
Miscellaneous	36,000	-	113,529	113,529
<b>Total revenues</b>	<b>1,093,521</b>	<b>1,081,521</b>	<b>686,102</b>	<b>(395,419)</b>
<b>Expenditures</b>				
Current:				
General government	2,239,504	1,885,343	-	1,885,343
Public safety	-	-	-	-
Public works	385,521	510,690	2,050,834	(1,540,144)
Culture and recreation	-	-	150	(150)
Health and welfare	-	-	-	-
Capital outlay	108,000	108,000	941,486	(833,486)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>2,733,025</b>	<b>2,504,033</b>	<b>2,992,470</b>	<b>(488,437)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,639,504)</b>	<b>(1,422,512)</b>	<b>(2,306,368)</b>	<b>(883,856)</b>
<b>Other financing sources (uses)</b>				
Transfers in	1,825,297	1,825,297	2,387,461	562,164
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,825,297</b>	<b>1,825,297</b>	<b>2,387,461</b>	<b>562,164</b>
<b>Net change in fund balance</b>	<b>\$ 185,793</b>	<b>402,785</b>	<b>81,093</b>	<b>(321,692)</b>
Changes in accounts receivable			\$ -	
Changes in accounts payable			45,324	
Changes in accrued liabilities			3,824	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ 130,241</b>	

STATE OF NEW MEXICO  
VALENCIA COUNTY  
COUNTY INDIGENT CLAIMS - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	1,058,275	1,058,275	1,818,970	760,695
Gasoline, motor vehicle and cigarette taxes	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	7,042	7,042
Miscellaneous	-	-	11,260	11,260
<b>Total revenues</b>	<b>1,058,275</b>	<b>1,058,275</b>	<b>1,837,272</b>	<b>778,997</b>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	1,444,065	1,445,842	941,544	504,298
Capital outlay	2,700	2,700	-	2,700
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>1,446,765</b>	<b>1,448,542</b>	<b>941,544</b>	<b>506,998</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<b>(388,490)</b>	<b>(390,267)</b>	<b>895,728</b>	<b>1,285,995</b>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	(1,214,537)	(1,214,537)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,214,537)</b>	<b>1,214,537</b>
<b>Net change in fund balance</b>	<b>\$ (388,490)</b>	<b>(390,267)</b>	<b>(318,809)</b>	<b>2,500,532</b>
Changes in accounts receivable			\$ (331,692)	
Changes in accounts payable			(182,573)	
changes in accrued liabilities			490	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ (832,584)</b>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
FIRE PROTECTION - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	734,765	886,023	175,000	(711,023)
Gasoline, motor vehicle and cigarette taxes	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	793,185	793,185
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	(30,810)	(30,810)
<b>Total revenues</b>	<b>734,765</b>	<b>886,023</b>	<b>937,375</b>	<b>51,352</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	536,144	1,042,796	229,419	813,377
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	198,621	883,743	412,001	471,742
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>734,765</b>	<b>1,926,539</b>	<b>641,420</b>	<b>1,285,119</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(1,040,516)</b>	<b>295,955</b>	<b>1,336,471</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	156,035	156,035
Transfers out	-	(2,890)	-	2,890
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(2,890)</b>	<b>156,035</b>	<b>158,925</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>(1,043,406)</b>	<b>451,990</b>	<b>1,495,396</b>
Changes in accounts receivable			\$ (175,000)	
Changes in accounts payable			(203,724)	
Changes in accrued liabilities			-	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ 73,266</b>	

See Notes to Financial Statements

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 ADULT DETENTION CENTER - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	450,000	450,000	-	(450,000)
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	130,000	130,000	381,917	251,917
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	552,588	552,588
Miscellaneous	-	-	12,152	12,152
<i>Total revenues</i>	<u>580,000</u>	<u>580,000</u>	<u>946,657</u>	<u>366,657</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	3,169,964	4,110,289	4,027,458	82,831
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	5,000	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,174,964</u>	<u>4,110,289</u>	<u>4,027,458</u>	<u>82,831</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,594,964)</u>	<u>(3,530,289)</u>	<u>(3,080,801)</u>	<u>449,488</u>
<i>Other financing sources (uses)</i>				
Transfers in	2,594,964	2,594,964	3,555,199	960,235
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,594,964</u>	<u>2,594,964</u>	<u>3,555,199</u>	<u>960,235</u>
<i>Net change in fund balance</i>	\$ <u>-</u>	<u>(935,325)</u>	<u>474,398</u>	<u>1,409,723</u>
Changes in accounts receivable			\$ (172,365)	
Changes in accounts payable			69,279	
Changes in accrued liabilities			-	
Net change in fund balance (GAAP Basis)			<u>\$ 371,312</u>	

See Notes to Financial Statements.



**STATE OF NEW MEXICO**  
**VALENCIA COUNTY**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**Year Ended June 30, 2013**

*Assets*

Cash and cash equivalents	\$ 23,923,495
Property taxes receivable	<u>15,499,917</u>

<i>Total assets</i>	<u><u>\$ 39,423,412</u></u>
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*Liabilities*

Deposits held in trust for others	\$ 940,740
Deposits held in trust for hospital levy	18,152,468
Deposits held in trust for other taxing entities	4,830,287
Due to other taxing entities	<u>15,499,917</u>

<i>Total liabilities</i>	<u><u>\$ 39,423,412</u></u>
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*See Notes to Financial Statements.*

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Valencia County (the County) is a political subdivision of the State of New Mexico established in 1876 under the provisions of Section 4-5-1 of NMSA, 1978 Compilation and regulated by the constitution of the State of New Mexico. The County operates under a Board of County Commissioners-manager form of government and provides the following services as authorized by public law: public safety (sheriff, fire, emergency medical, etc.), roads, health and social services, recreation, sanitation, planning and zoning, property assessment, tax collection and general administrative services.

The County is a body politic and corporate under the name and form of government selected by its qualified electors. The County may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico.
6. Protect generally the property of its county and its inhabitants;
7. Preserve peace and order within the county; and
8. Establish rates for services provided by the County utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the County is presented to assist in the understanding of the County's financial statements. The financial statements and notes are the representation of the County's management that is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private sector guidance for their government-wide financial statements subject to the same limitation. The County has elected not to follow the subsequent private sector guidance. The more significant of the County's accounting policies are described below.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***A. Financial Reporting Entity***

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the County does not have any component units required to be reported under GASB Statements No. 61, and is not a component unit of another governmental agency.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The County does not have any *business-type activities*.

The 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 when the

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

exchange takes place, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis by column and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

***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, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu-of-taxes and other charges between the various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

Under the requirements of GASB Statement No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following, which includes funds that were not required to be presented as major but were at the discretion of management.

The County reports the following major governmental funds:

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

The *Road Special Revenue Fund* was created to account for funds used to maintain roads for which the County has responsibility. Financing sources include motor vehicle registration fees and New Mexico State Highway Department Cooperative Agreement. Expenditures are restricted for the construction and maintenance of county roads. The fund was created by authority of State Statute Section 67-41-1, NMSA, 1978 Compilation.

The *County Indigent Claims Special Revenue Fund* was created by Section 7-20-3, New Mexico Statutes Annotated, 1978 Compilation to account for funds reserved from a County excise tax equal to one eighth of one percent of the "county gross receipts tax" adopted through County Ordinance 86-17. Expenditures are restricted to indigent care.

The *Fire Protection Special Revenue Fund* was created to account for the operation and maintenance of the County's several fire protection districts. Funding is provided by an allotment from the State Fire Marshall's Office. The Fund was created by authority of State Statute Section 59A-53-1, NMSA 1978 Compilation.

The *Adult Detention Center Special Revenue Fund* is used to account for the operation of the County's Adult Detention Center. This fund was created by County Resolution No. 2005-66.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Additionally, the government reports the following agency fund:

*Fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies. The agency fund is used to account for collection and disbursement of inmate funds for the Valencia County Detention Center. In addition, the agency fund will track and account for items held for Valencia County hospital that has been levying taxes from taxpayers.

**D. *Assets, Liabilities and Net Position or Fund Equity***

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

State statutes authorize the County to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP).

Investments for the County are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property tax receivables are recognized



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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***D. Assets, Liabilities and Net Position or Fund Equity (Continued)***

when levied net of estimated refunds and uncollectible amounts, if applicable. Based upon management's estimate, all receivables are deemed fully collectible.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

*Prepaid Items:* Prepaid expenditures include insurance and contract payments to vendors and reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

*Inventory:* Valencia County values inventory at lower of cost or market value. The method that the County uses is the consumption approach. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed.

*Restricted Assets:* Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended. Debt service cash is restricted for future debt payments.

*Capital Assets:* Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Valencia County was a Phase I government for purposes of implementing GASB Statement No. 34. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1980) is included as part of the governmental capital assets reported in the government-wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***D. Assets, Liabilities and Net Position or Fund Equity (Continued)***

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

Building and improvements	40-50 years
Equipment	5-20 years
Infrastructure	30-40 years

*Accrued Expenses:* Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2013, along with applicable PERA, FICA, Retiree Health Care contributions, and Medicare payable.

*Deferred Revenues:* There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

*Compensated Absences:* Qualified employees are entitled to accumulate annual leave according to a graduated annual leave schedule. Depending on the length of service, employees may accrue 10 to 20 days per year. Annual leave may be accumulated from year to year up to a maximum of 30 days. Annual leave balances in excess of 30 days as of December 31 of any calendar year will be lost. The employee or the employee's estate will be paid for each day of the unused annual leave at the time of the employee's voluntary or involuntary termination, retirement, death, or total disability up to a maximum of 30 days plus the number of days accrued and unused during the current calendar year.

Qualified employees are entitled to accumulate sick leave at a rate of 12 days per year. There is no accrual limitation and upon separation or retirement of an employee who has served five or more years, the County shall pay the employee a sum equal to 25% of the value of the accumulated and

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***D. Assets, Liabilities and Net Position or Fund Equity (Continued)***

unused sick leave, based on his/her average rate of pay for the preceding 12 months. Part-time employees accrue sick leave on a pro-rata basis. Casual and temporary employees do not accrue sick leave.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

*Long-term Obligations:* In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are expensed as incurred. Bonds payable are reported net of the applicable bond premium or discount. There were no bond premiums or discounts at June 30, 2012. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

*Fund Balance Classification Policies and Procedures:* For committed fund balance, the County's highest level of decision-making authority is the County Commission. The formal action that is required to be taken to establish a fund balance commitment is the County Commission.

For assigned fund balance, the County Commission or an official or body to which the County Commission delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the County considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the County considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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JUNE 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***D. Assets, Liabilities and Net Position or Fund Equity (Continued)***

*Non-spendable Fund Balance:* At June 30, 2013, the non-spendable fund balances in the funds are made up of inventory in the amount of \$141,377 and prepaid expenses in the amount of \$694,641 that are not in spendable form.

*Restricted and Committed Fund Balance:* At June 30, 2013, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$4,962,893 for various County operations as restricted by enabling legislation. The County has also presented committed fund balance on the governmental funds balance sheet in the amount of \$2,675,054 in order to provide services throughout the County. The details of these fund balance items are located on the governmental funds balance sheet on pages 7-8.

*Minimum Fund Balance Policy:* The County's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the County holds cash reserves of 3/12<sup>th</sup> the General Fund expenditures and cash reserve of 1/12<sup>th</sup> the Road Special Revenue Fund.

*Net Position:* Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 48-54.
- c. Unrestricted Net Position: All other net position items that do not meet the definition of "restricted" or "net investment in capital assets"

*Interfund Transactions:* Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

**STATE OF NEW MEXICO  
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JUNE 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***D. Assets, Liabilities and Net Position or Fund Equity (Continued)***

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

*Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for Valencia County include management's estimate of the allowance for uncollectible accounts for property taxes, depreciation on assets over their estimated useful lives and accrued compensated absences.

*Recent Accounting Pronouncements:* In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement, which is effective for financial statements for periods beginning after June 15, 2012, provides, among other things, additional guidance to primary governments that are business-type activities reporting financial information in a single column. New guidance, which includes reporting a blended component unit, allows users to better distinguish between the primary government and its component unit by requiring condensed combining information in the notes to the financial statements. The County adopted GASB Statement No. 61 during fiscal year 2013, with no effect to the County's financial statements.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement, which is effective for financial statements for periods beginning after December 15, 2011, supersedes GASB Statement No. 20. The County adopted GASB Statement No. 62 during fiscal year 2013, and its provisions were applied retroactively for all periods presented. Adoption of GASB Statement No. 62 did not materially affect the County's financial statements.

In June 2012, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes standards for reporting deferred outflows and deferred inflows of resources and net position. The statement requires reporting of deferred outflows of resources (consumption of net position applicable to future periods) and deferred inflows of resources (acquisition of net position applicable to future periods) in separate sections of the balance sheet following assets and liabilities. The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equals net position and net position should be displayed in three components as: net investment in

**STATE OF NEW MEXICO  
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JUNE 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

capital assets, restricted, and unrestricted. GASB Statement No. 63 is effective for financial statement periods beginning after December 15, 2011. The County adopted the provisions of the statement in fiscal year 2013. The adoption of GASB Statement No. 63 did not materially affect the County's financial statements. The primary effects of implementing this statement was to change all previous references from "net assets" to "net position," change the line item for "invested in capital assets, net of related debt" to "net investment in capital assets," and to classify certain assets and liabilities as "deferred inflows" and "deferred outflows." At June 30, 2013, the County had no items meeting the criteria of "deferred inflows" or "deferred outflows."

In March 2011, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65, which is effective for financial statements for periods beginning after December 15, 2012, amends or supersedes accounting and financial reporting guidance for certain items previously reported as assets or liabilities. The County will adopt GASB Statement No. 65 in fiscal year 2014 by retroactively restating financial statements for all periods presented. Debt issuance costs will need to be expensed as incurred when this standard is implemented.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

Annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the Board of County Commissioners, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget at the fund level.

These budgets are prepared on the Non-GAAP cash budgetary basis. Budgetary expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual revenues, expenditures and other financing sources and uses on a budgetary basis. Since accounting principles applied for purposes of developing revenues and expenditures on the budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a

**STATE OF NEW MEXICO  
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JUNE 30, 2013**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

reconciliation of resultant basis, perspective, equity and timing differences in the net change in fund balances is presented for the year ended June 30, 2013. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on the individual comparison statements.

**NOTE 3. DEPOSITS AND INVESTMENTS**

State statute authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. The County is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2013.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 per respective institution.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County does not have a policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the County for at least one half of the amount on deposit with the institution. At June 30, 2013, \$34,216,205 of the

**STATE OF NEW MEXICO  
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JUNE 30, 2013**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

County's deposits was exposed to custodial credit risk. \$21,350,750 was uninsured and collateralized by collateral held by the pledging bank's department or agent, not in the County's name, and \$12,865,455 was uninsured and uncollateralized.

Credit Risk – The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The LGIP's investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2013, the County's investment of \$32,168 in the State Treasurer Local Government Investment Pool – Cash Account was unrated.

As of June 30, 2013, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (WAM)</u>
New MexiGROW LGIP	AAAm	\$ 32,168	60 days
NM Bank and Trust Money Market	Unrated	\$ 2,303,242	0 days
Bank of the West Money Market	Unrated	\$ 53,005	0 days
Certificate of Deposit	Unrated	\$ 1,500,000	< 1 year

Interest Rate Risk – Investments. 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. The County follows state law with respect to its investment activities.

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the County. The County holds certificates of deposit approximating 38.58% and 59.23% of the investment portfolio with two financial institutions. Since each institution has pledged collateral on those investments, the additional concentration is not viewed to be an additional risk by the County. The County's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).



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

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

The County utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Agency Funds are all in multiple accounts. Separate accounts also exist for Sheriff's Office confiscation related funds.

A reconciliation of cash and investments for the County is on page 81.

**NOTE 4. RECEIVABLES**

Receivables as of June 30, 2013 consisted of the following. All receivables as of June 30, 2013 were deemed to be fully collectible.

	<b>General Fund</b>	<b>County Indigent Claims Fund</b>	<b>Adult Detention Center</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Property taxes: \$	319,888	-	-	18,637	338,525
Due from other governments:	96,825	153,308	172,365	777,861	1,200,359
Other receivables:	23,377	-	-	11,277	34,654
Allowance for doubtful accounts:	-	-	-	-	-
Total: \$	<u>440,090</u>	<u>153,308</u>	<u>172,365</u>	<u>807,775</u>	<u>1,573,538</u>

Property taxes receivable in the amount of \$3,045,272 reported on the Statement of Net Position, at June 30, 2013, includes \$2,706,747 that is not considered a current economic resource; therefore, excluded from the Statement of Revenues, Expenditures and Changes in Fund Balances.

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

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,261,037	7,988,567
Public Works	2,387,461	-
Fire Protection	156,035	-
Adult Detention Center	3,555,199	-
Farm and Range	6,967	-
Juvenile Detention	393,276	-
Senior Citizens	370,341	-
Intergovernmental Grants	-	83,718
Solid Waste GRT	236,251	-
County Indigent Claims	-	1,214,537
EMS	4,099	-
GRT Regional Transit	-	151,478
County Debt Service	-	15,286
Other Debt Service	82,920	-
	<u>\$ 9,453,586</u>	<u>9,453,586</u>

The County has interfund loans for the purpose of providing cash to grant funds that must expend funds in order to get reimbursements.

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

<u>Governmental Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 123,057	-
Adult Detention Center	-	369
Juvenile Detention	-	3,944
Intergovernmental Grants	-	118,744
	<u>\$ 123,057</u>	<u>123,057</u>

All interfund receivables are expected to be repaid within one year.

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

**NOTE 6. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2013 follows:

	<b>Restated Balance</b>		<b>Transfers/</b>	<b>Balance</b>
Governmental Activities	<b>June 30, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2013</b>
Capital assets not being depreciated				
Land	\$ 2,732,226	-	-	2,732,226
Construction in progress	38,023	-	-	38,023
Total capital assets not being depreciated	<u>2,770,249</u>	-	-	<u>2,770,249</u>
Capital assets being depreciated				
Buildings and improvements	23,638,237	-	-	23,638,237
Equipment	12,583,008	764,115	-	13,347,123
Infrastructure	13,852,538	334,629	-	14,187,167
Total capital assets being depreciated	<u>50,073,783</u>	<u>1,098,744</u>	-	<u>51,172,527</u>
Less accumulated depreciation:				
Buildings and improvements	5,566,821	467,403	-	6,034,224
Equipment	5,272,743	796,822	-	6,069,565
Infrastructure	3,130,965	398,333	-	3,529,298
Total accumulated depreciation	<u>13,970,529</u>	<u>1,662,558</u>	-	<u>15,633,087</u>
Total capital assets, net of depreciation	<u>\$ 38,873,503</u>	<u>(563,814)</u>	-	<u>38,309,689</u>

Depreciation expense for the year ended June 30, 2013 was charged to the following functions:

General Government	\$ 100,117
Public Safety	917,819
Public Works	532,230
Culture and Recreation	112,392
Total depreciation expense	<u>\$ 1,662,558</u>

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

**NOTE 7. LONG-TERM DEBT**

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<b>Balance June 30 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30 2013</b>	<b>Due Within One Year</b>
Governmental activities					
Bonds:					
GO Bonds - Series 2011 - Judicial Complex	\$ 5,980,000	-	750,000	5,230,000	785,000
GO Bonds - Series 2011- Public Safety Bonds	425,000	-	50,000	375,000	55,000
Subtotal bonds	<u>6,405,000</u>	-	<u>800,000</u>	<u>5,605,000</u>	<u>840,000</u>
NMFA loans:					
Jarales/Pueblitos Fire Dept. Truck	110,462	-	11,455	99,007	11,544
El Cerro Fire Department Truck	177,625	-	15,000	162,625	17,224
Los Chavez Fire Pumper	248,574	-	20,003	228,571	21,564
Manzano Vista Fire Dept. Truck	203,000	-	17,925	185,075	19,595
Meadow Lake Fire Department	59,558	-	33,296	26,262	26,262
Highland Meadow Pumper	102,448	-	13,199	89,249	13,632
Fire/EMS Response Truck	266,181	-	27,489	238,692	27,748
Tome Adelino Fire Department	343,762	-	31,779	311,983	32,048
Subtotal NMFA loans	<u>1,511,610</u>	-	<u>170,146</u>	<u>1,341,464</u>	<u>169,617</u>
Total bonds and NMFA Loans	<u>\$ 7,916,610</u>	-	<u>970,146</u>	<u>6,946,464</u>	<u>1,009,617</u>

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

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

	<b>Balance June 30 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30 2013</b>	<b>Due Within One Year</b>
Governmental activities					
Capital Leases:					
Key Government Finance Inc.	8,388		8,388	-	
John Deere Motor Grader	119,351		119,351	-	
Caterpillar Financial B9D02050	43,692	-	17,477	26,215	17,477
Caterpillar Financial B9D02054	43,692	-	17,477	26,215	17,477
Caterpillar Financial B9M00959	64,498	-	18,428	46,070	18,428
Caterpillar Financial B9D02780	64,736	-	18,496	46,240	18,496
Total capital leases	\$ 344,357	-	199,617	144,740	71,878
Accrued compensated absences	\$ 402,384	46,608	-	448,992	-
Total long-term debt	\$ 8,663,351	46,608	1,169,763	7,540,196	1,081,495

**Bonds Payable**

On March 11, 2011, voters of the County authorized the issuance of \$6,665,000 General Obligation Judicial Complex Bonds at a special election held within the County. The bonds were issued in the amount of \$6,665,000 and sold to the New Mexico Finance Authority for 100% of the principal with an interest rate of 0.63% to 2.76%. Principal payments are due annually on August 1 while interest payments are due semi-annually in August and February. The bond repayment ends in August 1, 2018.

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2014	\$ 785,000	99,807	884,807
2015	810,000	89,500	899,500
2016	890,000	75,836	965,836
2017	890,000	58,392	948,392
2018	930,000	37,155	967,155
2019	925,000	12,765	937,765
	\$ 5,230,000	373,455	5,603,455

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

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

On June 3, 2011, voters of the County authorized the issuance of \$425,000 General Obligation Public Safety bonds at a special election held within the County. The bonds were issued in the amount of \$425,000 and sold to the New Mexico Finance Authority for 100% of the principal with an interest rate of 2.39%. Payments are due semi-annually on May 1 and November 1. The bond repayment ends in 2019.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	55,000	7,996	62,996
2015	60,000	7,171	67,171
2016	60,000	6,075	66,075
2017	65,000	4,698	69,698
2018	65,000	3,047	68,047
2019	70,000	1,080	71,080
	\$ 375,000	30,067	405,067

**NMFA Revenue Notes**

The County entered into several loan agreements with the New Mexico Finance Authority, wherein the County pledged revenue derived from New Mexico Fire Protection Allotments to cover debt service. This revenue is subject to intercept agreements.

<u>Description</u>	<u>Date of Issue</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance June 30, 2013</u>
Meadow Lake Fire Dept.	October 19, 2007	May 1, 2018	1.798%	\$ 333,334	26,262
Highland Meadow Pumper	September 19, 2008	May 1, 2019	3.477%	137,025	89,249
Fire/EMS Response Truck	May 13, 2011	May 1, 2021	2.748%	293,496	238,692
Tome Adelino Fire Pumper	June 10, 2011	May 1, 2022	2.643%	343,762	311,983
Jarales/Pueblitos Fire Truck	October 28, 2011	May 1, 2021	0.582%	112,966	99,007
El Cerro Fire Truck	October 28, 2011	May 1, 2022	1.102%	177,625	162,625
Manzano Vista Fire Truck	October 28, 2011	May 1, 2022	1.907%	203,000	185,075
Los Chavez Fire Pumper	January 27, 2012	May 1, 2023	2.050%	248,574	228,571
Total NMFA Revenue Notes				\$ 1,849,782	1,341,464

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7. LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the NMFA Revenue Notes as of June 30, 2013, including interest payments, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2014	169,617	26,662	196,279
2015	145,029	24,752	169,781
2016	147,241	22,750	169,991
2017	149,871	20,387	170,258
2018	152,986	17,590	170,576
2019-2023	576,720	36,220	612,940
	<u>\$ 1,341,464</u>	<u>148,361</u>	<u>1,489,825</u>

**Capital Leases**

The County leases vehicles and other equipment under various capital leases. The economic substance of the leases is that the County is financing the acquisition of the assets through the leases and, accordingly, they are recorded as County assets and liabilities. The obligations under capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates as stated in the individual contracts. The capital leases are as follows:

<b>Description</b>	<b>Year of Issue</b>	<b>Term</b>	<b>Interest Rate</b>	<b>Original Amount of Issue</b>	<b>Balance June 30, 2013</b>
Caterpillar Financial B9D02050	2010	5 years	0.00%	87,385	26,215
Caterpillar Financial B9D02054	2010	5 years	0.00%	87,385	26,215
Caterpillar Financial B9M00959	2011	5 years	0.00%	92,140	46,070
Caterpillar Financial B9D02780	2011	5 years	0.00%	92,478	46,240
				<u>\$ 359,388</u>	<u>144,740</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2014	71,877	-	71,877
2015	54,401	-	54,401
2016	18,462	-	18,462
	<u>\$ 144,740</u>		<u>144,740</u>

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

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Operating Leases**

The County leases equipment under cancelable operating leases. The total costs for such leases were approximately \$53,436 for the year ended June 30, 2013. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Payment</u>
2014	53,436
2015	35,964
2016	9,246

**Compensated Absences** – Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During the fiscal year ended June 30, 2013, compensated absences increased \$46,608 from the prior year accrual.

**NOTE 8. LANDFILL CLOSURE AND POSTCLOSURE CARE**

The County stopped accepting solid waste at its landfill in 1995. State law, federal law and various regulations require that the County perform certain maintenance and monitoring functions at the landfill for 30 years after closure. The estimated liability for the County’s landfill post-closure care was \$445,000 as of June 30, 2011, which was an increase of \$10,000 from the prior year’s estimate. These estimates may change in the future due to inflation or deflation, changes in technology, and applicable laws or regulations governing landfill post-closure care.

**NOTE 9. 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; and natural disasters.

Valencia County is a member of and is insured through the New Mexico County Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico counties. The County pays an annual premium to the Authority based on claim experience and the



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

**NOTE 9. RISK MANAGEMENT (CONTINUED)**

status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The County is not liable for more than the premiums paid.

**NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The following fund reflected a deficit fund balance as of June 30, 2013:

<u>Fund</u>	<u>Deficit Balance</u>
Juvenile Detention Special Revenue Fund	(69,065)
Intergovernmental Grants	(72,308)
Total Fund Deficit	\$ <u>(141,373)</u>

The County plans to collect grant revenues and reduce or eliminate negative fund balances. Additionally, the County incurred more expenditures than revenues received in the current year. The County anticipates these fund balances will not be in the deficit state in subsequent years.

- B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2013:

<u>Fund</u>	<u>Excess of Expenditures over Appropriations</u>
Road Special Revenue Fund	(488,437)
Other Debt Service Fund	(184,104)
Total Excess of Expenditures over Appropriations	\$ <u>(672,541)</u>

The County plans to monitor, more closely, budget to actual activity and make required adjustments.

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

**NOTE 11. 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, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding Policy.** Plan members are required to contribute from 9.15% to 16.30% (ranges from 3.83% to 16.65% depending upon the plan - i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The County is required to contribute 9.15% to 18.50% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the County are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$1,130,039, \$719,153, and \$997,661, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 12. 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 postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.00% of each participating employee’s annual salary; each participating employee was required to contribute 1.00% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers are as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.50% of each participating employee’s annual salary, and each participating employee was required to contribute

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

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
 (CONTINUED)**

1.25% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for both employees and employers are as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY13	2.500%	1.250%

Also, employers joining the program after January 1, 1998, are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RCHA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The County’s contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$155,944, \$127,416 and \$113,247, respectively, which equal the required contributions for each year.

**NOTE 13. JOINT POWERS AGREEMENTS**

The County’s Detention Center is a participant in a joint powers agreement with the Central New Mexico Correction Facility wherein both parties agree to maintain personnel and equipment for the preservation of peace within its own jurisdiction, and enforce security and control in and to their various establishments, directs, agencies, and municipalities. Both of the parties to the agreement are responsible. The agreement was entered into on June 8, 2009 and will remain in full force until by mutual agreement of the parties or by written notice by one party to the other giving 30 day notice of cancellation. The amount of the project and the County contributions are not readily determinable. Each party is responsible for the audit of its own related expenditures.

The County is a participant in separate joint powers agreements with the Village of Bosque Farms, Village of Los Lunas, City of Belen, and Pueblo of Isleta to provide for the holding of impounded animals at the Valencia County Animal Control Center. Valencia County agrees to report revenues while the other participants agree to report expenditures. All parties are responsible to perform their share of the agreement. The agreement was entered into on July 1, 2002 and will remain in full force until by mutual agreement of the parties or by written notice by one party to the other giving 30 day notice of cancellation. The term of the agreement is indefinite. The amount of the

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

**NOTE 13. JOINT POWERS AGREEMENTS (CONTINUED)**

project and County contributions are not readily determinable. The participants are responsible for the audit of their own related expenditures.

The County is a participant in separate joint powers agreements with the Socorro County, Village of Los Lunas, Pueblo of Isleta, Village of Bosque Farms, City of Belen, Otero County, Town of Peralta, and Santo Domingo Pueblo to provide for the housing and care of adult prisoners arrested by the above jurisdictions. Valencia County agrees to report revenues while the other participants agree to report expenditures. All parties are responsible for their share of the agreement. The agreements were entered into in December 2005 and continued to be effective through June 30, 2013. The amount of the project and the County contributions are not readily determinable. The participants are responsible for the audit of their own related expenditures.

**NOTE 14. FEDERAL AND STATE GRANTS**

In the normal course of operations, the County receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The County expects any liability for reimbursement which may arise as a result of these audits to be immaterial.

**NOTE 15. CONCENTRATIONS**

The County depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the County is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**NOTE 16. NET POSITION**

In the Statement of Net Position, \$7,824,318 of net position is reported as restricted, of which \$6,325,842 is restricted by enabling legislation.

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

**NOTE 17. PRIOR PERIOD ADJUSTMENT**

During the year the County conducted a physical inventory of its fixed assets and valued them in accordance with GASB 34. They had previous not performed this and as a result there were several adjustments to Capital Assets and related Accumulated depreciation.

**NOTE 18. RECLASSIFICATIONS**

The County grouped/reclassified several of their funds during the current year to aid in financial statement clarity and understanding. There was no effect from these reclassifications on current year revenues, expenditures or fund balance.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
DESCRIPTION OF FUNDS  
JUNE 30, 2013**

**Special Revenue Funds**

**403 – Farm and Range** – To account for soil conservation and predator control activities within the County. Funding is provided by the Taylor Grazing Act. Expenditures may be made only for the purposes specified in the grant. Funding authorized by Section 6-11-6, NMSA 1978.

**404 – Recreation** – To account for recreational funds. Financing is provided by cigarette taxes and special Federal Grants used in park development. The fund was created by authority of State Statute Section 7-12-15, NMSA 1978.

**408 – Juvenile Detention** – This fund was created by County Resolution No. 2002-37 to account for the operation of the County's Juvenile Detention Center.

**420 – Valuation Maintenance** – To account for the County's property reappraisal program pursuant to Section 7-38-38.1, NMSA Compilation. Expenditures from the County property valuation fund may be made pursuant to a property valuation program presented by the county assessor and approved by the majority of the county commissioners.

**424 – Law Enforcement** – To account for a state grant restricted to equipment purchases for use in law enforcement planning and training. The fund was created under the authority of Section 29-13-4, NMSA, 1978.

**446 – Solid Waste GRT** – This fund was created by Section 7-20E-17, New Mexico Section Annotated, 1978 Compilation to account for operation and maintenance of the Valencia County Sanitary Landfill.

**449 – Clerk's Equipment** – To account for funds restricted for the repair and replacement of equipment used in the County Clerk's office. The fund was created under the authority of Section 14-8-12.2, NMSA, 1978.

**463 – Road GRT** – This fund is used to account for grant monies used for capital outlay, leasing, and purchasing road equipment. The fund was created under the authority of State Statute 07-20E-9 thru 7-20E-11. This fund constitutes part of the County Gross receipts tax enacted by Ordinance 2001-01.

**465 – Traffic Safety** – This education and enforcement fund was created under Resolution No. 2002-48.



**STATE OF NEW MEXICO  
VALENCIA COUNTY  
DESCRIPTION OF FUNDS  
JUNE 30, 2013**

**Special Revenue Funds (Continued)**

**415 – Senior Citizens** – To account for operation of the County’s Senior Citizen Program. Funding is provided through the Department of Health and Human Services. The Fund was created by authority of the Older Americans Act of 1965, Title III, Parts A and F, Public Law 89-73, as amended; Public Law 90-42, 81 Stat. 106; Public Law 91-69, 83 Stat. 108; Public Law 93-29, 87 Stat. 30; Public Law 93-351, 88 Stat. 357; Public Law 94-135, 89 Stat. 713; Public Law 95-65, 91 Stat. 269; Public Law 95-478, 92 Stat. 1513; Public Law 97-115, 95 Stat. 1595; Public Law 98-459, 98 Stat. 1767; Public Law 100-175, 101 Stat. 926; Section 705, Public Law 100-628; 42 U.S.C 3022-3030(m); Public Law 102-375.

**Intergovernmental Grants** – To account for Legislative Appropriations and Special Purpose Grants from, CDBG; Department of Justice Assistance Programs; Homeland Security and Bioterrorist Preparedness.

**406 – Legislative Appropriation FY 02/03** – The fund was created under authority of the county commission to account for appropriations to Valencia County for year 2002/2003 to plan, design and construct community centers and fire departments for several communities.

**409 – Legislative Appropriation FY 03/04** – The fund was created under authority of the County Commission to account for appropriations by the Legislature in the 1st session of 2003 for the purpose of capital outlay projects that improve several communities’ facilities, and infrastructure.

**410 – Legislative Appropriation FY 04/05** – The fund was created under authority of the County Commission to account for appropriations by the Legislature in the 2nd session of 2004 for the purpose of capital outlay projects that improve several communities’ facilities, and infrastructure.

**412 – Legislative Appropriation FY 06/07** – This fund was created under authority of the County Commission to account for appropriations to Valencia County for year 2006/2007 to plan, design, and construct community centers, infrastructure, and fire departments for several communities.

**431 – Legislative Appropriation FY 07/08** – This fund was created under authority of the County Commission to account for appropriations to Valencia County for year 2007/2008 to

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
DESCRIPTION OF FUNDS  
JUNE 30, 2013**

**Special Revenue Funds (Continued)**

plan, design, and construct community centers, infrastructure, and fire departments for several communities.

**432 – Legislative Appropriation FY 08/09** – This fund was created under authority of the County Commission to account for appropriations to Valencia County for year 2008/2009 to plan, design, and construct community centers, infrastructure, and fire departments for several communities.

**433 – CDBG** – Community Development Block Grant is a planning grant to develop a comprehensive plan for the community.

**441 – Legislative Appropriation FY 09/10** – This fund was created under authority of the County Commission to account for appropriations to Valencia County for year 2009/2010 to plan, design, and construct community centers, infrastructure, and fire departments for several communities.

**450 – Legislative Appropriation FY 10/11** – This fund was created under authority of the County Commission to account for appropriations to Valencia County for year 2010/2011 to plan, design, and construct community centers, infrastructure, and fire departments for several communities.

**451 – Legislative Appropriation FY 11/12** – This fund was created under authority of the County Commission to account for appropriations to Valencia County for year 2011/2012 to plan, design, and construct community centers, infrastructure, and fire departments for several communities.

**457 –Department of Justice Assistance Programs** – The JAG Program, administered by the Bureau of Justice Assistance (BJA), is the leading source of federal justice funding to state and local jurisdictions. The JAG Program provides states, tribes, and local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution and court, prevention and education, corrections and community corrections, drug treatment and enforcement, planning, evaluation, and technology improvement, and crime victim and witness initiatives. This fund was created by authority of Public Law 109-162, Title XI–Department of Justice Reauthorization, Subtitle B–Improving the Department of Justice's Grant Programs, Chapter 1–Assisting Law Enforcement and Criminal Justice

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
DESCRIPTION OF FUNDS  
JUNE 30, 2013**

**Special Revenue Funds (Continued)**

Agencies, Sec. 1111 (Merger of the Byrne Formula Grant Program and Local Law Enforcement Block Grant Program).

**466 – Homeland Security** – The fund was created under County Resolution No. 2002-52.

**661 – Bioterrorist Preparedness** – This fund was created under the authority of the County Commission to account for federal grant funding from the US Department of Homeland Security.

**417 – EMS** – To account for grants from the State of New Mexico Health Department to be utilized for emergency services provided within the County. Funding is authorized by Section 24-10A-6, NMSA, 1978.

**423 – County Fire Protection** – To account for funds received from a dedicated gross receipts tax used to supplement the County's fire districts. The Fund was created by authority of State Statute Section 7-20E-15, NMSA 1978.

**413 – GRT- Regional Transit** – This fund is used to account for grant monies used for Management, operations, capital, construction or maintenance of the transit district system. This fund was created under the authority of State Statute 7-20E-23. This fund constitutes part of the County Gross Receipts enacted by Ordinance 2008-05.

299 - **Other Funds** – This fund is used to account for a variety of Special Gross Receipts Tax funds for EMS, Sheriff, Corrections, and Fire. In addition it includes funds for the Bonds for the Judicial Renovation, the Wildfire Reimbursement; Law Enforcement Explorer Program; G.R.E.A.T. Grant and Solid Waste Performance.

**405 – Bonds/Judicial Renovation** – The fund was created by Resolution No. 2004-26 to account for the County's Judicial Renovations.

**418 – Wildlife Fire Reimbursement** – The fund is for forestry reimbursements to volunteer fire fighters for "brush fires" in specified dollar amounts per hour and per county equipment usage.

**434 – Law Enforcement Explorer Center** – This fund is used for grant monies received to provide young adults who may be interested in a career in law enforcement with a comprehensive program of training, competition, service and practical experiences. Created by County Commission resolution.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
DESCRIPTION OF FUNDS  
JUNE 30, 2013**

**Special Revenue Funds (Continued)**

**439 – G.R.E.A.T Grant** – This fund is to account for monies received from the Bureau of Justice Assistance which is a component of the Office of Justice Programs (OJP), U.S. Department of Justice. The program focuses on gang resistance education and training. This grant reaches out to elementary and middle school students.

**444 – Solid Waste Performance** – The fund was created as a contract surety bond for insuring services for the solid waste program. Created by County Commission resolution.

**462 – Sheriff's GRT** – This fund is used to account for grant monies used for operating expenses for the Sheriff's department. The fund was created under the authority of State Statute 07-20E-9 thru 7-20E-11. This fund constitutes part of the County Gross receipts tax enacted by Ordinance 2001-01.

**464 – Fire GRT** – This fund is used to account for grant monies used for contractual services. The fund was created under the authority of State Statute 07-20E-9 thru 7-20E-11. This fund constitutes part of the County Gross receipts tax enacted by Ordinance 2001-01.

**458 – Corrections GRT** – Created by County Commission resolution to account for gross receipts tax collections. This fund is used to account for gross receipts tax funding of the construction of a new adult detention center. This fund is part of County Gross Receipts Tax Ordinance 2001-01.

**426 – EMS-GRT** – This fund is used to account for grant monies used for 60% - operation of emergency communication center, 40% - operations of emergency medical services. This fund was created under the authority of State Statute 7-20E-22. This fund constitutes part of the County Gross Receipts enacted by Ordinance 2009-01.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
DESCRIPTION OF FUNDS  
JUNE 30, 2013**

**Debt Service Funds**

**561 – County Debt Service** – This fund accounts for the resources designated for the retirement of NMFA Notes Payable. This fund also administers the bond reserve fund and the payment of certain obligations for which notes were issued.

**Other Debt Service Funds**

**427 – El Cerro Pump** – The fund is for a PPRF loan from New Mexico Finance Authority for the El Cerro/Valencia fire pumper.

**429 – Tome Adelino Community Center** – To account for the tracking of intercept payments for a fire pumper lease. Funding is provided by gross receipts taxes. The authority for creation of this fund is established by County Commission resolution.

**467 – Meadow Lake Fire Department** – This fund was created under authority of the county commission to account for the tracking of intercept payments for construction of phase II addition to Meadow Lake Fire Department. Funding is from State capital grants and NMFA notes payable.

**468 – Highland Meadow Fire Department** – This fund was created under authority of the county commission to account for the tracking of intercept payments for the purchase of a fire truck. Funding is from State capital grants and NMFA notes payable.

**469 – EMS Response Truck** – This fund is for a Public Revolving Loan from the New Mexico Finance Authority for fire EMS response trucks and is part of the County Fire Excise Tax funds.

**473 – Tome/Adelino Fire Pumper II** – This fund is a Public Revolving Loan, financed through pledged revenues from state fire protection funds.

**499 – Bond/Public Safety/E-911 Facility** – This fund was created under authority of the county commission to account for the tracking of debt payments for the general obligation bond series 2011 passed for public safety.

**610 – Jarales/Pueblito Fire Department Pumper** – This fund is a Public Project Revolving Loan financed through pledged revenues from County fire protection excise taxes.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
DESCRIPTION OF FUNDS  
JUNE 30, 2013**

**Other Debt Service Funds (Continued)**

**611 – El Cerro Fire Department** – This fund accounts for a loan financed through the New Mexico Finance Authority utilizing pledged revenues from state fire protection funds.

**612 – Manzano Vista Pumper** – This fund accounts for a loan financed through the New Mexico Finance Authority utilizing pledged state fire protection fund revenues. The activity within the fund is merely to account for intercepted payments.

**613 – Los Chaves Fire Department Pumper** – This fund accounts for a loan financed through the New Mexico Finance Authority utilizing pledged revenues from state fire protection funds.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2013**

	Special Revenue			
	Farm and Range	Recreation	Juvenile Detention	Valuation Maintenance
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	7,486	-	446,491
Investments	-	-	-	-
Property taxes receivable	-	-	-	-
Due from other governments	-	9,610	-	-
Other receivables	-	-	11,277	-
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>17,096</u>	<u>11,277</u>	<u>446,491</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Liabilities</i>				
Current liabilities				
Accounts payable	\$ -	189	76,398	10,925
Accrued payroll expenses	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	3,944	-
<i>Total liabilities</i>	<u>-</u>	<u>189</u>	<u>80,342</u>	<u>10,925</u>
<i>Fund balances</i>				
Nonspendable				
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Spendable				
Restricted for:				
General county operations	-	-	-	435,566
Maintenance of roads	-	-	-	-
Fire departments	-	-	-	-
Older American programs	-	-	-	-
Public safety	-	-	-	-
Recreation	-	16,907	-	-
Capital improvements and acquisitions	-	-	-	-
Debt service expenditures	-	-	-	-
Committed to:				
Senior center	-	-	-	-
Unassigned	-	-	(69,065)	-
<i>Total fund balances</i>	<u>-</u>	<u>16,907</u>	<u>(69,065)</u>	<u>435,566</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>17,096</u>	<u>11,277</u>	<u>446,491</u>

See Notes to Financial Statements.

Special Revenue

Law Enforcement	Solid Waste GRT	Clerk's Equipment	Road GRT	Traffic Safety
16,594	10,349	113,147	217,054	7,406
-	-	-	-	-
-	34,673	-	22,996	7,029
-	12,500	-	-	-
-	-	-	-	-
-	-	-	-	-
16,594	57,522	113,147	240,050	14,435
-	11,013	3,517	-	-
-	5,318	-	-	-
-	-	-	-	-
-	-	-	-	-
-	16,331	3,517	-	-
-	12,500	-	-	-
-	-	-	-	-
-	-	109,630	-	-
-	-	-	240,050	14,435
-	-	-	-	-
16,594	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	28,691	-	-	-
16,594	41,191	109,630	240,050	14,435
16,594	57,522	113,147	240,050	14,435



**STATE OF NEW MEXICO  
VALENCIA COUNTY  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2013**

	Special Revenue			
	Senior Citizens	Intergovernmental Grants	EMS	County Fire Protection
<b>ASSETS</b>				
Cash and cash equivalents	\$ 71,727	-	19,251	428,085
Investments	-	-	-	-
Property taxes receivable	-	-	-	-
Due from other governments	37,804	46,436	-	50,738
Other receivables	-	-	-	-
Prepaid expenses	8,913	-	-	-
Inventory	11,626	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 130,070</u>	<u>46,436</u>	<u>19,251</u>	<u>478,823</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Liabilities</i>				
Current liabilities				
Accounts payable	\$ 4,901	-	1,006	3,031
Accrued payroll expenses	10,703	-	-	-
Deferred revenue	-	-	2,052	-
Due to other funds	-	118,744	-	-
<i>Total liabilities</i>	<u>15,604</u>	<u>118,744</u>	<u>3,058</u>	<u>3,031</u>
<i>Fund balances</i>				
Nonspendable				
Prepaid expenses	8,913	-	-	-
Inventory	11,626	-	-	-
Spendable				
Restricted for:				
General county operations	-	-	-	-
Maintenance of roads	-	-	-	-
Fire departments	-	-	-	-
Older American programs	102,840	-	-	-
Public safety	-	-	16,193	-
Healthcare	-	-	-	-
Recreation	-	-	-	-
Capital improvements and acquisitions	-	-	-	-
Debt service expenditures	-	-	-	-
Committed to:				
Senior center	-	-	-	-
Unassigned	(8,913)	(72,308)	-	475,792
<i>Total fund balances</i>	<u>114,466</u>	<u>(72,308)</u>	<u>16,193</u>	<u>475,792</u>
<i>Total liabilities and fund balances</i>	<u>\$ 130,070</u>	<u>46,436</u>	<u>19,251</u>	<u>478,823</u>

See Notes to Financial Statements.

Special Revenue		Debt Service		Total
Regional Transit		County Debt	Other	Nonmajor
GRT	Other Funds	Service	Debt Service	Governmental
				Funds
63,061	1,353,486	997,607	539,529	4,291,273
-	-	-	-	-
-	-	18,637	-	18,637
129,869	438,706	-	-	777,861
-	-	-	-	11,277
-	-	-	-	21,413
-	-	-	-	11,626
-	-	-	-	-
<u>192,930</u>	<u>1,792,192</u>	<u>1,016,244</u>	<u>539,529</u>	<u>5,132,087</u>
-	17,305	-	-	128,285
-	13,289	-	-	29,310
-	-	-	-	2,052
-	-	-	-	122,688
-	30,594	-	-	282,335
-	-	-	-	21,413
-	-	-	-	11,626
192,930	-	-	-	738,126
-	-	-	-	254,485
-	-	-	-	-
-	-	-	-	102,840
-	-	-	-	32,787
-	-	-	-	-
-	-	-	-	16,907
-	-	-	-	-
-	-	1,016,244	539,529	1,555,773
-	-	-	-	-
-	1,761,598	-	-	2,115,795
<u>192,930</u>	<u>1,761,598</u>	<u>1,016,244</u>	<u>539,529</u>	<u>4,849,752</u>
<u>192,930</u>	<u>1,792,192</u>	<u>1,016,244</u>	<u>539,529</u>	<u>5,132,087</u>

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 Year Ended June 30, 2013

	Special Revenue			
	Farm and Range	Recreation	Juvenile Detention	Valuation Maintenance
<b>Revenues</b>				
Taxes:				
Property	\$ -	-	-	365,148
Gross receipts	-	-	-	3,813
Gasoline, motor vehicle and cigarette taxes	-	-	-	-
Intergovernmental:				
Federal operating grants	3,678	-	-	-
State operating grants	-	13,292	12,276	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	-	2,188
Miscellaneous	-	2,559	67,723	14
<i>Total revenues</i>	<u>3,678</u>	<u>15,851</u>	<u>79,999</u>	<u>371,163</u>
<b>Expenditures</b>				
Current				
General government	10,000	-	-	320,028
Public safety	-	-	451,073	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	14,851	-	48,949
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>10,000</u>	<u>14,851</u>	<u>451,073</u>	<u>368,977</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(6,322)</u>	<u>1,000</u>	<u>(371,074)</u>	<u>2,186</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,967	-	393,276	-
Transfers out	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>6,967</u>	<u>-</u>	<u>393,276</u>	<u>-</u>
<i>Net change in fund balances</i>	645	1,000	22,202	2,186
<b>Fund balance - beginning of year</b>	<u>(645)</u>	<u>15,907</u>	<u>(91,267)</u>	<u>433,380</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>16,907</u>	<u>(69,065)</u>	<u>435,566</u>

See Notes to Financial Statements.

Special Revenue

Law Enforcement	Solid Waste GRT	Clerk's Equipment	Road GRT	Traffic Safety
-	-	-	-	-
(1)	140,405	-	153,214	-
-	-	-	-	-
-	-	-	-	-
-	1,280	89,789	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	282,251	-	-	-
266	85	94	-	7,029
265	424,021	89,883	153,214	7,029
-	570,643	41,350	-	-
13,080	-	-	-	23,827
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
26,527	34,673	60,968	106,298	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
39,607	605,316	102,318	106,298	23,827
(39,342)	(181,295)	(12,435)	46,916	(16,798)
-	236,251	-	-	-
-	-	-	-	-
-	-	-	-	-
-	236,251	-	-	-
(39,342)	54,956	(12,435)	46,916	(16,798)
55,936	(13,765)	122,065	193,134	31,233
16,594	41,191	109,630	240,050	14,435

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Year Ended June 30, 2013**

	Special Revenue			
	Senior Citizens	Intergovernmental Grants	EMS	County Fire Protection
<b>Revenues</b>				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	48,273	226,146
Gasoline, motor vehicle and cigarette taxes	-	-	-	-
Intergovernmental:				
Federal operating grants	258,268	-	-	-
State operating grants	276,397	-	2,500	760
State capital grants	-	303,057	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	55,545	198,482	-	19,666
Miscellaneous	7,832	179,434	595	170
<b>Total revenues</b>	<b>598,042</b>	<b>680,973</b>	<b>51,368</b>	<b>246,742</b>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	10,171	53,513	148,056
Public works	-	-	-	-
Culture and recreation	812,648	-	-	-
Health and welfare	82,454	-	-	-
Capital outlay	480	737,758	10,586	98,494
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<b>Total expenditures</b>	<b>895,582</b>	<b>747,929</b>	<b>64,099</b>	<b>246,550</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(297,540)</i>	<i>(66,956)</i>	<i>(12,731)</i>	<i>192</i>
<i>Other Financing Sources (Uses)</i>				
Transfers in	370,341	-	4,099	-
Transfers out	-	(83,718)	-	-
Loan proceeds	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>370,341</b>	<b>(83,718)</b>	<b>4,099</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>72,801</b>	<b>(150,674)</b>	<b>(8,632)</b>	<b>192</b>
<b>Fund balance - beginning of year</b>	<b>41,665</b>	<b>78,366</b>	<b>24,825</b>	<b>475,600</b>
<b>Fund balance - end of year</b>	<b>\$ 114,466</b>	<b>(72,308)</b>	<b>16,193</b>	<b>475,792</b>

See Notes to Financial Statements.

Special Revenue		Debt Service		Total
GRT Regional Transit	Other Funds	County Debt Service	Other Debt Service	Nonmajor Governmental Funds
-	-	885,843	-	1,250,991
764,017	2,470,139	-	42,170	3,848,176
-	-	-	-	-
-	-	-	-	261,946
-	43,980	-	167,126	607,400
-	-	-	-	303,057
-	-	-	-	-
-	17	-	364	381
-	3,858	-	-	561,990
-	182,007	-	-	447,808
764,017	2,700,001	885,843	209,660	7,281,749
566,362	52,143	-	416,887	1,977,413
-	2,133,748	-	-	2,833,468
-	-	-	-	-
191,696	-	-	115,267	1,119,611
-	-	-	-	82,454
-	214,843	-	-	1,354,427
-	340,606	807,016	80,706	1,228,328
-	20,933	50,458	4,101	75,492
-	-	-	-	-
758,058	2,762,273	857,474	616,961	8,671,193
5,959	(62,272)	28,369	(407,301)	(1,389,444)
-	-	-	82,920	1,093,854
(151,478)	-	(15,286)	-	(250,482)
-	-	-	-	-
-	-	-	58,565	58,565
(151,478)	-	(15,286)	141,485	901,937
(145,519)	(62,272)	13,083	(265,816)	(487,507)
338,449	1,823,870	1,003,161	805,345	5,337,259
192,930	1,761,598	1,016,244	539,529	4,849,752

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 FARM AND RANGE - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Intergovernmental:				
Federal operating grants	4,000	4,000	3,678	(322)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,000</u>	<u>4,000</u>	<u>3,678</u>	<u>(322)</u>
<b>Expenditures</b>				
Current:				
General government	10,000	10,000	10,000	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,000)</u>	<u>(6,000)</u>	<u>(6,322)</u>	<u>(322)</u>
<i>Other financing sources (uses)</i>				
Transfers in	6,000	6,332	6,967	635
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>6,000</u>	<u>6,332</u>	<u>6,967</u>	<u>635</u>
<i>Net change in fund balance</i>	<u>\$ -</u>	<u>332</u>	<u>645</u>	<u>313</u>
Changes in accounts receivable			\$ -	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Net change in fund balance (GAAP Basis)			<u>\$ 645</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 RECREATION - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	31,033	31,033
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	21,000	21,000	2,559	(18,441)
<i>Total revenues</i>	<u>21,000</u>	<u>21,000</u>	<u>33,592</u>	<u>12,592</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	21,000	21,000	15,040	5,960
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,000</u>	<u>21,000</u>	<u>15,040</u>	<u>5,960</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	18,552	18,552
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	<u>\$ -</u>	<u>-</u>	<u>18,552</u>	<u>18,552</u>
Changes in accounts receivable			\$ (17,741)	
Changes in accounts payable			189	
Changes in accrued liabilities			-	
Net change in fund balance (GAAP Basis)			<u>\$ 1,000</u>	

See Notes to Financial Statements.



STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 JUVENILE DETENTION - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	12,276	12,276
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	37,500	37,500	110,199	72,699
<i>Total revenues</i>	<u>37,500</u>	<u>37,500</u>	<u>122,475</u>	<u>84,975</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	517,500	517,500	496,116	21,384
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>517,500</u>	<u>517,500</u>	<u>496,116</u>	<u>21,384</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(480,000)</u>	<u>(480,000)</u>	<u>(373,641)</u>	<u>106,359</u>
<i>Other financing sources (uses)</i>				
Transfers in	480,000	480,000	393,276	(86,724)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>480,000</u>	<u>480,000</u>	<u>393,276</u>	<u>(86,724)</u>
<i>Net change in fund balance</i>	<u>\$ -</u>	<u>-</u>	<u>19,635</u>	<u>19,635</u>
Changes in accounts receivable			\$ (42,476)	
Changes in accounts payable			45,043	
Changes in accrued liabilities			-	
Net change in fund balance (GAAP Basis)			<u>\$ 22,202</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 VALUATION MAINTENANCE - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	365,148	365,148
Gross receipts	-	-	3,813	3,813
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	317,750	317,750	-	(317,750)
Investment income	-	-	-	-
Charges for services	-	-	2,188	2,188
Miscellaneous	25,000	25,000	14	(24,986)
<i>Total revenues</i>	<u>342,750</u>	<u>342,750</u>	<u>371,163</u>	<u>28,413</u>
Expenditures				
Current:				
General government	418,604	420,112	330,871	89,241
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	37,000	35,492	48,949	(13,457)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>455,604</u>	<u>455,604</u>	<u>379,820</u>	<u>75,784</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(112,854)</u>	<u>(112,854)</u>	<u>(8,657)</u>	<u>104,197</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	\$ <u>(112,854)</u>	<u>(112,854)</u>	<u>(8,657)</u>	<u>104,197</u>
Changes in accounts receivable and prepaid expenditure			\$ -	
Changes in accounts payable			10,843	
Changes in accrued liabilities and deferred revenue			-	
Net change in fund balance (GAAP Basis)			<u>\$ 2,186</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 LAW ENFORCEMENT - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	54,000	54,000	53,999	(1)
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	266	266
<i>Total revenues</i>	<u>54,000</u>	<u>54,000</u>	<u>54,265</u>	<u>265</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	15,000	15,000	13,080	1,920
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	39,000	39,000	26,527	12,473
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>54,000</u>	<u>54,000</u>	<u>39,607</u>	<u>14,393</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	14,658	14,658
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	<u>\$ -</u>	<u>-</u>	<u>14,658</u>	<u>14,658</u>
Changes in accounts receivable			\$ (54,000)	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Net change in fund balance (GAAP Basis)			<u>\$ (39,342)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 SOLID WASTE GRT - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	150,000	150,000	200,829	50,829
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	1,280	1,280
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	282,251	282,251
Miscellaneous	264,000	264,000	85	(263,915)
<b>Total revenues</b>	<b>414,000</b>	<b>414,000</b>	<b>484,445</b>	<b>70,445</b>
Expenditures				
Current:				
General government	721,671	724,722	561,364	163,358
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	78,000	37,007	34,673	2,334
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>799,671</b>	<b>761,729</b>	<b>596,037</b>	<b>165,692</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<b>(385,671)</b>	<b>(347,729)</b>	<b>(111,592)</b>	<b>236,137</b>
<i>Other financing sources (uses)</i>				
Transfers in	385,671	385,671	236,251	(149,420)
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>385,671</b>	<b>385,671</b>	<b>236,251</b>	<b>(149,420)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>37,942</b>	<b>124,659</b>	<b>86,717</b>
Changes in accounts receivable			\$ (60,424)	
Changes in accounts payable			(10,426)	
Changes in accrued liabilities			1,147	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ 54,956</b>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 CLERK'S EQUIPMENT - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	89,789	89,789
State capital grants	-	-	-	-
Licenses and fees	58,000	58,000	-	(58,000)
Investment income	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	94	94
<b>Total revenues</b>	<b>58,000</b>	<b>58,000</b>	<b>89,883</b>	<b>31,883</b>
Expenditures				
Current:				
General government	120,660	120,221	44,710	75,511
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	8,840	69,808	60,968	8,840
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>129,500</b>	<b>190,029</b>	<b>105,678</b>	<b>84,351</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(71,500)</u>	<u>(132,029)</u>	<u>(15,795)</u>	<u>116,234</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<b>\$ (71,500)</b>	<b>(132,029)</b>	<b>(15,795)</b>	<b>116,234</b>
Changes in accounts receivable			\$ -	
Changes in accounts payable			3,360	
Changes in accrued liabilities			-	
<b>Net change in fund balance (GAAP Basis)</b>			<u>\$ (12,435)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 ROAD GRT - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	202,967	202,967
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>202,967</b>	<b>202,967</b>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	108,361	108,361	106,298	2,063
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>108,361</b>	<b>108,361</b>	<b>106,298</b>	<b>2,063</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<b>(108,361)</b>	<b>(108,361)</b>	<b>96,669</b>	<b>205,030</b>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (108,361)</b>	<b>(108,361)</b>	<b>96,669</b>	<b>205,030</b>
Changes in accounts receivable			\$ (49,753)	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ 46,916</b>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
VALENCIA COUNTY  
TRAFFIC SAFETY - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	30,000	65,461	15,361	(50,100)
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	7,029	7,029
<i>Total revenues</i>	<u>30,000</u>	<u>65,461</u>	<u>22,390</u>	<u>(43,071)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	30,000	65,461	23,827	41,634
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>30,000</u>	<u>65,461</u>	<u>23,827</u>	<u>41,634</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,437)</u>	<u>(1,437)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>\$ -</u>	<u>-</u>	<u>(1,437)</u>	<u>(1,437)</u>
Changes in accounts receivable			\$ (15,361)	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
<i>Net change in fund balance (GAAP Basis)</i>			<u>\$ (16,798)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 SENIOR CITIZENS - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Intergovernmental:				
Federal operating grants	151,780	153,555	334,270	180,715
State operating grants	264,654	295,357	276,397	(18,960)
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	55,545	55,545
Miscellaneous	48,321	55,647	7,832	(47,815)
<i>Total revenues</i>	<u>464,755</u>	<u>504,559</u>	<u>674,044</u>	<u>169,485</u>
Expenditures				
Current:				
General government	824,680	1,668,634	-	1,668,634
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	817,648	(817,648)
Health and welfare	-	-	82,454	(82,454)
Capital outlay	-	1,000	480	520
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>824,680</u>	<u>1,669,634</u>	<u>900,582</u>	<u>769,052</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(359,925)</u>	<u>(1,165,075)</u>	<u>(226,538)</u>	<u>938,537</u>
<i>Other financing sources (uses)</i>				
Transfers in	352,089	352,089	370,341	18,252
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>352,089</u>	<u>352,089</u>	<u>370,341</u>	<u>18,252</u>
<i>Net change in fund balance</i>	\$ <u>(7,836)</u>	<u>(812,986)</u>	<u>143,803</u>	<u>956,789</u>
Changes in accounts receivable			\$ (76,002)	
Changes in accounts payable			3,265	
Changes in accrued liabilities			<u>1,735</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 72,801</u>	

See Notes to Financial Statements.



STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 INTERGOVERNMENTAL GRANTS - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	1,431,216	1,539,090	-	(1,539,090)
State capital grants	-	-	303,057	303,057
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	268,562	268,562
Miscellaneous	-	13,774	179,434	165,660
<i>Total revenues</i>	<u>1,431,216</u>	<u>1,552,864</u>	<u>751,053</u>	<u>(801,811)</u>
Expenditures				
Current:				
General government	1,155,098	1,165,807	-	1,165,807
Public safety	-	-	9,814	(9,814)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	276,118	603,331	737,758	(134,427)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,431,216</u>	<u>1,769,138</u>	<u>747,572</u>	<u>1,021,566</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(216,274)</u>	<u>3,481</u>	<u>219,755</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	(83,718)	(83,718)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(83,718)</u>	<u>83,718</u>
<i>Net change in fund balance</i>	<u>\$ -</u>	<u>(216,274)</u>	<u>(80,237)</u>	<u>303,473</u>
Changes in accounts receivable			\$ (70,080)	
Changes in accounts payable			(357)	
Changes in accrued liabilities			-	
<i>Net change in fund balance (GAAP Basis)</i>			<u>\$ (150,674)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 EMS - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	51,992	51,992	48,273	(3,719)
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	2,500	2,500
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	595	595
<i>Total revenues</i>	<u>51,992</u>	<u>51,992</u>	<u>51,368</u>	<u>(624)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	48,425	56,396	54,101	2,295
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,567	10,867	10,586	281
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>51,992</u>	<u>67,263</u>	<u>64,687</u>	<u>2,576</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(15,271)</u>	<u>(13,319)</u>	<u>1,952</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	4,099	4,099
Transfers out	-	(4,099)	-	4,099
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>4,099</u>	<u>4,099</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>\$ -</u>	<u>(11,172)</u>	<u>(9,220)</u>	<u>1,952</u>
Changes in accounts receivable			\$ -	
Changes in accounts payable			588	
Changes in accrued liabilities			-	
<i>Net change in fund balance (GAAP Basis)</i>			<u>\$ (8,632)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 COUNTY FIRE PROTECTION - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	150,000	150,000	320,720	170,720
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	760	760
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	19,666	19,666
Miscellaneous	-	-	170	170
<i>Total revenues</i>	<u>150,000</u>	<u>150,000</u>	<u>341,316</u>	<u>191,316</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	124,735	289,206	80,003	209,203
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	25,265	133,485	98,494	34,991
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>150,000</u>	<u>422,691</u>	<u>178,497</u>	<u>244,194</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(272,691)</u>	<u>162,819</u>	<u>435,510</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>\$ -</u>	<u>(272,691)</u>	<u>162,819</u>	<u>435,510</u>
Changes in accounts receivable			\$ (94,574)	
Changes in accounts payable			(68,053)	
Changes in accrued liabilities			-	
Net change in fund balance (GAAP Basis)			<u>\$ 192</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 GRT - REGIONAL TRANSIT - SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 735,000	761,439	-	(761,439)
Gross receipts	-	-	1,021,177	1,021,177
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>735,000</u>	<u>761,439</u>	<u>1,021,177</u>	<u>259,738</u>
Expenditures				
Current:				
General government	-	-	566,362	(566,362)
Public safety	735,000	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	191,696	(191,696)
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>735,000</u>	<u>-</u>	<u>758,058</u>	<u>(758,058)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>761,439</u>	<u>263,119</u>	<u>(498,320)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	(151,478)	(151,478)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(151,478)</u>	<u>151,478</u>
<i>Net change in fund balance</i>	<u>\$ -</u>	<u>761,439</u>	<u>111,641</u>	<u>(346,842)</u>
Changes in accounts receivable			\$ (257,160)	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Net change in fund balance (GAAP Basis)			<u>\$ (145,519)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
VALENCIA COUNTY  
OTHER FUNDS - SPECIAL REVENUE FUND  
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	2,584,722	2,584,722	3,343,556	758,834
Intergovernmental:				
Federal operating grants	15,000	18,000	-	(18,000)
State operating grants	1,000	1,000	43,980	42,980
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	17	17
Charges for services	-	-	3,858	3,858
Miscellaneous	-	70,114	182,007	111,893
<i>Total revenues</i>	<u>2,600,722</u>	<u>2,673,836</u>	<u>3,573,418</u>	<u>899,582</u>
Expenditures				
Current:				
General government	-	-	52,143	(52,143)
Public safety	2,680,205	3,168,832	2,049,655	1,119,177
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,184,500	1,380,040	214,843	1,165,197
Debt service:				
Principal	-	54,397	340,606	(286,209)
Interest	-	-	20,933	(20,933)
<i>Total expenditures</i>	<u>3,864,705</u>	<u>4,603,269</u>	<u>2,678,180</u>	<u>1,925,089</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,263,983)</u>	<u>(1,929,433)</u>	<u>895,238</u>	<u>2,824,671</u>
<i>Other financing sources (uses)</i>				
Transfers in	959,775	959,775	-	(959,775)
Transfers out	(1,039,497)	(1,039,497)	-	1,039,497
<i>Total other financing sources (uses)</i>	<u>1,999,272</u>	<u>1,999,272</u>	<u>-</u>	<u>(1,999,272)</u>
<i>Net change in fund balance</i>	<u>\$ 735,289</u>	<u>69,839</u>	<u>895,238</u>	<u>825,399</u>
Changes in accounts receivable			\$ (873,417)	
Changes in accounts payable			(42,901)	
Changes in accrued liabilities			(41,192)	
Net change in fund balance (GAAP Basis)			<u>\$ (62,272)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 COUNTY DEBT SERVICE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 959,775	959,775	904,480	(55,295)
Gross receipts	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>959,775</u>	<u>959,775</u>	<u>904,480</u>	<u>(55,295)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	959,775	959,775	807,016	152,759
Interest	-	-	50,458	(50,458)
<i>Total expenditures</i>	<u>959,775</u>	<u>959,775</u>	<u>857,474</u>	<u>102,301</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	47,006	47,006
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	(15,286)	(15,286)
<i>Total other financing sources (uses)</i>	-	-	<u>(15,286)</u>	<u>(15,286)</u>
<i>Net change in fund balance</i>	\$ <u>-</u>	<u>-</u>	<u>31,720</u>	<u>31,720</u>
Changes in accounts receivable			\$ (18,637)	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Net change in fund balance (GAAP Basis)			<u>\$ 13,083</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 OTHER DEBT SERVICE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	369,862	42,170	(327,692)
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	167,126	167,126
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	364	364
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>369,862</u>	<u>209,660</u>	<u>(160,202)</u>
Expenditures				
Current:				
General government	-	-	416,887	(416,887)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	115,267	(115,267)
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	62,995	432,857	80,706	352,151
Interest	-	-	4,101	(4,101)
<i>Total expenditures</i>	<u>62,995</u>	<u>432,857</u>	<u>616,961</u>	<u>(184,104)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(62,995)</u>	<u>(62,995)</u>	<u>(407,301)</u>	<u>23,902</u>
<i>Other financing sources (uses)</i>				
Transfers in	62,995	62,995	(82,920)	(145,915)
Transfers out	-	-	-	-
Proceeds from issuance of debt	-	-	58,565	58,565
<i>Total other financing sources (uses)</i>	<u>62,995</u>	<u>62,995</u>	<u>141,485</u>	<u>(87,350)</u>
<i>Net change in fund balance</i>	<u>\$ -</u>	<u>-</u>	<u>(265,816)</u>	<u>(63,448)</u>
Changes in accounts receivable			\$ -	
Changes in accounts payable			-	
Changes in accrued liabilities			-	
Net change in fund balance (GAAP Basis)			<u>\$ (265,816)</u>	

See Notes to Financial Statements.

**OTHER SUPPLEMENTAL SCHEDULES**



STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS  
Year Ended June 30, 2013

	Bank of West	NM Bank and Trust	US Bank	Wells Fargo	My Bank	NMFA	Total
<b>Deposits in Bank or Savings and Loan</b>							
Interest Bearing Savings	\$ 17,218,125	2,323,073	46,306	42,453	-	-	19,629,957
Interest Bearing Time Deposits	53,005	-	-	-	1,500,000	-	1,553,005
Interest Bearing Demand Deposits	-	-	-	-	216,483	-	216,483
Non-Interest Bearing Accounts	13,655,519	-	-	-	-	87,967	13,743,486
	<u>30,926,649</u>	<u>2,323,073</u>	<u>46,306</u>	<u>42,453</u>	<u>1,716,483</u>	<u>87,967</u>	<u>35,142,931</u>
Less: FDIC insurance	(250,000)	(250,000)	(46,306)	(42,453)	(250,000)	(87,967)	(926,726)
<b>Total uninsured public funds</b>	<u>30,676,649</u>	<u>2,073,073</u>	<u>-</u>	<u>-</u>	<u>1,466,483</u>	<u>-</u>	<u>34,216,205</u>
<b>Collateral requirement @ 50%</b>	<u>15,338,325</u>	<u>1,036,537</u>	<u>-</u>	<u>-</u>	<u>733,242</u>	<u>-</u>	<u>17,108,103</u>
<b>Pledges and securities (CUSIP #, maturity date, security number)</b>							
013595QQ9 8/1/2021 Albuquerque, NM Sch GO Bds	-	283,866	-	-	-	-	283,866
077571CS4 6/1/2026 Belen NM Gross Rcpts Bds	-	1,136,782	-	-	-	-	1,136,782
312904MG7 10/015/2020 FHLMC	-	26,015	-	-	-	-	26,015
31410KG73 6/1/2037 FNMA	-	354,898	-	-	-	-	354,898
31410KG73 6/1/2037 FNMA	-	994,573	-	-	-	-	994,573
31410KG73 6/1/2037 FNMA	-	1,431	-	-	-	-	1,431
36179MAX8 4/20/2042 GNMA2	1,058,271	-	-	-	-	-	1,058,271
36202FYD2 10/20/2026 GNMA2	805,380	-	-	-	-	-	805,380
914684CU7 8/1/2022 University NM - Gallup	258,653	-	-	-	-	-	258,653
914684CM5 8/1/2015 University NM - Gallup	217,712	-	-	-	-	-	217,712
843789DF2 8/1/2015 Southern Sandoval Cnty	213,996	-	-	-	-	-	213,996
843789DG0 8/1/2016 Southern Sandoval Cnty	105,829	-	-	-	-	-	105,829
3138MAKS6 9/1/2042 FNMA	6,616,703	-	-	-	-	-	6,616,703
843789DL9 8/1/2020 Southern Sandoval Cnty	160,175	-	-	-	-	-	160,175
36202FM78 12/20/2040 GNMA2	5,176,680	-	-	-	-	-	5,176,680
36179MYQ7 1/20/2043 GNMA2	2,055,226	-	-	-	-	-	2,055,226
36179MSV3 11/20/2042 GNMA2	1,142,569	-	-	-	-	-	1,142,569
011464EZ3 8/1/16 Alamogordo NM Municipal	-	-	-	-	515,600	-	515,600
142735CZ0 8/1/17 Carlsbad NM Mun Sch	-	-	-	-	922,564	-	922,564
433866CQ1 7/15/19 Hobbs NM Sch Dist	-	-	-	-	109,595	-	109,595
Total pledged securities	<u>17,811,194</u>	<u>2,797,565</u>	<u>-</u>	<u>-</u>	<u>1,547,759</u>	<u>-</u>	<u>22,156,518</u>
Excess (deficiency)	<u>\$ 2,472,869</u>	<u>1,761,028</u>	<u>-</u>	<u>-</u>	<u>814,517</u>	<u>-</u>	<u>5,048,415</u>

Safekeeping locations for the above securities include Wells Fargo - Minneapolis, Minnesota, Commerce Bank and Federal Home Loan Bank - Dallas Texas.

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS  
 Year Ended June 30, 2013

Bank Name	Acct. Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Deposits:					
Bank of the West					
Operational Checking Account	Checking	\$ 13,655,519	85,406	628,671	13,112,254
Hospital	Checking	17,218,125	-	-	17,218,125
Paid Under Protest	Money Market	53,005	-	-	53,005
Wells Fargo					
Judicial Complex	Savings	42,453	-	-	42,453
US Bank					
Elec Fed Tax Pymt System Account	Savings	1,368	44,938	-	46,306
NM Bank & Trust					
3/12 Reserve Account	Savings	2,303,242	-	-	2,303,242
GO Public Safety Bond E-911	Savings	19,831	-	-	19,831
New Mexico Finance Authority					
Reserve Account	Deposit - State Treasurer	87,967	-	-	87,967
MyBank					
Inmate Account	Checking	167,186	-	121,264	45,922
Commissary Account	Checking	49,297	-	-	49,297
Certificate of Deposit	Certificate of Deposit	300,000	-	-	300,000
Certificate of Deposit	Certificate of Deposit	300,000	-	-	300,000
Certificate of Deposit	Certificate of Deposit	900,000	-	-	900,000
Subtotal Deposits		<u>35,097,993</u>	<u>130,344</u>	<u>749,935</u>	<u>34,478,402</u>
New Mexico State Treasurer					
LGIP	LGIP	<u>32,168</u>	-	-	<u>32,168</u>
Total deposits and investments per financial statements		<u>\$ 35,130,161</u>	<u>130,344</u>	<u>749,935</u>	<u>34,510,570</u>
Total cash and cash equivalents per Statement of Net Position					9,589,468
Total investments per Statement of Net Position					-
Total restricted cash and cash equivalents per Statement of Net Position					997,607
Total cash and cash equivalents per Statement of Fiduciary Assets and Liabilities					<u>23,923,495</u>
Total cash, cash equivalents and investments					<u>34,510,570</u>

**STATE OF NEW MEXICO**  
**VALENCIA COUNTY**  
**TAX ROLL RECONCILIATION - CHANGES IN PROPERTY TAXES RECEIVABLE**  
**Year Ended June 30, 2013**

Property taxes receivable, beginning of year	\$ 8,204,735
Add: prior year uncollectible balance	2,128,018
Changes to tax roll:	
Net tax charges to treasurer for fiscal year	40,907,702
Adjustments:	
Allowance for uncollectible taxes receivable	-
Charge off of taxes receivable	-
	<hr/>
Total receivable prior to collections	51,240,455
Collections for fiscal year ended June 30, 2013	<u>(40,664,687)</u>
Property taxes receivable at June 30, 2013	<u><u>\$ 10,575,768</u></u>

Property taxes are reported as follows

Governmental funds:	
County portion	3,045,272
Agency portion	<u>7,530,496</u>
Total property taxes receivable	<u><u>\$ 10,575,768</u></u>

Property taxes receivable by years:		
	2002	\$ 266,394
	2003	285,845
	2004	324,956
	2005	401,236
	2006	473,430
	2007	726,199
	2008	995,874
	2009	1,419,557
	2010	2,105,477
	2011	<u>3,576,800</u>
		<u><u>\$ 10,575,768</u></u>

STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
 Year Ended June 30, 2013

	Balance			Balance
	June 30, 2012	Additions	Deletions	June 30, 2013
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,067,457	34,058,706	26,202,669	23,923,494
Property taxes receivable	7,078,276	24,175,429	23,723,209	7,530,496
<i>Total assets</i>	<u>\$ 23,145,733</u>	<u>58,234,135</u>	<u>49,925,878</u>	<u>31,453,990</u>
<b>LIABILITIES</b>				
Deposits held in trust for others	\$ 601,073	1,872,830	1,533,163	940,740
Deposits held in trust for hospital levy	14,788,258	5,843,671	2,479,460	18,152,469
Deposits held in trust for other taxing entities	678,126	26,342,205	22,190,046	4,830,285
Due to other taxing entities	7,078,276	24,175,429	23,723,209	7,530,496
<i>Total liabilities</i>	<u>\$ 23,145,733</u>	<u>58,234,135</u>	<u>49,925,878</u>	<u>31,453,990</u>

## **COMPLIANCE SECTION**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Hector Balderas  
New Mexico State Auditor  
The Board of Valencia County Commissioners  
Valencia County  
Los Lunas, 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 Valencia County, New Mexico (the "County") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds and related budgetary comparisons of the County, presented as supplemental information, and have issued our report thereon dated November 15, 2013.

**Internal Control Over Financial Reporting**

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

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

identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying *schedule of findings and responses* to be material weaknesses. 2008-01, 2009-01, and 2013-01.

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. We consider the deficiencies described in the accompanying *schedule of findings and responses* to be significant deficiencies. 2012-01, 2012-03, 2012-04, 2013-02, 2013-03, and 2013-04.

### **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 tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *schedule of findings and responses* as items 2007-12, 2007-17, 2010-01, 2010-04, 2011-02, 2011-04, 2013-04, and 2013-05.

### **Valencia County, New Mexico'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Axiom CPAs and Business Advisors, LLC

Albuquerque, New Mexico

November 15, 2013



## **OTHER DISCLOSURES**

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**FINANCIAL STATEMENT FINDINGS**

**2008-01 – Weakness in Internal Control over Financial Reporting (Material Weakness) – Revised and repeated**

CONDITION: The County's internal control structure is inadequate. The County does not have a comprehensive documented internal control system over financial information. The County does not maintain proper oversight or monitoring in regards to the County's accounting activities and has not taken the proper measures to monitor and mitigate the risk for fraud, misappropriation of assets, or misstatement of financial statements. During our audit, we noted the following internal control deficiencies:

- Changes to the vendor master file are not periodically reviewed for reasonableness.
- The payroll system master file change log is not being reviewed by management, showing all changes to payroll to ensure it reflects accurate and complete information.
- Disposals of capital assets are not reviewed by management and entered into the capital assets sub-ledger by accounting personnel in a timely fashion.
- No reconciliation of outstanding debt instruments to the general ledger is prepared and reviewed timely.
- The County does not have review procedures in place to determine compliance with debt agreement restrictions and procedures and adherence to those procedures is not reviewed by the appropriate level of management or another appropriate person.
- Those charged with governance are not actively involved and have significant influence over the entity's internal control environment and its financial reporting.

CRITERIA: NMSA 6-5-2 C states Entities shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

EFFECT: Because certain internal controls have weaknesses in design, key controls are not in place to properly safeguard assets and prevent or detect material misstatements due to errors or fraud.

RECOMMENDATION: The County should ensure that a comprehensive internal control structure over financial information is designed, documented, and implemented. Management should follow and ensure that all staff follows the County's documented internal control procedures. The County Commission is charged with governance and should provide effective oversight of the internal control and financial reporting process.

COUNTY RESPONSE: The finance department has established written internal control requirements based on standardized COSO requirements to bolster financial control in the finance department operations. These internal control guidelines also are being implemented throughout county departments.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2008-01 – Weakness in Internal Control over Financial Reporting (Material Weakness) – Revised and repeated (Continued)**

The county commission has provided budgetary resources in the FY14 budget year for accounting consultants and an additional Sr. Accountant whom are all working on reconciliation of bank statements and entity-wide funds. With the new staff person, finance can assign responsibilities related to verifying the vendor master file, reviewing the payroll master log, capital asset disposal and reconciliation of debt to GL. Finance will provide periodic updates to the governing board on internal control issues.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2009-01 – Entity-Wide Control Deficiency (Material Weakness) – Revised and Repeated**

CONDITION: During our process of understanding the entity and its environment, we noted instances where elements of the framework of COSO were nonexistent or deficient. The control environment or “tone at the top” did not adequately display accountability and transparency. We noted that the risk assessment element and monitoring element were not documented or sufficiently designed. We also noted the following deficiencies:

- Material weaknesses, such as property tax receivable have been repeated year after year.
- Management’s philosophy and operating style are not consistent with a sound control environment and have a pervasive effect on the entity. Management does not analyze the risks and benefits of new activities, assess turnover among employees, investigate and resolve improper business practices, view accounting as a means to monitor and control the various activities of the organization, and adopt accounting policies that reflect the economic realities of the governmental unit.
- Management has not established practices for the identification of risks affecting the entity as well as appropriate fraud risk assessment and monitoring processes.
- Management does not monitor controls over financial reporting through ongoing monitoring, independent evaluations, and remediation of identified deficiencies.

CRITERIA: The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring.

Accounting literature refers to "Tone at the Top," as an important component of Internal Control. Tone at the Top refers to how an organization's leadership creates the tone at the top - an ethical (or unethical) atmosphere in the workplace. Management's tone has a trickle-down effect on employees. If top managers uphold ethics and integrity so will employees. But if upper management appears unconcerned with ethics and focuses solely on the bottom line, employees will be more prone to commit fraud and feel that ethical conduct isn't a priority. In short, employees will follow the examples of their bosses.

EFFECT: Without all of the five elements of the COSO framework present, the County is exposing itself to the risk of misappropriation of assets and does not have set processes in place to maximize the resources of the County.

CAUSE: The County has not implemented a corrective action plan to properly address material weaknesses.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2009-01 – Entity-Wide Control Deficiency (Material Weakness) – Revised and Repeated (Continued)**

RECOMMENDATION: We recommend that the County incorporate the five elements of the COSO internal control integrated framework in their organization. In particular, there must be a documented risk assessment process in place, there should be a mechanism in place to document the monitoring of the internal controls in place and the control environment must promote the highest ethical standards and efficient and effective path towards achieving the County's goals. We recommend that internal controls be addressed at both the entity level and activity level. We also recommend that key management personnel attend a training class on internal control. County management take a more active role in setting a positive tone in bring positive change to the County.

COUNTY RESPONSE: For the past year there has been an entirely new management team at Valencia County which has been focusing on professionalism, accountability and ethical decision making. The county has developed a budget and accounting manual that includes policies that include the five elements of the COSO framework. The finance department will present the manual to the governing board and will seek to memorialize the COSO requirements via resolution. County management will plan to participate in an internal control training session.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2013-01 Controls Over Cash Disbursements (Material Weakness)**

CONDITION: Through the course of the current year audit, we noted that the AP Clerk has custody of an asset as she can print electronic checks with signatures, she maintains possession of the check stock, and can initiate and record purchases. In a separate instance, the Payroll Clerk has the ability to change employee pay rates, input time, and process payroll.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. Furthermore, adequate segregation of duties shall be considered for all control implementations in that no single individual has authority to initiate or conduct a transaction, process and record transactions, and maintain custody of an asset.

EFFECT: There is an increased risk for fraud if one employee has the ability to process an entire transaction class.

CAUSE: The County is understaffed in the finance department, and have struggled implementing controls in the new software.

COUNTY RESPONSE: Due to the new financial software conversion checks are printed with electronic signatures which never occurred prior to the conversion. The finance director will assure that the accounts payable officer is not authorized to print checks without "locking for payment" which is an option used in the payroll disbursement process immediately before printing checks. The lock for payment requirement requires a password to be used by the finance director in order for the payroll clerk to finalize payroll disbursements. Physical payroll checks are now stored away in the finance director's office under lock and key.

Additionally, the finance department has hired a senior accountant that is responsible for implementing financial controls within financial processes as well as in the new software.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2012-01 – Internal Controls over Payroll Deductions (Significant Deficiency) Revised and Repeated**

CONDITION: Through evaluation of the current cash disbursements control cycle, it was noted that payments related to payroll deductions (i.e. payments to insurance, prepaid legal, etc.) are not being reviewed prior to disbursement.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

EFFECT: Unauthorized payments could occur as disbursements lack approval.

CAUSE: The current procedures have not incorporated a level of supervisory review to prevent or detect erroneous payments.

RECOMMENDATION: It is recommended that management evaluate the positions within the finance department to 1) ensure that there is adequate segregation in the duties performed and 2) ensure that all procedures undertake a level of review by an individual whose position is at least one step higher than the individual posting the transactions.

COUNTY RESPONSE: The finance department has hired more staff that allows the resources to verify payroll records timely. The finance department is utilizing COSO methods that are documented in the department's Budget and Accounting Manual that allow appropriate segregation of duties among staff. The finance department is also working with the human resources department to take monthly files, of usually 20 employees, and match authorized deductions to the information that is entered in the payroll software system.

Additionally, when a payroll register is generated the finance director and the payroll clerk review the records prior to finalizing disbursements. New procedures have been required so that a reviewed payroll register is signed by the person doing the review.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2012-03 – Segregation of Duties in Payroll Disbursements Process (Significant Deficiency) Revised and Repeated**

CONDITION: Through current year evaluation of the payroll transaction cycle, it was noted that the individual responsible for processing of payroll has access to changing rate of pay. Rates of pay should be changed by the Human Resources Department which creates new employees.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. Furthermore, adequate segregation of duties shall be considered for all control implementations in that no single individual has authority to initiate or conduct a transaction, process and record transactions, and maintain custody of an asset.

EFFECT: Access to processing payroll transactions and rate of employee pay is considered a segregation of duties violation (authorization and recordkeeping) and causes risk for entry and payment to fictitious employees.

CAUSE: During the current year, turnover in the payroll department left the County without payroll personnel for the first few months of the fiscal year. Personnel, who previously have not been trained in the payroll function, were required to process payroll during the period in which the payroll accountants position was vacant. Conversion from Triadic to the Tyler system caused additional access to become available for the payroll accountant.

RECOMMENDATION: It is recommended that access for rate of pay of employees within the payroll processing system be removed for all personnel who have access to processing payroll transactions. It is further recommended that the human resources department, who should not have access to process payroll, have access to change rates of pay for employees within the system.

COUNTY RESPONSE: The finance department has developed written policies and procedures for the payroll office that prohibit the payroll officer from creating an employee in the software. The office charged with creating, deleting or adjusting employee pay/deductions information is the human resources department. The IT administrator has removed the ability of the payroll clerk to create employees. Also, any adjustment of withholding information is executed through the human resources office.

The finance department will establish procedures that remove the ability to change pay rates for the individual processing payroll.



**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2012-04 – Payroll Disbursements Transaction Cycle Control Deficiencies (Significant Deficiency)  
Revised and Repeated**

CONDITION: Through the course of the current year audit pertaining to the payroll disbursements transaction control cycle we noted the following:

- In a sample of 40 tested, we noted three instances where the time per the payroll register did not agree with the employee's time sheets.
- In a sample of 40 tested, we noted three instances where a timecard was not approved.
- In a sample of 40, 3 employees were missing overtime authorization.
- In a sample of 40, 1 employee was missing authorization for sick leave.
- In a sample of 40, we noted 1 instance where the employee's pay rate per payroll register did not agree with the pay rate per employee's file

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

EFFECT: Inaccurate processing of payroll transactions and inadequately kept payroll records increases risk for unauthorized or erroneous payroll transactions to occur during the fiscal year.

CAUSE: Departments were not compliant with County policy that requires the authorization of timecards, overtime, and leave. During the current year, turnover in the payroll department left the County without payroll personnel for the first few months of the fiscal year. Personnel, who previously have not been trained in the payroll function, were required to process payroll during the period in which the payroll accountants position was vacant.

RECOMMENDATION: It is recommend that management evaluate cross-training the payroll function to multiple personnel to avoid loss of procedural knowledge upon termination of employment. It is recommended that the County provide training to each department for the payroll process and proper authorizations.

COUNTY RESPONSE: The finance department has cross trained multiple personnel in the payroll function. The new payroll officer has been trained by an accountant consultant that specializes in payroll processing. The county will provide an internal control/ payroll processing training session to all county departments.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2013-02 Internal Control Over Manual Journal Entries (Significant Deficiency)**

CONDITION: During our audit over the review of manual journal entries, we noted that there is no formal policy in place for manual journal entries. The person who creates the journal entry also has access to input and approve the journal entry.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

EFFECT: There is an increased risk for error to occur when there is no review process is in place.

CAUSE: The County lacks a policy with regards to manual journal entries.

RECOMMENDATION: The County should establish a formal policy with regards to manual journal entries which should include review and authorization of every manual journal entry.

COUNTY RESPONSE: The finance department will include in the budget and accounting manual language that requires a journal entry form and a proper authorization approval process.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2013-03 Cash Receipts Control Deficiency (Significant Deficiency)**

CONDITION: Through the course of the current year audit pertaining to the cash receipts transaction control cycle we noted the following:

- In 2 out of 5 cash receipts tested, receipts could not be traced to a deposit.
- In 3 out of 5 cash receipts tested, the deposit was not deposited within 24 hours.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

EFFECT: There is an increased risk for fraud or error to occur when there is no cash receipts process is in place.

CAUSE: The County does not have a policy in place that requires receipts be deposited with the Treasurer's office on a daily basis.

RECOMMENDATION: The County should establish a formal policy with regards to cash receipts which should include review for accuracy and a daily submission of deposits to the Treasurer's office.

COUNTY RESPONSE: The County has documented in the budget and accounting manual requirements for cash receipts. Finance will provide cash management training to departments that handle cash. The finance department will perform random desk audits at departments that handle cash receipts.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2013-04 Recording of Cash (Significant Deficiency)**

CONDITION: During our testing of cash reconciliations it was discovered that there was a bank account not included in cash reconciliation in the amount of \$2000.00.

CRITERIA: Section 4-43-2 of NMSA 1978 requires that the treasurer keep:

- Account of all money received and disbursed
- Regular accounts of all checks and warrants drawn on the treasury and paid: and
- The books, papers and money pertaining to his or her office ready for inspection by the board of the County Commissioners at all times.

EFFECT: The effect is that there was an incorrect recorded cash balance.

CAUSE: The Sheriff's Department opened a separate bank account without the County's approval or knowledge

RECOMMENDATION: The County should establish a formal policy with regards to bank accounts which should require Treasurer approval for any new cash accounts.

COUNTY RESPONSE: The finance department will recommend to the governing board a policy that requires the Treasurer to approve new or deleted bank accounts. The finance department will also assure that the policy is included in the budget and accounting manual and be disseminated to all county departments.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2007-12 – No Ten Year Property Tax Schedule (Other Matters) - Repeated**

CONDITION: The County does not have a report detailing property tax outstanding and still receivable for the past 10 years by agency. This is information necessary to complete the County's Property Tax Schedule.

CRITERIA: Section 2.2.2.12D of NMAC requires the County audit report to include a schedule titled "County Treasurer's Property Tax Schedule" that must show by property tax type and agency, the amount of taxes: levied; collected in the current year; collected to-date; distributed in the current year; distributed to date; the amount determined to be uncollectible in the current year; the uncollectible amount to-date; and the outstanding receivable balance at the end of the fiscal year.

EFFECT: The County is not in compliance with State Auditor Rule 2.2.2 12D. In addition, the County cannot document the current property tax receivable by agency, including their portion.

CAUSE: The County software has not been set up in a manner that will produce the required report.

RECOMMENDATION: The County should accumulate the required information to be in compliance with the State Auditor Rule, and obtain adequate supporting documentation for older property taxes receivable and payable.

COUNTY RESPONSE: Prior to this year, the county's software system did not have the ability to account for ten years of property taxes outstanding. This year the county has implemented a software system that allows for the accounting of 10 years of property taxes.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**OTHER MATTERS REQUIRED TO BE COMMUNICATED (CONTINUED)**

**2007-17 – Property Tax Roll (Other Matters) - Repeated**

CONDITION: The “Tax Maintenance Report” in the Treasurer’s report is not correct; therefore, uncollected property taxes are not accurately reported.

CRITERIA: Per section 4-43-2, NMSA 1978 The County Treasurer shall keep account of all money received and disbursed. The “Tax Schedule Maintenance Report” is used to account for property taxes assessed, modified, and collected over the last 10 property tax years. This report serves taxing authorities to estimate future monies owed from taxes assessed but uncollected.

EFFECT: Additions and Deletions shown in the “Tax Maintenance Report” are incorrect and do not represent uncollected property taxes the County has assessed and not collected.

CAUSE: Addition and deletion amounts used in the report are taken solely from monthly reports generated by the County’s computer system, and do not reflect the true totals for additions and deletions.

RECOMMENDATION: We recommend that an appropriate reconciliation procedure take place to ensure the amounts *shown* in the report are correct. We also recommend that software updates be made so the County’s computer system will properly account for all additions, deletions, and any other adjustments to property taxes.

COUNTY RESPONSE: In June 2013, the county implemented a new Treasurer accounting software program that should resolve the issue with additions and deletions in the tax maintenance report in the upcoming year. The Treasurer’s office will put procedures in place that properly reconcile the report.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2010-01 Per Diem and Mileage Act (Other Matter) Revised and Repeated**

CONDITION: Through the course of the current year audit pertaining to Travel and Per Diem, we noted the following instances of non-compliance:

- In 1 in 10 instances, the travel request was not authorized by the County Manager
- In 1 of 10 instances, an employee reconciliation containing receipts or supporting documentation of actual expenditures for a travel advancement was missing
- In 1 in 10 instances, the County reimbursed the same receipt twice to the employee, causing an over-reimbursement for the employee's travel

CRITERIA: In accordance with the NMAC Mileage and Per Diem Act Section 2.42.2.9, receipts are supposed to accompany the reimbursement packet when employees are reimbursed for actual expenses.

EFFECT: The County is in non-compliance with the New Mexico State Audit Rule 2.2.2.10 G (2)

CAUSE: The County is understaffed in the finance department and lacked controls surrounding the proper review process over per diem disbursements.

RECOMMENDATION: It is recommended that the County follow County Policy when paying per diem and travel reimbursements.

COUNTY RESPONSE: The finance department has hired a senior accountant who will work with the accounts payable officer to develop an accounting review process to assure accuracy of travel and per diem documentation.

**STATE OF NEW MEXICO  
 VALENCIA COUNTY  
 SCHEDULE OF FINDINGS AND RESPONSES  
 JUNE 30, 2013**

**OTHER MATTERS REQUIRED TO BE COMMUNICATED (CONTINUED)**

**2010-04 – Expenditures in Excess of Budget (Other Matters and Noncompliance) – Revised and Repeated**

CONDITION: The County over expended its budget at the fund level in the following funds:

<u>Fund</u>	<u>Excess of Expenditures over Appropriations</u>
Road Special Revenue Fund	(488,335)
Other Debt Service Fund	(184,104)
	<hr/>
Total Excess of Expenditures over Appropriations	\$ <u>(672,439)</u>

CRITERIA: 6-6-11. Yearly expenditures limited to income; Bateman Act. (1968) It is unlawful for any board of county commissioners, municipal governing body or any local school board, for any purpose whatever to become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot then be paid out of the money actually collected and belonging to that current year, and any indebtedness for any current year which is not paid and cannot be paid, as above provided for, is void. Any officer of any county, municipality, school district or local school board, who shall issue any certificate or other form of approval of indebtedness separate from the account filed in the first place or who shall at any time use the fund belonging to any current year for any other purpose than paying the current expenses of that year, or who shall violate any of the provisions of this section, is guilty of a misdemeanor.

EFFECT: As a result, the County is not in compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

CAUSE: The County overlooked budgeted to actual amounts in the above funds.

RECOMMENDATION: We recommend that the County monitor its budget closely and prepare budget adjustments as necessary.

COUNTY RESPONSE: Due to the software conversion the County had funds obligated under one system and they did not roll into the new system causing amounts to be overspent. The Finance Department will establish policies and procedures to analyze the budget quarterly in order to prevent overspending in conjunction with the new software.



**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2011-02 – Insufficient Documentation and Use of Credit Cards (Other Matters) – Revised and Repeated**

CONDITION: Through inquiry, we noted that there is only one credit card issued to the County (rather than several issued to department managers). Each manager is required to check out the credit card for use; however, it has been noted that some managers have written the number down to make authorized purchases without the actual physical act of checking the card out. We consider there to be risk related to miscellaneous purchase on the card going undetected as there is no specific single individual responsible. Through review of the credit card statement, an aggregate limit of \$15,000 is placed on the card with no individual purchase limit.

CRITERIA: NMSA 6-5-2 C states State agencies shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. In addition, state agencies shall implement controls to prevent the submission of processing documents to the division that contain errors or that are for a purpose not authorized by law.

EFFECT: The County may be paying for unallowable expenses. Inconsistent monitoring of compliance with requirements could result in abuse or fraud.

CAUSE: Employees are charging items without providing the County with appropriate documentation and the County is paying credit card charges without obtaining the corresponding receipts for charges.

RECOMMENDATION: We recommend that the County implement stronger controls over the access and use of the credit cards. The County may want to consider allowing only the Purchasing Agent access and use of the credit card.

COUNTY RESPONSE: Prior to new management Valencia County had several credit cards to various retailers. New management has eliminated all credit cards except for one. The open card is closely monitored on a monthly basis for transactions that occur. It is the intention of the finance department to eliminate this card all together as the county moves to a purchase card program that has recently been approved by the Valencia County Board of Commissioners. The finance department will work with the purchasing agent to pass custody of the credit card to purchasing.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2011-04 – Internal Controls over Disbursements (Other Matters) – Revised and Repeated**

CONDITION: Through the course of the current year audit pertaining to the cash disbursements transaction control cycle we noted the following:

- In 2 out of 40 disbursements tested, we noted that 2 disbursements had no documentation
- In 1 out of 40 disbursements tested, we were unable to verify that the check was signed by authorized signers.
- In 13 out of 48 disbursements tested, purchase orders were created after the invoices were received by the County.

CRITERIA: Appropriate business practice requires that all records related to processing of transactions with public monies be stored and available upon request.

EFFECT: Lack of documentation related to disbursements raises risk for improper use of public monies or increases risk for erroneously processed transactions.

CAUSE: Turnover in the finance department has disallowed accurate recordkeeping practices.

RECOMMENDATION: It is recommended that the County evaluate its current procedures related to documentation retention and ensure that it is compliant with all applicable laws, regulations and internal County policy.

COUNTY RESPONSE: The finance department has refocused attention on disbursements by assuring that every transaction has a proper purchase order, copy of the check disbursement, invoice and receipts. Along with these requirements, all invoices are stamped paid and they are verified and the finance director includes signature verification. The new accounting software provides additional control as an approval process is required prior to the issuance of a purchase order. The purchase order, invoice and copy of check are all required to be attached and then filed. The purchasing department and finance department are working on codified policies that discourage the practice of issuing a purchase order after the invoice date.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

**2013-05 Retiree Health Care Authority Payroll Reporting (Other Matter)**

CONDITION: During our audit of compliance with State Auditor Rule 2.2.2.10G(18) it was noted that in 3 of the 6 pay periods tested wages reported to the New Mexico Retiree Health Care Authority did not agree with the payroll register.

CRITERIA: Section 10-7c-1 to 10-7C-19 NMSA 1978 states that 100% of payroll is to be reported to the New Mexico Retiree health Care Authority.

EFFECT: Employer and employee contributions could be underpaid.

CAUSE: Due to turnover in the payroll department, personnel who previously have not been trained in the payroll function were required to perform payroll duties during the period in which the payroll accountants position was vacant. Conversion from Triadic to the Tyler system caused errors during the time of transition.

RECOMMENDATION: The County should provide formal training for payroll accounting staff regarding reporting requirements to New Mexico Retiree Health Care Authority.

COUNTY RESPONSE: The County has implemented the use of a new software program during the fiscal year under audit and it has corrected this problem. The differences noted were prior to the implementation of this software program, and we have hired additional accounting personnel to assist in reconciliations of this information as needed.

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2013**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding #</b>	<b>Finding</b>	<b>Status</b>
FS 2007-10	Preparation of Financial Statements	Resolved
FS 2007-12	No Ten Year Property Tax Schedule	Repeated as 2007-12
FS 2007-14	Recording/Reconciliation of Cash	Resolved
FS 2007-16	Capital Assets	Resolved
FS 2007-17	Property Tax Roll	Repeated as 2007-17
FS 2008-01	Internal Control over Financial Reporting	Revised and Repeated as 2008-01
FS 2009-01	Entity-Wide Control Deficiency	Revised and Repeated as 2009-01
FS 2010-01	Travel and Per Diem	Revised and Repeated as 2010-01
FS 2010-04	Expenditures in Excess of Budget	Revised and Repeated as 2010-04
FS 2011-01	Lack of Segregation of Duties in Detention Center	Resolved
FS 2011-02	Insufficient Documentation and use of Credit Cards	Revised and Repeated as 2011-02
FS 2011-04	Internal Controls over Disbursements	Revised and Repeated as 2011-04
FA 2011-03	Reporting	Resolved
FA 2012-01	Internal Controls over Payroll Deductions	Revised and Repeated as 2012-01
FS 2012-02	Authorized Check Signers	Resolved
FS 2012-03	Segregation of Duties in Payroll Disbursements Process	Revised and Repeated as 2012-03
FS 2012-04	Payroll Disbursements Transaction Cycle Control Deficiencies	Revised and Repeated 2012-04
FS 2012-05	Absent Recording of Prepaid Expenditures and Inventory	Resolved
FS 2012-06	Accrued Compensated Absences Imposed 240 Hour Limitation	Resolved
FS 2012-07	Tracking of Fringe Benefits	Resolved
FS 2012-08	Social Security Compliance	Resolved
FS 2012-09	Late Audit Report	Resolved

**STATE OF NEW MEXICO  
VALENCIA COUNTY  
EXIT CONFERENCE  
JUNE 30, 2013**

**Exit Conference**

An exit conference was conducted on November 12, 2013, in closed session, in accordance with New Mexico statutes, with the following individuals:

**Valencia County**

Charles Eaton, Commission Chairman  
Alicia Aguilar, Commission Vice-Chair  
Mary J. Andersen, Commissioner  
Jhonathan Aragon, Commissioner  
Lawrence R. Romero, Commissioner  
Dorothy L. Lovato, Treasurer  
Nick Telles, Interim County Manager/Finance Director  
Kelly Bouska, Public Works Director  
Dan Zolnier, Human Resources Director  
Christina Card, Finance Administrator  
Diana Coplen, Deputy Treasurer  
Kendra Kaneshiro, Bookkeeper – Treasurers Office  
Bob Wilson, CPA, Consultant  
Lisa Storey, Senior Accountant  
Nanette Sanchez, Accounts Payable Clerk  
Monica Gonzales, Payroll/Finance Clerk  
Jill Gaines, Bookkeeper

**Axiom Certified Public Accountants and Business Advisors, LLC**

Chris Garner, CPA, Partner  
Christopher J. Schmitz, CPA, Manager

**Auditor Prepared Financial Statements**

Axiom Certified Public Accountants and Business Advisors, LLC prepared the GAAP-basis financial statements, related footnotes and supporting schedules from the original books and records provided to them by the management of the County. The responsibility for the financial statements remains with the County.