

**STATE OF NEW MEXICO
CATRON COUNTY**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2010

STATE OF NEW MEXICO
CATRON COUNTY
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**STATE OF NEW MEXICO
CATRON COUNTY
OFFICIAL ROSTER
JUNE 30, 2010**

Elected Officials

Francis Edward Wehrheim	Commission Chairman
Hugh B. McKeen.....	Commission Member
Loyd Allen Lambert.....	Commission Member
Sarah Merklein.....	Treasurer
Irene J. Rael	Assessor
Sharon Armijo	Clerk
Shawn C. Menges.....	Sheriff
Wilford Estrada	Probate Judge

Administrative Staff

Bill Aymar.....	County Manager
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www.fierrocpa.comIndependent Auditors' ReportHector H. Balderas, State Auditor
and
Board of County Commissioners
Catron County
Reserve, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund of Catron County, New Mexico, as of and for the year ended June 30, 2010, which collectively comprise Catron County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's non-major governmental fund, non-major enterprise, and the budgetary comparisons for the major capital project fund and all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of Catron County's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in paragraphs three through six, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in note 1E5 and note 9 to the financial statements, management has not recorded depreciation expense on capital assets, nor have they recorded accumulated depreciation within the governmental activities. Accounting principles generally accepted in the United States of America require that those capital assets be depreciated, which would decrease the assets and net assets, and increase the expenses of the governmental activities. The amount by which this departure would affect the assets, net assets and expenses of the governmental activities, is not reasonably determinable.

Catron County has not maintained subsidiary records that detail all capital assets owned by the County. We were unable to obtain sufficient, competent evidence supporting the amounts reflected as property and equipment, and included in the statement of net assets as of June 30, 2010. Further, we were unable to obtain sufficient, competent evidence supporting the depreciation expense for business-type activities included in the statement of activities for the year ended June 30, 2010.

Catron County has not recorded a liability for landfill closure and post-closure costs for the Reserve, Datil and Pie Town, New Mexico landfill sites. We were unable to obtain sufficient, competent evidence regarding the liability for the Reserve, Datil, and Pie Town closure and post-closure costs that are not included in the statement of net assets as of June 30, 2010. Further, we were unable to obtain sufficient, competent evidence supporting the current year's expense that is not included in the statement of activities for the year ended June 30, 2010.

The County Attorney's response to the letter of audit inquiry is not clear regarding a probable or remote outcome concerning pending or threatened litigation, claims, and assessments. We were unable to obtain sufficient, competent evidence concerning the County's obligation to make financial statements disclosures of unasserted possible claims or assessments for the year ended June 30, 2010.

In our opinion, because of the effects of the matter discussed in the third paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Catron County as of June 30, 2010, or the changes in financial position thereof for the year then ended. In addition, in our opinion, except for the effects of such adjustments as discussed in the fourth, fifth, and sixth paragraphs, if any, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Catron County, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, except for the effects of such adjustments as discussed in the sixth paragraph, if any, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental and non-major enterprise fund of Catron County, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the year ended in conformity with accounting principles generally accepted in the United States of America. Additionally, in our opinion, the general fund, capital project fund, major enterprise fund, and all non-major funds referred to previously present fairly, in all material respects, the budgetary comparison for each fund of Catron County for the year ended June 30, 2010, in conformity with the budgetary basis of accounting more fully described in note 1D, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2011, on our consideration of Catron County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The County has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was performed for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the funds budgetary comparison statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements and other opinion units listed above. The additional schedules listed as supplemental financial information and supplemental federal financial information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements and other opinion units listed above. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and other units listed above and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements, and other opinion units listed above taken as a whole.



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

June 15, 2011

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 7,030,911	\$ 206,600	\$ 7,237,511
Investments	50,000	-	50,000
Receivables, net of allowance for doubtful accounts:			
Accounts	-	194,264	194,264
Taxes	168,389	14,338	182,727
Intergovernmental	193,650	14,234	207,884
Interest	5,081	125	5,206
Prepaid expenses	76,185	4,124	80,309
Internal balances	409,932	(409,932)	-
Restricted:			
Investments	82,582	-	82,582
Capital assets:			
Land and construction in progress	854,225	6,000	860,225
Other capital assets, net of depreciation	15,264,134	581,104	15,845,238
Total capital assets	16,118,359	587,104	16,705,463
Total assets	24,135,089	610,857	24,745,946
LIABILITIES			
Accounts payable	138,230	19,757	157,987
Accrued salaries	13,652	3,487	17,139
Accrued interest payable	1,480	-	1,480
Long-term liabilities:			
Due within one year	193,775	3,060	196,835
Due in more than one year	740,278	193,739	934,017
Total liabilities	1,087,415	220,043	1,307,458
NET ASSETS			
Invested in capital assets, net of related debt	15,232,590	587,104	15,819,694
Restricted:			
Debt service	82,582	-	82,582
Unrestricted	7,732,502	(196,290)	7,536,212
Total net assets	\$ 23,047,674	\$ 390,814	\$ 23,438,488

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

**STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues			Primary Government Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 1,308,798	\$ 159,347	\$ 1,545,718	\$ 29,295	\$ 425,562	\$ -	\$ 425,562
Public safety	1,367,482	111,712	1,466,187	94,802	305,219	-	305,219
Public works	1,473,844	-	3,554,969	-	2,081,125	-	2,081,125
Culture and recreation	66,492	-	2,027	29,460	(35,005)	-	(35,005)
Health and welfare	416,946	-	180,499	284,315	47,868	-	47,868
Interest on long-term debt	10,350	-	-	-	(10,350)	-	(10,350)
Total governmental activities	4,643,912	271,059	6,749,400	437,872	2,814,419	-	2,814,419
Business-type activities:							
Landfill	443,282	157,075	-	186,928	-	\$ (99,279)	(99,279)
Ambulance	148,013	197,547	-	-	-	49,534	49,534
Airport	3,703	-	-	-	-	(3,703)	(3,703)
Total business-type	594,998	354,622	-	186,928	-	(53,448)	(53,448)
Total primary government	\$ 5,238,910	\$ 625,681	\$ 6,749,400	\$ 624,800	2,814,419	(53,448)	2,760,971
General Revenues:							
Taxes:							
Gross receipts taxes					117,378	88,182	205,560
Property taxes, levied for general purposes					1,173,301	-	1,173,301
Gasoline and motor vehicle taxes					472,371	-	472,371
Cigarette taxes					1,886	-	1,886
Interest income					29,293	542	29,835
Miscellaneous					-	131	131
Transfers					(354,000)	354,000	-
Total general revenues, special items, and transfers					1,440,229	442,855	1,883,084
Change in net assets					4,254,648	389,407	4,644,055
Net assets, beginning of year					18,986,536	(192,103)	18,794,433
Restatements					(193,510)	193,510	-
Net assets, beginning of year restated					18,793,026	1,407	18,794,433
Net assets, end of year					\$ 23,047,674	\$ 390,814	\$ 23,438,488

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CATRON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash	\$ 5,206,238	\$ 697,550	\$ 1,127,123	\$ 7,030,911
Investments	50,000	-	-	50,000
Receivables, net of allowance for doubtful accounts:				
Taxes	159,366	-	9,023	168,389
Intergovernmental	31,709	148,500	13,441	193,650
Interest	4,549	-	532	5,081
Interfund balances	1,366,899	-	-	1,366,899
Prepaid expenses	21,667	-	54,518	76,185
Restricted:				
Investments	-	-	82,582	82,582
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 6,840,428</u>	<u>\$ 846,050</u>	<u>\$ 1,287,219</u>	<u>\$ 8,973,697</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 31,035	\$ 81,500	\$ 25,695	\$ 138,230
Accrued salaries	13,652	-	-	13,652
Deferred revenues	74,149	-	1,125	75,274
Interfund payable	-	824,318	132,649	956,967
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	118,836	905,818	159,469	1,184,123
Fund Balances:				
Reserved:				
State mandated reserve	1,351,999	-	-	1,351,999
Debt service reported in non-major:				
Special revenue funds	-	-	82,582	82,582
Subsequent year's expenditures	2,974,458	-	-	2,974,458
Subsequent year's expenditures reported in non-major:				
Special revenue funds	-	-	640,962	640,962
Unreserved	2,395,135	(59,768)	-	2,335,367
Unreserved, reported in non-major:				
Special revenue funds	-	-	404,206	404,206
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	6,721,592	(59,768)	1,127,750	7,789,574
Total liabilities and fund balances	<u>\$ 6,840,428</u>	<u>\$ 846,050</u>	<u>\$ 1,287,219</u>	<u>\$ 8,973,697</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

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

Total fund balances governmental funds (page six)	\$	7,789,574
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		16,118,359
Recognition of property tax revenues reflected on full accrual basis within the statement of net assets. Governmental funds recognize property tax on the modified accrual basis.		75,274
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(934,053)
Accrued interest payable on long-term debt as of year end is reflected as such within the statement of net assets. Governmental funds recognize the interest as it becomes due.		<u>(1,480)</u>
Net assets of governmental activities (page four)	\$	<u><u>23,047,674</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Revenues:				
Local effort taxes	\$ 1,164,998	\$ -	\$ 17,314	\$ 1,182,312
State shared taxes	546,914	-	44,721	591,635
Intergovernmental	5,687,627	315,802	1,129,186	7,132,615
Licenses and permits	24,217	-	-	24,217
Charges for services	45,384	-	144,241	189,625
Fines and forfeitures	-	-	43,783	43,783
Interest income	26,930	-	2,363	29,293
Miscellaneous	61,145	-	6,946	68,091
Total revenues	7,557,215	315,802	1,388,554	9,261,571
Expenditures:				
Current:				
General government	1,301,341	-	25,078	1,326,419
Public safety	744,296	-	606,062	1,350,358
Public works	1,473,844	-	-	1,473,844
Culture and recreation	57,176	2,809	6,507	66,492
Health and welfare	178,564	26,805	211,577	416,946
Capital outlay	493,651	374,962	423,234	1,291,847
Debt service:				
Principal	-	-	161,249	161,249
Interest	-	-	10,644	10,644
Total expenditures	4,248,872	404,576	1,444,351	6,097,799
Excess (deficiency) of revenues over expenditures	3,308,343	(88,774)	(55,797)	3,163,772
Other Financing Sources (Uses):				
Transfers in	-	170,026	30,235	200,261
Transfers (out)	(384,235)	-	(170,026)	(554,261)
Total other financing sources (uses)	(384,235)	170,026	(139,791)	(354,000)
Net change in fund balances	2,924,108	81,252	(195,588)	2,809,772
Fund balances, beginning of year	3,797,484	(141,020)	1,516,848	5,173,312
Restatements	-	-	(193,510)	(193,510)
Fund balances, beginning of year restated	3,797,484	(141,020)	1,323,338	4,979,802
Fund balances, end of year	<u>\$ 6,721,592</u>	<u>\$ (59,768)</u>	<u>\$ 1,127,750</u>	<u>\$ 7,789,574</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

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

Net change in fund balances total governmental funds (page eight)	\$	2,809,772
Governmental funds report capital outlay as expenditures in the amount of \$1,291,847; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The County has not determined the current year depreciaiton expense. The net adjustment is \$1,291,847.		1,291,847
Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred revenue in the funds. At June 30, 2009, deferred property taxes amounted to \$84,285. The deferred property taxes for the current fiscal year amounted to \$75,274; therefore, the net adjustment is \$9,011.		(9,011)
Accrued interest expense not due within thirty days after year-end is not considered in the current period and is not reported in the governmental funds. The decrease of the accrued interest liability from the previous year reduces the interest expense within the statement of activities.		294
The repayment of principal of long-term consumes the current financial resources of the governmental funds; however, it is not recorded as an expense within the statement of activities.		161,249
Decrease in the compensated absences liability is reflected as an expense within the statement of activities and the expense does not use a current financial resources and is not recorded within the governmental funds.		<u>497</u>
Net change in governmental activities net assets - government-wide financial statements (page five)	\$	<u><u>4,254,648</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Local effort taxes	\$ 1,222,990	\$ 1,222,990	\$ 1,144,516	\$ (78,474)
State shared taxes	516,500	516,500	546,726	30,226
Intergovernmental	4,627,979	5,186,278	5,169,565	(16,713)
Licenses and permits	38,500	38,500	24,217	(14,283)
Charges for services	49,500	49,500	54,714	5,214
Interest	54,000	54,000	26,359	(27,641)
Miscellaneous	83,236	83,235	61,145	(22,090)
Total revenues	6,592,705	7,151,003	7,027,242	(123,761)
Expenditures:				
Current:				
General government	1,285,640	1,424,640	1,311,137	113,503
Public safety	806,407	806,407	749,206	57,201
Public works	946,433	1,500,732	1,474,876	25,856
Culture and recreation	57,680	57,680	57,811	(131)
Health and welfare	825,752	825,852	198,408	627,444
Capital outlay	3,919,671	3,919,671	507,322	3,412,349
Total expenditures	7,841,583	8,534,982	4,298,760	4,236,222
Excess (deficiency) of revenues over expenditures	(1,248,878)	(1,383,979)	2,728,482	4,112,461
Other Financing Sources (Uses):				
Transfers (out)	(280,000)	(387,000)	(384,235)	2,765
Net change in cash balance	(1,528,878)	(1,770,979)	2,344,247	4,115,226
Cash balance, beginning of year	3,047,069	3,047,069	3,047,069	-
Cash advanced to landfill fund	-	-	(185,078)	(185,078)
Cash balance, end of year	\$ 1,518,191	\$ 1,276,090	\$ 5,206,238	\$ 3,930,148

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

PROPRIETARY FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Landfill Fund	Non-Major Funds	Total
Assets:			
Current assets:			
Cash	\$ -	\$ 206,600	\$ 206,600
Receivables (net of allowance):			
Accounts	50,059	144,205	194,264
Taxes	7,169	7,169	14,338
Intergovernmental	14,234	-	14,234
Interest	-	125	125
Prepaid expenses	188	3,936	4,124
Non-Current assets:			
Land	6,000	-	6,000
Improvements	531,675	-	531,675
Equipment	409,824	16,261	426,085
Less accumulated depreciation	<u>(375,030)</u>	<u>(1,626)</u>	<u>(376,656)</u>
Total capital assets, net	<u>572,469</u>	<u>14,635</u>	<u>587,104</u>
Total assets	<u>644,119</u>	<u>376,670</u>	<u>1,020,789</u>
Liabilities:			
Current liabilities:			
Accounts payable	15,009	4,748	19,757
Accrued salaries	3,487	-	3,487
Due to other funds	326,026	83,906	409,932
Current maturities of:			
Compensated absences	<u>3,060</u>	<u>-</u>	<u>3,060</u>
Total current liabilities	347,582	88,654	436,236
Non-Current liabilities:			
Compensated absences	3,739	-	3,739
Landfill closure and post-closure	<u>190,000</u>	<u>-</u>	<u>190,000</u>
Total non-current liabilities	<u>193,739</u>	<u>-</u>	<u>193,739</u>
Total liabilities	541,321	88,654	629,975
Net assets:			
Invested in capital assets	572,469	14,635	587,104
Unrestricted (deficit)	<u>(469,671)</u>	<u>273,381</u>	<u>(196,290)</u>
Total net assets	<u>\$ 102,798</u>	<u>\$ 288,016</u>	<u>\$ 390,814</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Landfill Fund	Non-Major Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Charges for services	\$ 157,075	\$ 197,547	\$ 354,622
Operating Expenses:			
Personnel services	301,415	-	301,415
General operating	137,785	150,090	287,875
Depreciation	4,082	1,626	5,708
	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	443,282	151,716	594,998
Operating income (loss)	(286,207)	45,831	(240,376)
Non-Operating Revenues (Expenses):			
State shared taxes	44,091	44,091	88,182
Intergovernmental	186,928	-	186,928
Miscellaneous	-	131	131
Interest income	89	453	542
	<u> </u>	<u> </u>	<u> </u>
Total non-operating revenues (expenses)	231,108	44,675	275,783
Income (loss) before transfers	(55,099)	90,506	35,407
Transfers:			
Transfers in	350,000	4,000	354,000
	<u> </u>	<u> </u>	<u> </u>
Change in net assets	294,901	94,506	389,407
Net assets, beginning of year	(192,103)	-	(192,103)
Restatements	-	193,510	193,510
	<u> </u>	<u> </u>	<u> </u>
Net assets, beginning of year restated	(192,103)	193,510	1,407
Net assets, end of year	<u>\$ 102,798</u>	<u>\$ 288,016</u>	<u>\$ 390,814</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Landfill Fund	Non-Major Funds	Total
Cash Flows From Operating Activities:			
Cash received from customers	\$ 157,160	\$ 150,833	\$ 307,993
Cash payments to suppliers for goods and services	(125,920)	(151,140)	(277,060)
Cash payments to employees for services	(298,947)	-	(298,947)
Net cash (used) by operating activities	(267,707)	(307)	(268,014)
Cash Flows From Non-Capital and Financing Activities:			
Cash received from intergovernmental receipts	200,758	-	200,758
Cash received from state shared taxes	43,373	43,373	86,746
Cash received from miscellaneous sources	-	131	131
Transfers in	350,000	4,000	354,000
Net cash provided by non-capital and related financing activities	594,131	47,504	641,635
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	(518,134)	(16,261)	(534,395)
Cash Flows From Investing Activities:			
Interest income	241	428	669
Certificate of deposit redemption	-	25,000	25,000
Net cash provided by investing activities	241	25,428	25,669
Net increase (decrease) in cash	(191,469)	56,364	(135,105)
Cash and cash equivalents, beginning of year	6,391	75,236	81,627
Cash advanced from general fund	185,078	-	185,078
Cash and cash equivalents, end of year	\$ -	\$ 131,600	\$ 131,600
Displayed as:			
Cash	\$ -	\$ 206,600	\$ 206,600
Time deposits not considered cash equivalents	-	(75,000)	(75,000)
	\$ -	\$ 131,600	\$ 131,600
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:			
Operating income (loss)	\$ (286,207)	\$ 45,831	\$ (240,376)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:			
Depreciation	4,082	1,626	5,708
Changes in Assets and Liabilities:			
Decrease (Increase) in accounts receivable	85	(46,714)	(46,629)
Decrease (Increase) in prepaid expenses	304	(2,715)	(2,411)
Increase in accounts payable	11,561	1,665	13,226
Increase in accrued salaries	866	-	866
Increase in compensated absences	1,602	-	1,602
Total adjustments	18,500	(46,138)	(27,638)
Net cash (used) by operating activities	\$ (267,707)	\$ (307)	\$ (268,014)

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

FIDUCIARY FINANCIAL STATEMENT

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

	Agency Funds
Assets:	
Cash	\$ 6,114
Taxes receivable	58,971
Total assets	65,085
 Liabilities:	
Deposits held for others	6,114
Due to other taxing units - future collections	58,971
Total liabilities	65,085
Net assets	\$ -

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

NOTES TO THE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The County was established by the laws of the Territory of New Mexico of 1876, under the provisions of the act now referred to as Sections 4-9-1 and 4-9-2 of the New Mexico Statutes Annotated, 1978 Compilation. The County operates under the commission-manager form of government and provides the following services as authorized in the grant of powers: public safety (sheriff, fire, emergency medical, etc.), public works (highways and streets), sanitation, health and welfare services, culture and recreation, public improvements, planning and zoning, and general administration services.

The County's basic financial statements include all activities and accounts of the County's "financial reporting entity."

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been eliminated from these statements.

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

The government-wide 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; (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. For identifying the function to which program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted. Revenues that are not classified as program revenues, including taxes and other items are reported instead as *general revenues*. The net cost (by function of governmental activity) is normally covered by general revenues (property, sales, intergovernmental revenues, interest income, etc.).

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

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

The government-wide focus is more on the sustainability of the County, as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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. For this purpose, the County 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 made.

Ad valorem taxes and sales tax revenues 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. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases (e.g., revenues and expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The principal operating revenue of the County's landfill fund is charges to customers for sales and services, and operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

Proprietary funds financial statements of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, *Accounting Principles Board Opinions* and *Accounting Research Bulletins*, unless those pronouncements conflict with GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this limitation. The County has elected not to follow subsequent private-sector guidance.

The County reports two major governmental funds and one major proprietary fund as follows:

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

The *capital projects fund* accounts for funds from federal, state and local sources for capital projects throughout the County. This includes co-operative agreements with the New Mexico Department of Transportation to construct or improve selected projects.

The *landfill fund* accounts for the provision of solid waste disposal to the County residents. All activities necessary to provide such services are accounted for in this fund, but not limited to; administration, operations, maintenance, financing, and related debt service, billing and collection.

The County maintains twenty-eight other individual governmental funds that are considered non-major funds, and are classified as special revenue funds. A description of each non-major governmental fund is as follows:

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The *county clerk's equipment fund* accounts for funds collected to be used for purchase of special equipment. The authority for the fund is given by NMSA 14-8-12.2B.

The *reappraisal fund* accounts for the proceeds from property taxes and the one-percent administrative fees assessed by county treasurers to revenue recipients. The authority for the fund is given by NMSA 7-38-38.1.

The *county fairgrounds fund* accounts for the revenues and expenditures for the operations at the fairgrounds. The authority for the fund is given by NMSA 33-3-25.

The *emergency medical services fund* accounts for the operations and maintenance of medical service equipment in the County. The authority for the fund is given by NMSA 24-10A-1 to 24-10A-10.

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

The *Medicaid fund* accounts for monies transferred to provide for Medicaid services. The authority for the fund is given by Title XIX of the Social Security Act, as amended.

The *enhanced 911 fund* accounts for the funding of a regional 911 system. The authority for the fund is given by NMSA 63-9D-1 to 9.

The *20 communities fund* accounts for state revenues and the related expenditures under the Landowner Assistance Program. The authority for the fund is given by County resolution.

The *corrections fund* accounts for revenues and expenditures for the operation and maintenance of the County's corrections facilities. The authority for the fund is given by NMSA 35-14-11.

The *law enforcement fund* accounts for the County's state distribution of Law Enforcement Protection funds to be used for the repair and /or replacement of law enforcement equipment. The authority for the fund is given by NMSA 20-13-1.

The *confiscated drugs fund* accounts for the revenues allocated to this fund from confiscated drug money. The authority for the fund is given by NMSA 30-31.

The *COPS grant fund* accounts for the federal grant revenues from the Department of Justice and the related public safety expenditures. The authority for the fund is given by County resolution.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The *legal fund* accounts for donations to the County to help defray the cost of legal expenditures. The authority for the fund is given by County resolution.

The *Quemado fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

The *Datil fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

The *Glenwood fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

The *Pie Town fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

The *Rancho Grande fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

The *Luna fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

The *Mogollon fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

The *Apache Creek fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

The *Horse Mountain fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

The *Quemado Lake fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

The *Coyote Creek fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

The *Wild Horse fire fund* accounts for state revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting,

C. and Financial Statement Presentation (continued)

The *Catron County fire fund* accounts for state revenues allocated to this fire district and the expenditures therefrom. The authority for this fund is given by NMSA 59A-53-1.

The County maintains two individual proprietary funds that are considered non-major funds. A description of the non-major proprietary funds is as follows:

The *airport fund* accounts for federal, state and local match revenues and expenditures for the Glenwood and Reserve airports within the County. The authority for the fund is given by NMSA 3-39-1.

The *ambulance fund* accounts for the operations and maintenance of the County ambulance. The authority for the fund is given by NMSA 5-1-1.

D. Budgets

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

The expenditure section of the budget, once adopted, is legally binding. Based on the final certified budget submitted, DFA certifies the allowable tax rates for property taxes in September. These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds are reappropriated in the budget of the subsequent fiscal year. The budget process in the state of New Mexico requires that the beginning cash balance be utilized to fund deficit budgets appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is, therefore presented as a reserved portion of fund balance.

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivable or interfund payable. Long-term 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. The County is responsible for assessing, collecting and distributing property taxes for other governmental entities and its own operational and debt service purposes. Property taxes are assessed on November 1st of each year based on the assessed value on the prior January 1st and are payable in two equal installments by November 10th of the year in which the tax bill is prepared and by April 10th of the following year.

Property taxes are delinquent if not paid by December 10th and May 10th. Taxes on real property are a lien from January 1st of the year for which the taxes are imposed. Collections and remittance of County property taxes are accounted for in the County Treasurer Agency Funds. Therefore, revenues for budgetary purposes are recorded when taxes are distributed to the general operating and debt service funds. The billings are considered past due 60 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Inventories and Prepaid Items

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Interfund Activity

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 fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

5. Capital Assets

Capital assets, which include property, plant, and equipment, infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Prior to June 17, 2005, the County defined capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Effective June 17, 2005, in accordance with state statutes, the County changed its capitalization threshold to include only assets with a cost of \$5,000 or more. All assets capitalized prior to June 17, 2005, which are property of the County; remain on the financial and accounting records of the County.

Purchased computer software is recorded at historical cost. Purchased or constructed assets are recorded at historical cost or estimated cost. Donated capital assets are recorded as estimated fair market value at the date of the donation. In accordance with GASB No. 34, the County is required to report newly acquired or constructed general infrastructure.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets contracted. There was no interest expense incurred by the County during the current year. 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:

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Compensated Absences

County employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

County employees may accumulate limited amounts of sick leave. For governmental funds, expenditures are recognized during the period in which sick leave costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net Assets

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Fund Equity Reservation and Designations

In the fund financial statements, funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted. Additionally, designations represent tentative managerial plans that are subject to change. Fund equity was reserved or designated for:

Reserved for debt service – Represents the amounts that are required to be used for future retirement of long-term debt.

Reserved for subsequent year's expenditures – Represents amounts, other than carryover expenditures, which are required to be designated for subsequent year's expenditures.

Unreserved – Amounts that have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the County.

10. Cash Flows

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

11. Use of Estimates

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

2. CASH DEPOSITS

Cash

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

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

2. CASH DEPOSITS (continued)

Cash (continued)

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

Cash Deposited With Financial Institutions

The County maintains cash at First State Bank, which has a branch located in Reserve, New Mexico. The County's deposits are carried at cost.

As of June 30, 2010, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	Per Institution	Reconciling Items	Per Financial Statements
First State Bank	\$ 7,434,793	\$ (191,168)	\$ 7,243,625

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

Statement of Net Assets:	
Cash	\$ 7,237,511
Statement of fiduciary assets and liabilities - agency funds	6,114
Total cash reported on financial statements	\$ 7,243,625

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the County. All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the County carrying value of the deposits (demand and certificates of deposit). Such collateral, as permitted by the state statutes is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

2. CASH DEPOSITS (continued)

Cash Deposited With Financial Institutions (continued)

	First State Bank
Checking accounts	\$ 4,384,793
Certificates of deposit	3,050,000
Total deposits	7,434,793
FDIC coverage	(500,000)
Uninsured public funds	\$ 6,934,793
Pledged securities	\$ 5,179,454
Collateral requirements (50% of uninsured public funds)	3,467,397
Over (under) collateralization	\$ 1,712,057

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

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$6,934,793 of the County’s bank balances of \$7,434,793 was exposed to custodial credit risk as follows:

	First State Bank
Uninsured and collateral held by pledging bank's trust department or agent not in the County's name.	\$ 6,934,793

3. INVESTMENTS

Investments at June 30, 2010, were as follows:

Agency	Investment	Maturity	Fair Market Value
NM State Treasurer	Investment Pool	N/A	\$ 50,000
Bank of NY Mellon Tr. Co.	U.S. Treasury Fund	N/A	82,582
			\$ 132,582

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

3. INVESTMENTS (continued)

The investment amounts reported for the primary government within the financial statements are displayed as:

Statement of Net Assets:	
Investments	\$ 50,000
Restricted investments	<u>82,582</u>
	<u>\$ 132,582</u>

Cash Deposited With The New Mexico State Treasurer

New Mexico State Statutes authorize the creation of the local short-term investment fund in the New Mexico State Treasury. The statutes authorize the state treasurer to pool monies received from local public bodies for investment purposes with other public monies under his control. The purpose of the local short-term fund is to provide an investment alternative for local political subdivisions to realize the maximum return consistent with safe and prudent management. As of June 30, 2010, the combined balance of the County's investment within the short-term investment fund was \$50,000. The cost basis and the fair market basis of the deposit are equal to \$50,000 (amount of investment).

The investments are valued at fair value based on quoted market prices as of the valuation date. The state treasurer's Local Government Investment Pool is not SEC registered. The fund is rated AAA_m by Standards and Poor's. Section 6-10-10.1, NMSA 1978, empowers the state treasurer, with the advice and consent of the state Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The Local Government Investment Pool does not have unit shares. Per section 6-10-10.1F, 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 amounts were invested. Participation in the Local Government Investment Pool is voluntary. The average yield at June 30, 2010, was .2571%.

Interest Rate Risk – Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The portfolio's weighted average maturity is 50-day WAM.

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

3. INVESTMENTS (continued)

Bank of New York Mellon Trust Company

As part of the note agreements and covenants, the County has cash invested at the Bank of New York Mellon Trust Company. The trust department has invested the funds within the Dreyfus Cash Management Institutional shares fund. The fund invests in a diversified portfolio of high quality, short-term debt securities, including securities issued or guaranteed by the U.S. government or its agencies or instrumentalities.

The investments are valued at fair value based on quoted market prices as of the valuation date. The fund is rated AAA_m by Standards and Poor's.

Interest Rate Risk – Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline should market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The portfolio's weighted average maturity is 32-day WAM.

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

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010, consisted of the following:

	Governmental Activities	Business-Type Activities
Charges for services	\$ -	\$ 418,014
Allowance for doubtful accounts	-	(223,750)
Total	\$ -	\$ 194,264

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

5. TAXES RECEIVABLE

Amounts due from local effort and state shared taxes at June 30, 2010, consisted of the following:

	Governmental Activities	Business-Type Activities
Local effort taxes	\$ 119,529	\$ -
State shared taxes	48,860	14,338
Total	\$ 168,389	\$ 14,338

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

6. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments at June 30, 2010, consisted of the following:

	Governmental Activities	Business-Type Activities
Federal grants	\$ 34,394	\$ 14,234
State grants	159,256	-
Total	\$ 193,650	\$ 14,234

7. INTEREST RECEIVABLE

Amounts due from county investments interest at June 30, 2010, consisted of the following:

	Governmental Activities	Business-Type Activities
Interest on County investments	\$ 5,081	\$ 125

8. PROPERTY TAX

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

8. PROPERTY TAX (continued)

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

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

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

The County's operating tax rate to finance general government services for 2009 was \$9.446 per \$1,000 for non-residential property and \$11.030 per \$1,000 for residential property.

9. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010 is as follows:

	Balance 06/30/09	Increases	Decreases	Balance 06/30/10
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 682,087	\$ -	\$ -	\$ 682,087
Construction in progress	582,236	172,138	(582,236)	172,138
Total capital assets, not being depreciated	1,264,323	172,138	(582,236)	854,225
Other capital assets, being depreciated:				
Buildings	2,936,466	874,204	-	3,810,670
Other improvements	5,505,954	-	-	5,505,954
Machinery and equipment	5,119,769	827,741	-	5,947,510
Total other capital assets, being depreciated	13,562,189	1,701,945	-	15,264,134
Less accumulated depreciation for:				
Buildings	-	-	-	-
Other improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	-	-	-	-
Other capital assets, net	13,562,189	1,701,945	-	15,264,134
Total capita assets, net	<u>\$ 14,826,512</u>	<u>\$ 1,874,083</u>	<u>\$ (582,236)</u>	<u>\$ 16,118,359</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

9. CAPITAL ASSETS (continued)

The County did not record depreciation expense for the year ended June 30, 2010.

	Balance 06/30/09	Increases	Decreases	Balance 06/30/10
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Other capital assets, being depreciated:				
Other improvements	13,541	518,134	-	531,675
Machinery and equipment	409,824	16,261	-	426,085
Total other capital assets, being depreciated	423,365	534,395	-	957,760
Less accumulated depreciation for:				
Improvements	(4,064)	(1,621)	-	(5,685)
Equipment	(366,884)	(4,087)	-	(370,971)
Total accumulated depreciation	(370,948)	(5,708)	-	(376,656)
Other capital assets, net	52,417	528,687	-	581,104
Total capital assets, net	\$ 58,417	\$ 528,687	\$ -	\$ 587,104

10. LONG-TERM OBLIGATIONS

Changes in governmental activities obligations during the year ended June 30, 2010, were as follows:

	Balance 06/30/09	Additions	Deletions	Balance 06/30/10	Amounts Due Within One Year
Governmental Activities:					
Notes payable	\$ 1,047,018	\$ -	\$ (161,249)	\$ 885,769	\$ 164,338
Compensated absences	48,781	55,007	(55,504)	48,284	29,437
Total long-term debt	\$ 1,095,799	\$ 55,007	\$ (216,753)	\$ 934,053	\$ 193,775

Note Payable – New Mexico Finance Authority #1

On April 23, 2004, the County borrowed \$70,000 from the New Mexico Finance Authority for the purchase of a water tank and cover from the Cruzville/Apache Creek/Aragon Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2014. The annual payment is approximately \$7,000; does not accrue interest but does have a .250% annual administrative charge. The following is a schedule of the annual payments required for the note:

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

10. LONG-TERM OBLIGATIONS (continued)

Note Payable – New Mexico Finance Authority #1 (continued)

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2011	\$ 7,026	\$ -	\$ 7,026
2012	7,044	-	7,044
2013	7,061	-	7,061
2014	7,079	-	7,079
	<u>\$ 28,210</u>	<u>\$ -</u>	<u>\$ 28,210</u>

Note Payable – New Mexico Finance Authority #2

In June 2000, the County borrowed \$150,000 from the New Mexico Finance Authority for the purchase of fire equipment and a building for the Cruzville/Apache Creek/Aragon Volunteer Fire Department. The loan is repaid from the annual distribution of the fire protection funds received from the state of New Mexico. The note matures May 1, 2011. The annual payment is approximately \$18,950 with accrued interest at rates between 2.00% and 3.00% per annum and an administrative charge. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2011	\$ 18,497	\$ 498	\$ 18,995

Note Payable – New Mexico Finance Authority #3

On May 17, 2002, the County borrowed \$120,000 from the New Mexico Finance Authority for the acquisition of a fire station for the Horse Mountain Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2012. The annual payment is approximately \$13,200 with accrued interest at rates between 1.820% and 4.350% per annum and an administrative charge. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2011	\$ 12,724	\$ 451	\$ 13,175
2012	12,974	233	13,207
	<u>\$ 25,698</u>	<u>\$ 684</u>	<u>\$ 26,382</u>

**STATE OF NEW MEXICO
CATRON COUNTY**
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

10. LONG-TERM OBLIGATIONS (continued)

Note Payable – New Mexico Finance Authority #4

On March 14, 2003, the County borrowed \$169,667 from the New Mexico Finance Authority for the construction of a fire station for the Coyote Creek Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2013. The annual payment is approximately \$17,100; does not accrue interest but does have a .250% annual administrative charge. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2011	\$ 17,073	\$ -	\$ 17,073
2012	17,116	-	17,116
2013	17,158	-	17,158
	<u>\$ 51,347</u>	<u>\$ -</u>	<u>\$ 51,347</u>

Note Payable – New Mexico Finance Authority #5

On July 14, 2006, the County borrowed \$277,778 from the New Mexico Finance Authority for the purchase of a fire truck for the Cruzville Apache Creek Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2017. The annual payment is approximately \$32,800 with accrued interest at rates between 3.28% and 3.870% and a .250% annual administrative charge. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2011	\$ 27,110	\$ 5,617	\$ 32,727
2012	27,850	4,946	32,796
2013	28,625	4,242	32,867
2014	29,449	3,493	32,942
2015	30,322	2,695	33,017
2016-2017	63,482	2,790	66,272
	<u>\$ 206,838</u>	<u>\$ 23,783</u>	<u>\$ 230,621</u>

Note Payable – New Mexico Finance Authority #6

In June 2001, the County borrowed \$65,000 from the New Mexico Finance Authority for the purchase of a fire pumper for the Quemado Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

10. LONG-TERM OBLIGATIONS (continued)

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

The note matures May 1, 2012. The annual payment is approximately \$6,570; does not accrue interest but does have a .250% annual administrative charge. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2011	\$ 6,570	\$ -	\$ 6,570
2012	6,586	-	6,586
	<u>\$ 13,156</u>	<u>\$ -</u>	<u>\$ 13,156</u>

Note Payable – New Mexico Finance Authority #7

In May 2002, the County borrowed \$55,000 from the New Mexico Finance Authority for the construction of a fire substation for the Quemado Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2012. The annual payment is approximately \$5,500; does not accrue interest but does have a .250% annual administrative charge. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2011	\$ 5,548	\$ -	\$ 5,548
2012	5,562	-	5,562
	<u>\$ 11,110</u>	<u>\$ -</u>	<u>\$ 11,110</u>

Note Payable – New Mexico Finance Authority #8

In June 2001, the County borrowed \$140,000 from the New Mexico Finance Authority for the acquisition of a fire station for the Rancho Grande Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2012. The annual payment is approximately \$15,800 with accrued interest at rates between 1.50% and 4.500% per annum and an administrative charge. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2011	\$ 15,179	\$ 658	\$ 15,837
2012	15,536	340	15,876
	<u>\$ 30,715</u>	<u>\$ 998</u>	<u>\$ 31,713</u>

**STATE OF NEW MEXICO
CATRON COUNTY**
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

10. LONG-TERM OBLIGATIONS (continued)

Note Payable – New Mexico Finance Authority #9

On April 23, 2004, the County borrowed \$158,819 from the New Mexico Finance Authority for the purchase of a fire pumper vehicle for the Wild Horse Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2017. The annual payment is approximately \$13,800 with accrued interest at rates between .900% and 3.606% per annum and a .25% administrative charge. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2011	\$ 12,103	\$ 1,592	\$ 13,695
2012	12,306	1,420	13,726
2013	12,528	1,229	13,757
2014	12,771	1,018	13,789
2015	13,030	791	13,821
2016-2017	26,914	829	27,743
	<u>\$ 89,652</u>	<u>\$ 6,879</u>	<u>\$ 96,531</u>

Note Payable – New Mexico Finance Authority #10

On May 11, 2003, the County borrowed \$80,000 from the New Mexico Finance Authority for the purchase of fire equipment for the Glenwood Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2013. The annual payment is approximately \$8,100 with accrued interest at rates between .900% and 3.606% per annum and a .25% administrative charge. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2011	\$ 8,078	\$ 51	\$ 8,129
2012	8,115	35	8,150
2013	8,152	18	8,170
	<u>\$ 24,345</u>	<u>\$ 104</u>	<u>\$ 24,449</u>

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

10. LONG-TERM OBLIGATIONS (continued)

Note Payable – New Mexico Finance Authority #11

On June 23, 2006, the County borrowed \$75,000 from the New Mexico Finance Authority for infrastructure for the Datil Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2017. The annual payment is approximately \$7,500 and does not accrue interest, but does have a .250% annual administrative charge. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2011	\$ 7,472	\$ -	\$ 7,472
2012	7,490	-	7,490
2013	7,509	-	7,509
2014	7,528	-	7,528
2015	7,547	-	7,547
2016-2017	15,151	-	15,151
	<u>\$ 52,697</u>	<u>\$ -</u>	<u>\$ 52,697</u>

Note Payable – New Mexico Finance Authority #12

On December 12, 2008, the County borrowed \$76,125 from the New Mexico Finance Authority for the purchase of a fire pumper for the Mogollon Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2019. The annual payment is approximately \$7,612, and does not accrue interest.

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2011	\$ 7,612	\$ -	\$ 7,612
2012	7,612	-	7,612
2013	7,612	-	7,612
2014	7,612	-	7,612
2015	7,612	-	7,612
2016-2019	30,453	-	30,453
	<u>\$ 68,513</u>	<u>\$ -</u>	<u>\$ 68,513</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

10. LONG-TERM OBLIGATIONS (continued)

Note Payable – New Mexico Finance Authority #13

On February 27, 2009, the County borrowed \$181,867 from the New Mexico Finance Authority for the purpose of renovating and expanding the officer and dispatch facilities at the Sheriff's Department jail facility in Reserve, New Mexico. The loan is to be repaid from the governmental unit's first increment of one-eighth of one percent County gross receipts tax revenues enacted pursuant to Section 7-20E-9, NMSA 1978, as amended. The note matures May 1, 2028. The annual payment is approximately \$9,140, and does not accrue interest.

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2011	\$ 9,139	\$ -	\$ 9,139
2012	9,139	-	9,139
2013	9,139	-	9,139
2014	9,139	-	9,139
2015	9,139	-	9,139
2016-2020	45,695	-	45,695
2021-2025	45,695	-	45,695
2026-2029	36,556	-	36,556
	<u>\$ 173,641</u>	<u>\$ -</u>	<u>\$ 173,641</u>

Note Payable – New Mexico Finance Authority #14

On January 9, 2008, the County borrowed \$101,500 from the New Mexico Finance Authority for the purpose of renovating, expanding, and improving the existing Quemado Lake fire substation. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2019. The annual payment is approximately \$10,150, and does not accrue interest.

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2011	\$ 10,150	\$ -	\$ 10,150
2012	10,150	-	10,150
2013	10,150	-	10,150
2014	10,150	-	10,150
2015	10,150	-	10,150
2016-2019	40,600	-	40,600
	<u>\$ 91,350</u>	<u>\$ -</u>	<u>\$ 91,350</u>

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

10. LONG-TERM OBLIGATIONS (continued)

Compensated Absences

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

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

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

In the past, approximately ninety percent has been paid by the General Fund and ten percent by the Landfill Enterprise Fund.

Business-Type Activities

Changes in the business-type activities obligations during the year ended June 30, 2010, were as follows:

	Balance 06/30/09	Additions	Deletions	Balance 06/30/10	Amounts Due Within One Year
Business-Type Activities:					
Landfill closure	\$ 190,000	\$ -	\$ -	\$ 190,000	\$ -
Compensated absences	5,197	5,630	(4,028)	6,799	3,060
	<u>\$ 195,197</u>	<u>\$ 5,630</u>	<u>\$ (4,028)</u>	<u>\$ 196,799</u>	<u>\$ 3,060</u>

Landfill Closure and Post-Closure Costs

State and federal laws and regulations require that the County place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty (30) years after closure. In addition to operating expenses related to current activities of the landfill sites, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of this landfill closure and post-closure care cost is based on the amount the landfill used during the year.

The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill acquired as of the end of the fiscal year. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

10. LONG-TERM OBLIGATIONS (continued)

Landfill Closure and Post-Closure Costs (continued)

In addition, the County is required by the state of New Mexico Environmental Regulation Board to demonstrate financial assurance for the post-closure costs, but has failed to do so.

The estimated liability for the landfill closure site located in Glenwood, New Mexico, and post-closure care costs has been recorded at \$190,000 as of June 30, 2010, which is based on one hundred percent (100%) usage (filled) of the landfill. Environmental laws have forced the closure of the Glenwood and Reserve landfills by the Forest Service, and the closure of the Pie Town landfill by the Bureau of Land Management. The landfill located in Datil has been inactive for several years. Currently, the County uses collection sites located throughout the County to collect trash and transport it to a site located outside New Mexico. No expense provision and no liability have been recorded for the Reserve, Datil and Pie Town landfills.

11. DEFERRED REVENUES

The County has recorded deferred revenues of \$74,149 and \$1,125 within the governmental general and re-appraisal funds respectively. These amounts represent non-current property taxes.

12. TAXES

Local effort and state shared revenues as of June 30, 2010:

	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Local effort taxes:			
Property taxes	<u>\$ 1,164,998</u>	<u>\$ 17,314</u>	<u>\$ 1,182,312</u>
State shared taxes:			
Cigarette taxes	\$ 1,256	\$ 630	\$ 1,886
Gasoline taxes	144,409	-	144,409
Gross receipts taxes	73,287	44,091	117,378
Motor vehicle registrations	<u>327,962</u>	<u>-</u>	<u>327,962</u>
	<u>\$ 546,914</u>	<u>\$ 44,721</u>	<u>\$ 591,635</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

13. OPERATING LEASE

The County has entered into an agreement to lease a computer system. The agreement includes the use of the computer software and support. The agreement is renewable annually. The County expects that in the normal course of business, the computer agreement will continue to be required. For the fiscal year ended June 30, 2010, the County expended \$44,203 for the computer agreement.

14. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

The composition of interfund balances as of June 30, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Coyote Creek Special Revenue Fund	\$ 29,427
General Fund	Quemado Special Revenue Fund	272
General Fund	County Fairgrounds Fund	1,085
General Fund	Wild Horse Special Revenue Fund	11,192
General Fund	Datil Special Revenue Fund	16,084
General Fund	Ambulance Special Revenue Fund	57,611
General Fund	Airport Special Revenue Fund	26,295
General Fund	Enhanced 911 Special Revenue Fund	74,589
General Fund	Capital Projects Fund	824,318
General Fund	Landfill Fund	326,026
	Total	<u>\$ 1,366,899</u>

These balances resulted from the time lag between the transactions and the receipt of revenue to offset the expenditures and advances of pooled cash between funds. The balances are expected to be repaid within one year.

Transfers

	<u>Transfers In</u>				
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Funds</u>	<u>Landfill Fund</u>	<u>Total</u>
Transfers (out):					
General Fund	\$ -	\$ -	\$ 34,235	\$ 350,000	\$ 384,235
Corrections Fund	-	170,026	-	-	170,026
	<u>\$ -</u>	<u>\$ 170,026</u>	<u>\$ 34,235</u>	<u>\$ 350,000</u>	<u>\$ 554,261</u>

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

14. INTERFUND BALANCES AND TRANSFERS (continued)

Transfers (continued)

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

15. DEFICIT FUND BALANCES

The following funds had a deficit fund balance as of June 30, 2010:

Fund	Amount
Capital Projects Fund	\$ 59,768
Enhanced 911 Fund	49,189
County Fairgrounds Fund	440

These deficit balances will be reduced from revenues received in the next fiscal year, and or transfers from the general fund.

16. RESTATEMENT OF NET ASSETS

During the fiscal year ended June 30, 2010, the County determined that changes to the beginning of year net assets and fund balances were necessary. A description and the effect of the changes are as follows:

	Government-Wide		
	Governmental Activities	Business-Type Activities	Individual Funds
<i>Non-Major Funds</i>			
Ambulance Fund			
In the previous year, the County incorrectly reflected financial activity related to the ambulance fund within governmental activities.	\$ (217,981)	\$ 217,981	\$ (217,981)
Airport Fund			
In the previous year, the County incorrectly reflected financial activity related to the airport fund within governmental activities.	24,471	(24,471)	\$ (24,471)
Total Government-Wide Financial Statements	\$ (193,510)	\$ 193,510	

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

17. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2010, the County incurred expenditures over appropriations of the following amounts and funds:

Fund	Amount
Mogollon Fire Fund	\$ 56,170
Apache Creek Fire Fund	10,559
Coyote Creek Fire Fund	2,785
Quemado Lake Fire Fund	104,381
Wild Horse Fire Fund	9,941
Landfill Fund	18,457
Ambulance Fund	2,596

The County will establish a policy and procedure to ensure appropriate controls over the purchasing process, including timely budget adjustments where required.

18. RECONCILIATION OF BUDGETARY COMPARISON SCHEDULE AND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 7,027,242
Differences - Budget to GAAP:	
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>529,973</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.	<u><u>\$ 7,557,215</u></u>
Uses/Outflows of Operating Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 4,298,760
Differences - Budget to GAAP:	
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	(49,386)
The County budgets for salaries paid for during the current accounting period. Accrual of salaries not included in the budgetary basis but are expenses for financial reporting purposes.	<u>(502)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	<u><u>\$ 4,248,872</u></u>

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

**RECONCILIATION OF BUDGETARY COMPARISON SCHEDULE AND
18. STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (continued)**

Other Sources (Uses) of Resources:	
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement.	\$ (384,235)
Differences - Budget to GAAP:	
None.	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ (384,235)</u>

19. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

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

Funding Policy

Plan members are required to contribute from 7.0% to 9.5% (ranges from 4.78% to 16.65% depending upon the division, i.e., state general, state hazardous duty, state police, and adult correctional officers, municipal general, municipal law enforcement, municipal fire, municipal detention officer) of their gross salary. The County is required to contribute from 7.0% to 10.0% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the County are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County contributions to PERA for the years ending June 30, 2010, 2009, and 2008 were \$103,293, \$79,295, \$73,577 respectively, equal to the amount of the required contributions for each year.

20. POST-EMPLOYMENT BENEFITS

The Retire Health Care Act, Chapter IV, Article 7C NMSA 1978 provides a comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The County has elected not to participate in the post-employment health insurance plan.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

21. CONTINGENT LIABILITIES

Grant Awards

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

22. SUBSEQUENT EVENTS

The County has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by federal and state agencies, constitute future commitments.

23. COMMITMENTS AND CONTINGENCIES

Risk Management

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

Litigation

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

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds										
	Farm and Range Fund	Recreation Fund	Co. Clerk's Equipment Fund	Airport Fund	Reappraisal Fund	County Fairgrounds Fund	Ambulance Fund	Emergency Med Srvc Fund	Indigent Fund	Medicaid Fund	Enhanced 911 Fund
<u>ASSETS</u>											
Cash	\$ 4,390	\$ 3,044	\$ 40,322	\$ -	\$ 66,955	\$ 867	\$ -	\$ 74,985	\$ 55,403	\$ -	\$ 25,400
Receivables, net of allowances for doubtful accounts:											
Taxes	-	69	-	-	1,785	-	-	-	7,169	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	43	-	41	-	-	67	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Restricted:											
Investments	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 4,390</u>	<u>\$ 3,113</u>	<u>\$ 40,365</u>	<u>\$ -</u>	<u>\$ 68,781</u>	<u>\$ 867</u>	<u>\$ -</u>	<u>\$ 75,052</u>	<u>\$ 62,572</u>	<u>\$ -</u>	<u>\$ 25,400</u>
<u>LIABILITIES AND FUND BALANCES</u>											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenues	-	-	-	-	1,125	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	1,085	-	-	-	-	74,589
Total liabilities	-	-	-	-	1,125	1,307	-	-	-	-	74,589
Fund Balances:											
Reserved:											
Debt service	-	-	-	-	-	-	-	-	-	-	-
Subsequent years' expenditures	3,934	2,975	23,300	-	16,800	-	-	27,015	30,975	-	-
Unreserved	456	138	17,065	-	50,856	(440)	-	48,037	31,597	-	(49,189)
Total fund balances	<u>4,390</u>	<u>3,113</u>	<u>40,365</u>	<u>-</u>	<u>67,656</u>	<u>(440)</u>	<u>-</u>	<u>75,052</u>	<u>62,572</u>	<u>-</u>	<u>(49,189)</u>
Total liabilities and fund balances	<u>\$ 4,390</u>	<u>\$ 3,113</u>	<u>\$ 40,365</u>	<u>\$ -</u>	<u>\$ 68,781</u>	<u>\$ 867</u>	<u>\$ -</u>	<u>\$ 75,052</u>	<u>\$ 62,572</u>	<u>\$ -</u>	<u>\$ 25,400</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds									
	20 Communities Fund	Corrections Fund	Law Enforcement Fund	Confiscated Drugs Fund	COPS Grant Fund	Legal Fund	Quemado Fire Fund	Datil Fire Fund	Glenwood Fire Fund	Pie Town Fire Fund
ASSETS										
Cash	\$ 36,865	\$ 78,726	\$ 6,982	\$ 958	\$ 2,598	\$ 2,386	\$ 69,403	\$ 66,965	\$ 148,346	\$ 42,732
Receivables, net of allowances for doubtful accounts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental	2,685	10,756	-	-	-	-	-	-	-	-
Interest	-	37	-	-	-	-	56	-	99	59
Prepaid expenses	-	-	-	-	-	-	4,482	4,482	4,482	4,530
Restricted:										
Investments	-	18,337	-	-	-	-	841	12	9	-
Total assets	\$ 39,550	\$ 107,856	\$ 6,982	\$ 958	\$ 2,598	\$ 2,386	\$ 74,782	\$ 71,459	\$ 152,936	\$ 47,321
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 2,060	\$ 5,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 693	\$ 11,321
Deferred revenues	-	-	-	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	272	16,084	-	-
Total liabilities	2,060	5,968	-	-	-	-	272	16,084	693	11,321
Fund Balances:										
Reserved:										
Debt service	-	18,337	-	-	-	-	841	12	9	-
Subsequent years' expenditures	37,490	33,389	4,400	-	-	2,280	49,810	29,575	97,131	16,974
Unreserved	-	50,162	2,582	958	2,598	106	23,859	25,788	55,103	19,026
Total fund balances	37,490	101,888	6,982	958	2,598	2,386	74,510	55,375	152,243	36,000
Total liabilities and fund balances	\$ 39,550	\$ 107,856	\$ 6,982	\$ 958	\$ 2,598	\$ 2,386	\$ 74,782	\$ 71,459	\$ 152,936	\$ 47,321

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds									
	Rancho Grande Fire Fund	Luna Fire Fund	Mogollon Fire Fund	Apache Creek Fire Fund	Horse Mountain Fire Fund	Quemado Lake Fire Fund	Coyote Creek Fire Fund	Wild Horse Fire Fund	Catron County Fire Fund	Total Special Revenue Funds
ASSETS										
Cash	\$ 76,549	\$ 44,663	\$ 42,174	\$ 116,094	\$ 43,853	\$ 17,149	\$ 24,646	\$ 19,836	\$ 14,832	\$ 1,127,123
Receivables, net of allowance for doubtful accounts:										
Taxes	-	-	-	-	-	-	-	-	-	9,023
Intergovernmental	-	-	-	-	-	-	-	-	-	13,441
Interest	33	25	-	42	12	18	-	-	-	532
Prepaid expenses	4,568	4,482	4,482	4,670	4,594	4,670	4,482	4,594	-	54,518
Restricted:										
Investments	20	-	11	27,962	4,300	20	17,019	14,051	-	82,582
Total assets	<u>\$ 81,170</u>	<u>\$ 49,170</u>	<u>\$ 46,667</u>	<u>\$ 148,768</u>	<u>\$ 52,759</u>	<u>\$ 21,857</u>	<u>\$ 46,147</u>	<u>\$ 38,481</u>	<u>\$ 14,832</u>	<u>\$ 1,287,219</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 1,246	\$ -	\$ -	\$ 271	\$ 886	\$ 2,052	\$ 976	\$ 25,695
Deferred revenues	-	-	-	-	-	-	-	-	-	1,125
Interfund payable	-	-	-	-	-	-	29,427	11,192	-	132,649
Total liabilities	-	-	1,246	-	-	271	30,313	13,244	976	159,469
Fund Balances:										
Reserved:										
Debt service	20	-	11	27,962	4,300	20	17,019	14,051	-	82,582
Subsequent years' expenditures	49,027	23,795	45,410	93,418	28,707	13,371	-	11,186	-	640,962
Unreserved	<u>32,123</u>	<u>25,375</u>	<u>-</u>	<u>27,388</u>	<u>19,752</u>	<u>8,195</u>	<u>(1,185)</u>	<u>-</u>	<u>13,856</u>	<u>404,206</u>
Total fund balances	<u>81,170</u>	<u>49,170</u>	<u>45,421</u>	<u>148,768</u>	<u>52,759</u>	<u>21,586</u>	<u>15,834</u>	<u>25,237</u>	<u>13,856</u>	<u>1,127,750</u>
Total liabilities and fund balances	<u>\$ 81,170</u>	<u>\$ 49,170</u>	<u>\$ 46,667</u>	<u>\$ 148,768</u>	<u>\$ 52,759</u>	<u>\$ 21,857</u>	<u>\$ 46,147</u>	<u>\$ 38,481</u>	<u>\$ 14,832</u>	<u>\$ 1,287,219</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds										
	Farm and Range Fund	Recreation Fund	Co. Clerk's Equipment Fund	Airport Fund	Reappraisal Fund	County Fairgrounds Fund	Ambulance Fund	Emergency Med Svcs Fund	Indigent Fund	Medicaid Fund	Enhanced 911 Fund
Revenues:											
Local effort taxes	\$ -	\$ -	\$ -	\$ -	\$ 17,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State shared taxes	-	630	-	-	-	-	-	-	44,091	-	-
Intergovernmental	16,065	-	-	-	-	-	-	88,208	-	-	-
Charges for services	-	-	6,035	-	3,989	-	-	-	-	-	103,897
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	7	141	-	205	-	-	67	7	-	66
Miscellaneous	-	-	-	-	484	-	-	-	-	-	-
Total revenues	16,065	637	6,176	-	21,992	-	-	88,275	44,098	-	103,963
Expenditures:											
Current:											
General government	-	-	9,844	-	15,234	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	115,057	-	-	-
Health and welfare	17,300	-	-	-	-	-	-	-	-	19,235	71,686
Culture and recreation	-	750	-	-	-	5,757	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	29,295
Debt Service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	17,300	750	9,844	-	15,234	5,757	-	115,057	-	19,235	100,981
Excess (deficiency) of revenues over expenditures	(1,235)	(113)	(3,668)	-	6,758	(5,757)	-	(26,782)	44,098	(19,235)	2,982
Other Financing Sources (Uses):											
Transfers in	5,000	-	-	-	-	6,000	-	-	-	19,235	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	5,000	-	-	-	-	6,000	-	-	-	19,235	-
Net change in fund balance	3,765	(113)	(3,668)	-	6,758	243	-	(26,782)	44,098	-	2,982
Fund balance, beginning of year	625	3,226	44,033	(24,471)	60,898	(683)	217,981	101,834	18,474	-	(52,171)
Restatements	-	-	-	24,471	-	-	(217,981)	-	-	-	-
Fund balance, beginning of year restated	625	3,226	44,033	-	60,898	(683)	-	101,834	18,474	-	(52,171)
Fund balance, end of year	\$ 4,390	\$ 3,113	\$ 40,365	\$ -	\$ 67,656	\$ (440)	\$ -	\$ 75,052	\$ 62,572	\$ -	\$ (49,189)

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds										
	20 Communities Fund	Corrections Fund	Law Enforcement Fund	Confiscated Drugs Fund	COPS Grant Fund	Legal Fund	Quemado Fire Fund	Datil Fire Fund	Glenwood Fire Fund	Pie Town Fire Fund	Rancho Grande Fire Fund
Revenues:											
Local effort taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State shared taxes	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	103,949	-	24,200	-	1,905	-	107,333	51,636	51,636	77,451	51,636
Charges for services	-	22,071	-	-	-	-	-	-	-	-	1,075
Fines and forfeitures	-	43,783	-	-	-	-	-	-	-	-	-
Interest income	-	198	-	3	1	9	125	151	281	130	155
Miscellaneous	-	3,557	-	-	-	-	1,340	-	-	-	-
Total revenues	103,949	69,609	24,200	3	1,906	9	108,798	51,787	51,917	77,581	52,866
Expenditures:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	53,128	-	200	-	-	58,317	38,505	27,068	40,936	18,894
Health and welfare	103,356	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	24,602	-	-	-	-	-	-	49,629	-
Debt Service:											
Principal	-	8,226	-	-	-	-	6,554	7,453	8,044	-	14,845
Interest	-	-	-	-	-	-	-	-	65	-	955
Total expenditures	103,356	61,354	24,602	200	-	-	64,871	45,958	35,177	90,565	34,694
Excess (deficiency) of revenues over expenditures	593	8,255	(402)	(197)	1,906	9	43,927	5,829	16,740	(12,984)	18,172
Other Financing Sources (Uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	(170,026)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(170,026)	-	-	-	-	-	-	-	-	-
Net change in fund balance	593	(161,771)	(402)	(197)	1,906	9	43,927	5,829	16,740	(12,984)	18,172
Fund balance, beginning of year	36,897	263,659	7,384	1,155	692	2,377	30,583	49,546	135,503	48,984	62,998
Restatements	-	-	-	-	-	-	-	-	-	-	-
Fund balance, beginning of year restated	36,897	263,659	7,384	1,155	692	2,377	30,583	49,546	135,503	48,984	62,998
Fund balance, end of year	\$ 37,490	\$ 101,888	\$ 6,982	\$ 958	\$ 2,598	\$ 2,386	\$ 74,510	\$ 55,375	\$ 152,243	\$ 36,000	\$ 81,170

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds								
	Luna Fire Fund	Mogollon Fire Fund	Apache Creek Fire Fund	Horse Mountain Fire Fund	Quemado Lake Fire Fund	Coyote Creek Fire Fund	Wild Horse Fire Fund	Catron County Fire Fund	Total Special Revenue Funds
Revenues:									
Local effort taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,314
State shared taxes	-	-	-	-	-	-	-	-	44,721
Intergovernmental	51,636	51,636	163,052	51,636	51,636	51,636	64,636	69,299	1,129,186
Charges for services	-	-	5,960	-	328	-	886	-	144,241
Fines and forfeitures	-	-	-	-	-	-	-	-	43,783
Interest income	85	179	274	72	97	58	52	-	2,363
Miscellaneous	200	-	-	50	-	-	1,315	-	6,946
Total revenues	51,921	51,815	169,286	51,758	52,061	51,694	66,889	69,299	1,388,554
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	25,078
Public safety	32,992	17,183	53,800	26,868	18,559	21,938	46,274	36,343	606,062
Health and welfare	-	-	-	-	-	-	-	-	211,577
Culture and recreation	-	-	-	-	-	-	-	-	6,507
Capital outlay	-	188,164	-	-	112,444	-	-	19,100	423,234
Debt Service:									
Principal	-	7,612	51,391	12,489	15,684	17,030	11,921	-	161,249
Interest	-	-	7,226	654	-	-	1,744	-	10,644
Total expenditures	32,992	212,959	112,417	40,011	146,687	38,968	59,939	55,443	1,444,351
Excess (deficiency) of revenues over expenditures	18,929	(161,144)	56,869	11,747	(94,626)	12,726	6,950	13,856	(55,797)
Other Financing Sources (Uses):									
Transfers in	-	-	-	-	-	-	-	-	30,235
Transfers (out)	-	-	-	-	-	-	-	-	(170,026)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(139,791)
Net change in fund balance	18,929	(161,144)	56,869	11,747	(94,626)	12,726	6,950	13,856	(195,588)
Fund balance, beginning of year	30,241	206,565	91,899	41,012	116,212	3,108	18,287	-	1,516,848
Restatements	-	-	-	-	-	-	-	-	(193,510)
Fund balance, beginning of year restated	30,241	206,565	91,899	41,012	116,212	3,108	18,287	-	1,323,338
Fund balance, end of year	<u>\$ 49,170</u>	<u>\$ 45,421</u>	<u>\$ 148,768</u>	<u>\$ 52,759</u>	<u>\$ 21,586</u>	<u>\$ 15,834</u>	<u>\$ 25,237</u>	<u>\$ 13,856</u>	<u>\$ 1,127,750</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
FARM AND RANGE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 16,683	\$ 16,683	\$ 16,065	\$ (618)
Expenditures:				
Current:				
Health and welfare	<u>17,000</u>	<u>19,000</u>	<u>17,300</u>	<u>1,700</u>
Excess (deficiency) of revenues over expenditures	(317)	(2,317)	(1,235)	1,082
Other Financing Sources (Uses):				
Transfers in	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in cash balance	(317)	2,683	3,765	1,082
Cash balance, beginning of year	<u>625</u>	<u>625</u>	<u>625</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 308</u></u>	<u><u>\$ 3,308</u></u>	<u><u>\$ 4,390</u></u>	<u><u>\$ 1,082</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECREATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
State shared taxes	\$ 600	\$ 600	\$ 582	\$ (18)
Interest income	100	100	10	(90)
Total revenues	700	700	592	(108)
Expenditures:				
Current:				
Culture and recreation	3,500	3,500	750	2,750
Net change in cash balance	(2,800)	(2,800)	(158)	2,642
Cash balance, beginning of year	3,202	3,202	3,202	-
Cash balance, end of year	<u>\$ 402</u>	<u>\$ 402</u>	<u>\$ 3,044</u>	<u>\$ 2,642</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 CLERK'S EQUIPMENT SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Charges for services	\$ 7,500	\$ 7,500	\$ 6,035	\$ (1,465)
Interest income	500	500	130	(370)
Total revenues	8,000	8,000	6,165	(1,835)
Expenditures:				
Capital outlay	30,000	30,000	11,069	18,931
Net change in cash balance	(22,000)	(22,000)	(4,904)	17,096
Cash balance, beginning of year	45,226	45,226	45,226	-
Cash balance, end of year	<u>\$ 23,226</u>	<u>\$ 23,226</u>	<u>\$ 40,322</u>	<u>\$ 17,096</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RE-APPRAISAL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Local effort taxes	\$ 16,000	\$ 16,000	\$ 16,978	\$ 978
Charges for services	5,000	5,000	3,989	(1,011)
Miscellaneous	-	-	484	484
Interest income	500	500	342	(158)
Total revenues	<u>21,500</u>	<u>21,500</u>	<u>21,793</u>	<u>293</u>
Expenditures:				
Current:				
General government	15,800	15,800	15,710	90
Capital outlay	20,000	20,000	-	20,000
Total expenditures	<u>35,800</u>	<u>35,800</u>	<u>15,710</u>	<u>20,090</u>
Net change in cash balance	(14,300)	(14,300)	6,083	20,383
Cash balance, beginning of year	<u>60,872</u>	<u>60,872</u>	<u>60,872</u>	<u>-</u>
Cash balance, end of year	<u>\$ 46,572</u>	<u>\$ 46,572</u>	<u>\$ 66,955</u>	<u>\$ 20,383</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COUNTY FAIRGROUNDS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Expenditures:				
Current:				
Health and welfare	\$ 4,000	\$ 6,000	\$ 5,535	\$ 465
Other Financing Sources (Uses):				
Transfers in	<u>4,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Net change in cash balance	-	-	465	465
Cash balance, beginning of year	<u>402</u>	<u>402</u>	<u>402</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 402</u></u>	<u><u>\$ 402</u></u>	<u><u>\$ 867</u></u>	<u><u>\$ 465</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 86,892	\$ 86,982	\$ 88,208	\$ 1,226
Expenditures:				
Current:				
Public safety	<u>129,500</u>	<u>139,225</u>	<u>115,738</u>	<u>23,487</u>
Net change in cash balance	(42,608)	(52,243)	(27,530)	24,713
Cash balance, beginning of year	<u>102,515</u>	<u>102,515</u>	<u>102,515</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 59,907</u></u>	<u><u>\$ 50,272</u></u>	<u><u>\$ 74,985</u></u>	<u><u>\$ 24,713</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
INDIGENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
State shared taxes	\$ 15,000	\$ 40,000	\$ 43,373	\$ 3,373
Interest income	100	100	10	(90)
Total revenues	15,100	40,100	43,383	3,283
Expenditures:				
Current:				
Health and welfare	15,350	40,650	-	40,650
Net change in cash balance	(250)	(550)	43,383	43,933
Cash balance, beginning of year	12,020	12,020	12,020	-
Cash balance, end of year	<u>\$ 11,770</u>	<u>\$ 11,470</u>	<u>\$ 55,403</u>	<u>\$ 43,933</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 MEDICAID SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Expenditures:				
Current:				
Health and welfare	\$ 22,000	\$ 22,000	\$ 19,235	\$ 2,765
Other Financing Sources (Uses):				
Transfers in	<u>22,000</u>	<u>22,000</u>	<u>19,235</u>	<u>(2,765)</u>
Net change in cash balance	-	-	-	-
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 ENHANCED 911 SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 2,916	\$ 2,916
Interest	250	250	86	(164)
Total revenues	<u>250</u>	<u>250</u>	<u>3,002</u>	<u>2,752</u>
Expenditures:				
Current:				
Health and welfare	12,500	12,500	-	12,500
Capital outlay	<u>12,500</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net change in cash balance	(24,750)	(24,750)	3,002	27,752
Cash balance, beginning of year	<u>22,398</u>	<u>22,398</u>	<u>22,398</u>	<u>-</u>
Cash balance, end of year	<u>\$ (2,352)</u>	<u>\$ (2,352)</u>	<u>\$ 25,400</u>	<u>\$ 27,752</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
20 COMMUNITIES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 308,000	\$ 689,000	\$ 223,834	\$ (465,166)
Expenditures:				
Current:				
Health and welfare	<u>308,176</u>	<u>691,492</u>	<u>223,866</u>	<u>467,626</u>
Net change in cash balance	(176)	(2,492)	(32)	2,460
Cash balance, beginning of year	<u>36,897</u>	<u>36,897</u>	<u>36,897</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 36,721</u></u>	<u><u>\$ 34,405</u></u>	<u><u>\$ 36,865</u></u>	<u><u>\$ 2,460</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
CORRECTIONS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Basis</u>	<u>Final Budget Over (Under)</u>
Revenues:				
Charges for services	\$ -	\$ -	\$ 22,071	\$ 22,071
Fines and forfeitures	39,000	39,000	47,759	8,759
Miscellaneous	21,000	21,000	3,557	(17,443)
Interest income	<u>500</u>	<u>500</u>	<u>190</u>	<u>(310)</u>
Total revenues	60,500	60,500	73,577	13,077
Expenditures:				
Current:				
Public safety	83,500	83,500	49,628	33,872
Capital outlay	1,000	1,000	-	1,000
Debt service	<u>9,139</u>	<u>9,139</u>	<u>8,226</u>	<u>913</u>
Total expenditures	<u>93,639</u>	<u>93,639</u>	<u>57,854</u>	<u>35,785</u>
Excess (deficiency) of revenues over expenditures	(33,139)	(33,139)	15,723	48,862
Other Financing Sources (Uses):				
Transfers (out)	<u>-</u>	<u>-</u>	<u>(170,026)</u>	<u>(170,026)</u>
Net change in cash balance	(33,139)	(33,139)	(154,303)	(121,164)
Cash balance, beginning of year	63,977	63,977	63,977	-
Restricted cash converted to cash	<u>-</u>	<u>-</u>	<u>169,052</u>	<u>169,052</u>
Cash balance, end of year	<u>\$ 30,838</u>	<u>\$ 30,838</u>	<u>\$ 78,726</u>	<u>\$ 47,888</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
LAW ENFORCEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 24,200	\$ 24,200	\$ 24,200	\$ -
Expenditures:				
Capital outlay	<u>28,000</u>	<u>28,000</u>	<u>24,602</u>	<u>3,398</u>
Net change in cash balance	(3,800)	(3,800)	(402)	3,398
Cash balance, beginning of year	<u>7,384</u>	<u>7,384</u>	<u>7,384</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 3,584</u></u>	<u><u>\$ 3,584</u></u>	<u><u>\$ 6,982</u></u>	<u><u>\$ 3,398</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
CONFISCATED DRUGS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Interest income	\$ -	\$ -	\$ 4	\$ 4
Expenditures:				
Current:				
Health and welfare	<u>1,050</u>	<u>1,050</u>	<u>200</u>	<u>850</u>
Net change in cash balance	(1,050)	(1,050)	(196)	854
Cash balance, beginning of year	<u>1,154</u>	<u>1,154</u>	<u>1,154</u>	<u>-</u>
Cash balance, end of year	<u>\$ 104</u>	<u>\$ 104</u>	<u>\$ 958</u>	<u>\$ 854</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COPS GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 1,905	\$ 1,905
Interest income	-	-	2	2
Total revenues	-	-	1,907	1,907
Expenditures:				
Capital outlay	600	600	-	600
Net change in cash balance	(600)	(600)	1,907	2,507
Cash balance, beginning of year	691	691	691	-
Cash balance, end of year	<u>\$ 91</u>	<u>\$ 91</u>	<u>\$ 2,598</u>	<u>\$ 2,507</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
LEGAL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Interest income	\$ 50	\$ 50	\$ 11	\$ (39)
Expenditures:				
Current:				
Public safety	<u>2,300</u>	<u>2,300</u>	<u>-</u>	<u>2,300</u>
Net change in cash balance	(2,250)	(2,250)	11	2,261
Cash balance, beginning of year	<u>2,375</u>	<u>2,375</u>	<u>2,375</u>	<u>-</u>
Cash balance, end of year	<u>\$ 125</u>	<u>\$ 125</u>	<u>\$ 2,386</u>	<u>\$ 2,261</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
QUEMADO FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 36,284	\$ 91,981	\$ 109,473	\$ 17,492
Miscellaneous	500	500	1,355	855
Interest income	-	-	90	90
Total revenues	<u>36,784</u>	<u>92,481</u>	<u>110,918</u>	<u>18,437</u>
Expenditures:				
Current:				
Public safety	49,847	115,544	64,577	50,967
Capital outlay	5,000	5,000	-	5,000
Debt service	-	-	6,554	(6,554)
Total expenditures	<u>54,847</u>	<u>120,544</u>	<u>71,131</u>	<u>49,413</u>
Net change in cash balance	(18,063)	(28,063)	39,787	67,850
Cash balance, beginning of year	29,558	29,558	29,558	-
Restricted cash converted to cash	-	-	58	58
Cash balance, end of year	<u>\$ 11,495</u>	<u>\$ 1,495</u>	<u>\$ 69,403</u>	<u>\$ 67,908</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 DATIL FIRE SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 35,310	\$ 35,310	\$ 149,376	\$ 114,066
Interest income	500	500	252	(248)
Miscellaneous	<u>110,196</u>	<u>110,196</u>	<u>13</u>	<u>(110,183)</u>
Total revenues	146,006	146,006	149,641	3,635
Expenditures:				
Current:				
Public safety	60,526	60,526	41,158	19,368
Capital outlay	55,000	55,000	34,129	20,871
Debt service	<u>-</u>	<u>-</u>	<u>7,453</u>	<u>(7,453)</u>
Total expenditures	<u>115,526</u>	<u>115,526</u>	<u>82,740</u>	<u>32,786</u>
Net change in cash balance	30,480	30,480	66,901	36,421
Cash balance, beginning of year	-	-	-	-
Restricted cash converted to cash	<u>-</u>	<u>-</u>	<u>64</u>	<u>64</u>
Cash balance, end of year	<u>\$ 30,480</u>	<u>\$ 30,480</u>	<u>\$ 66,965</u>	<u>\$ 36,485</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
GLENWOOD FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 34,756	\$ 34,756	\$ 51,636	\$ 16,880
Interest income	<u>500</u>	<u>500</u>	<u>231</u>	<u>(269)</u>
Total revenues	35,256	35,256	51,867	16,611
Expenditures:				
Current:				
Public safety	23,285	42,035	30,619	11,416
Capital outlay	85,000	66,250	-	66,250
Debt service	<u>-</u>	<u>-</u>	<u>8,044</u>	<u>(8,044)</u>
Total expenditures	<u>108,285</u>	<u>108,285</u>	<u>38,663</u>	<u>69,622</u>
Net change in cash balance	(73,029)	(73,029)	13,204	86,233
Cash balance, beginning of year	135,069	135,069	135,069	-
Restricted cash converted to cash	<u>-</u>	<u>-</u>	<u>73</u>	<u>73</u>
Cash balance, end of year	<u><u>\$ 62,040</u></u>	<u><u>\$ 62,040</u></u>	<u><u>\$ 148,346</u></u>	<u><u>\$ 86,306</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 PIE TOWN FIRE SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 63,945	\$ 63,945	\$ 77,451	\$ 13,506
Charges for services	-	-	541	541
Interest income	500	500	90	(410)
Miscellaneous	-	-	15	15
Total revenues	<u>64,445</u>	<u>64,445</u>	<u>78,097</u>	<u>13,652</u>
Expenditures:				
Current:				
Public safety	61,745	61,745	33,754	27,991
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>49,629</u>	<u>371</u>
Total expenditures	<u>111,745</u>	<u>111,745</u>	<u>83,383</u>	<u>28,362</u>
Net change in cash balance	(47,300)	(47,300)	(5,286)	42,014
Cash balance, beginning of year	<u>48,018</u>	<u>48,018</u>	<u>48,018</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 718</u></u>	<u><u>\$ 718</u></u>	<u><u>\$ 42,732</u></u>	<u><u>\$ 42,014</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RANCHO GRANDE FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 27,314	\$ 27,314	\$ 51,636	\$ 24,322
Charges for services	-	-	1,075	1,075
Interest income	500	500	151	(349)
Total revenues	<u>27,814</u>	<u>27,814</u>	<u>52,862</u>	<u>25,048</u>
Expenditures:				
Current:				
Public safety	65,905	65,905	22,368	43,537
Capital outlay	5,000	5,000	-	5,000
Debt service	-	-	14,845	(14,845)
Total expenditures	<u>70,905</u>	<u>70,905</u>	<u>37,213</u>	<u>33,692</u>
Net change in cash balance	(43,091)	(43,091)	15,649	58,740
Cash balance, beginning of year	60,762	60,762	60,762	-
Restricted cash converted to cash	-	-	138	138
Cash balance, end of year	<u>\$ 17,671</u>	<u>\$ 17,671</u>	<u>\$ 76,549</u>	<u>\$ 58,878</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
LUNA FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 42,632	\$ 42,632	\$ 51,636	\$ 9,004
Interest income	-	-	75	75
Miscellaneous	<u>500</u>	<u>500</u>	<u>200</u>	<u>(300)</u>
Total revenues	43,132	43,132	51,911	8,779
Expenditures:				
Current:				
Public safety	54,376	54,376	37,395	16,981
Capital outlay	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total expenditures	<u>62,376</u>	<u>62,376</u>	<u>37,395</u>	<u>24,981</u>
Net change in cash balance	(19,244)	(19,244)	14,516	33,760
Cash balance, beginning of year	<u>30,147</u>	<u>30,147</u>	<u>30,147</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 10,903</u></u>	<u><u>\$ 10,903</u></u>	<u><u>\$ 44,663</u></u>	<u><u>\$ 33,760</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
MOGOLLON FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 42,632	\$ 42,632	\$ 51,636	\$ 9,004
Interest income	500	500	313	(187)
Total revenues	43,132	43,132	51,949	8,817
Expenditures:				
Current:				
Public safety	44,456	44,456	19,850	24,606
Capital outlay	115,000	115,000	188,164	(73,164)
Debt service	-	-	7,612	(7,612)
Total expenditures	159,456	159,456	215,626	(56,170)
Excess (deficiency) of revenues over expenditures	(116,324)	(116,324)	(163,677)	(47,353)
Other Financing Sources (Uses):				
Transfers (out)	(43,132)	(43,132)	-	43,132
Net change in cash balance	(159,456)	(159,456)	(163,677)	(4,221)
Cash balance, beginning of year	130,857	130,857	130,857	-
Restricted cash converted to cash	-	-	74,994	74,994
Cash balance, end of year	<u>\$ (28,599)</u>	<u>\$ (28,599)</u>	<u>\$ 42,174</u>	<u>\$ 70,773</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 APACHE CREEK FIRE SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 90,701	\$ 90,701	\$ 163,052	\$ 72,351
Charges for services	-	-	5,960	5,960
Interest income	250	250	267	17
Total revenues	<u>90,951</u>	<u>90,951</u>	<u>169,279</u>	<u>78,328</u>
Expenditures:				
Current:				
Public safety	96,568	96,568	65,736	30,832
Capital outlay	10,000	10,000	-	10,000
Debt service	-	-	51,391	(51,391)
Total expenditures	<u>106,568</u>	<u>106,568</u>	<u>117,127</u>	<u>(10,559)</u>
Net change in cash balance	(15,617)	(15,617)	52,152	67,769
Cash balance, beginning of year	62,971	62,971	62,971	-
Restricted cash converted to cash	-	-	971	971
Cash balance, end of year	<u>\$ 47,354</u>	<u>\$ 47,354</u>	<u>\$ 116,094</u>	<u>\$ 68,740</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
HORSE MOUNTAIN FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 29,895	\$ 29,895	\$ 51,636	\$ 21,741
Interest income	500	500	71	(429)
Miscellaneous	-	-	50	50
Total revenues	<u>30,395</u>	<u>30,395</u>	<u>51,757</u>	<u>21,362</u>
Expenditures:				
Current:				
Public safety	48,198	48,198	30,478	17,720
Capital outlay	12,000	12,000	-	12,000
Debt service	-	-	12,489	(12,489)
Total expenditures	<u>60,198</u>	<u>60,198</u>	<u>42,967</u>	<u>17,231</u>
Net change in cash balance	(29,803)	(29,803)	8,790	38,593
Cash balance, beginning of year	34,953	34,953	34,953	-
Restricted cash converted to cash	-	-	110	110
Cash balance, end of year	<u>\$ 5,150</u>	<u>\$ 5,150</u>	<u>\$ 43,853</u>	<u>\$ 38,703</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
QUEMADO LAKE FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 37,271	\$ 37,271	\$ 51,636	\$ 14,365
Charges for services	-	-	328	328
Interest income	500	500	94	(406)
Total revenues	<u>37,771</u>	<u>37,771</u>	<u>52,058</u>	<u>14,287</u>
Expenditures:				
Current:				
Public safety	45,646	45,646	22,081	23,565
Capital outlay	20,000	20,000	132,262	(112,262)
Debt service	-	-	15,684	(15,684)
Total expenditures	<u>65,646</u>	<u>65,646</u>	<u>170,027</u>	<u>(104,381)</u>
Net change in cash balance	(27,875)	(27,875)	(117,969)	(90,094)
Cash balance, beginning of year	36,393	36,393	36,393	-
Restricted cash converted to cash	-	-	98,725	98,725
Cash balance, end of year	<u>\$ 8,518</u>	<u>\$ 8,518</u>	<u>\$ 17,149</u>	<u>\$ 8,631</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COYOTE CREEK FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 25,446	\$ 25,446	\$ 51,636	\$ 26,190
Interest income	250	250	63	(187)
Miscellaneous	-	-	9	9
Total revenues	<u>25,696</u>	<u>25,696</u>	<u>51,708</u>	<u>26,012</u>
Expenditures:				
Current:				
Public safety	36,468	36,468	24,723	11,745
Capital outlay	2,500	2,500	-	2,500
Debt service	-	-	17,030	(17,030)
Total expenditures	<u>38,968</u>	<u>38,968</u>	<u>41,753</u>	<u>(2,785)</u>
Net change in cash balance	(13,272)	(13,272)	9,955	23,227
Cash balance, beginning of year	14,224	14,224	14,224	-
Restricted cash converted to cash	-	-	467	467
Cash balance, end of year	<u>\$ 952</u>	<u>\$ 952</u>	<u>\$ 24,646</u>	<u>\$ 23,694</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
WILD HORSE FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 29,807	\$ 42,807	\$ 64,636	\$ 21,829
Charges for services	-	-	1,029	1,029
Interest income	500	500	57	(443)
Miscellaneous	-	-	1,323	1,323
Total revenues	<u>30,307</u>	<u>43,307</u>	<u>67,045</u>	<u>23,738</u>
Expenditures:				
Current:				
Public safety	32,562	49,686	50,206	(520)
Capital outlay	2,500	2,500	-	2,500
Debt service	-	-	11,921	(11,921)
Total expenditures	<u>35,062</u>	<u>52,186</u>	<u>62,127</u>	<u>(9,941)</u>
Net change in cash balance	(4,755)	(8,879)	4,918	13,797
Cash balance, beginning of year	14,608	14,608	14,608	-
Restricted cash converted to cash	-	-	310	310
Cash balance, end of year	<u>\$ 9,853</u>	<u>\$ 5,729</u>	<u>\$ 19,836</u>	<u>\$ 14,107</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**

CATRON COUNTY FIRE DEPARTMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 52,000	\$ 52,000	\$ 69,299	\$ 17,299
Expenditures:				
Current:				
Public safety	32,000	46,250	35,367	10,883
Capital outlay	20,000	20,000	19,100	900
Total expenditures	52,000	66,250	54,467	11,783
Net change in cash balance	-	(14,250)	14,832	29,082
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ (14,250)	\$ 14,832	\$ 29,082

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Farm and Range Fund	Recreation Fund	County Clerk's Equipment Fund
	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 16,065	\$ 592	\$ 6,165
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>-</u>	<u>45</u>	<u>11</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	<u>\$ 16,065</u>	<u>\$ 637</u>	<u>\$ 6,176</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 17,300	\$ 750	\$ 11,069
Differences - Budget to GAAP:			
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>-</u>	<u>-</u>	<u>(1,225)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds.	<u>\$ 17,300</u>	<u>\$ 750</u>	<u>\$ 9,844</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) "transfers in and (out)" from the budgetary comparison statement.	\$ 5,000	\$ -	\$ -
Differences - Budget to GAAP:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds.	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Reappraisal Fund	County Fairgrounds Fund	Emergency Med Services Fund	Indigent Fund
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 21,793	\$ -	\$ 88,208	\$ 43,383
Differences - Budget to GAAP:				
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>199</u>	<u>-</u>	<u>67</u>	<u>715</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	<u>\$ 21,992</u>	<u>\$ -</u>	<u>\$ 88,275</u>	<u>\$ 44,098</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 15,710	\$ 5,535	\$ 115,738	\$ -
Differences - Budget to GAAP:				
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>(476)</u>	<u>222</u>	<u>(681)</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	<u>\$ 15,234</u>	<u>\$ 5,757</u>	<u>\$ 115,057</u>	<u>\$ -</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) "transfers in and (out)" from the budgetary comparison statement.	\$ -	\$ 6,000	\$ -	\$ -
Differences - Budget to GAAP:				
None.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special funds.	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Medicaid Fund</u>	<u>Enhanced 911 Fund</u>	<u>20 Communities Fund</u>	<u>Corrections Fund</u>
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ -	\$ 3,002	\$ 223,834	\$ 73,577
Differences - Budget to GAAP:				
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>-</u>	<u>100,961</u>	<u>(119,885)</u>	<u>(3,968)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	<u>\$ -</u>	<u>\$ 103,963</u>	<u>\$ 103,949</u>	<u>\$ 69,609</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 19,235	\$ -	\$ 223,866	\$ 57,854
Differences - Budget to GAAP:				
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>-</u>	<u>100,981</u>	<u>(120,510)</u>	<u>3,500</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes fund balances - special revenue funds.	<u>\$ 19,235</u>	<u>\$ 100,981</u>	<u>\$ 103,356</u>	<u>\$ 61,354</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) "transfers in and (out)" from the budgetary comparison statement.	\$ 19,235	\$ -	\$ -	\$ (170,026)
Differences - Budget to GAAP:				
None.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds.	<u>\$ 19,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (170,026)</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Law Enforcement Fund	Confiscated Drugs Fund	COPS Grant Fund	Legal Fund
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 24,200	\$ 4	\$ 1,907	\$ 11
Differences - Budget to GAAP:				
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	-	(1)	(1)	(2)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	<u>\$ 24,200</u>	<u>\$ 3</u>	<u>\$ 1,906</u>	<u>\$ 9</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 24,602	\$ 200	\$ -	\$ -
Differences - Budget to GAAP:				
None.	-	-	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	<u>\$ 24,602</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ -</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) "transfers in and (out)" from the budgetary comparison statement.	\$ -	\$ -	\$ -	\$ -
Differences - Budget to GAAP:				
None.	-	-	-	-
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Quemado Fund</u>	<u>Datil Fund</u>	<u>Glenwood Fund</u>	<u>Pie Town Fund</u>
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 110,918	\$ 149,641	\$ 51,867	\$ 78,097
Differences - Budget to GAAP:				
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>(2,120)</u>	<u>(97,854)</u>	<u>50</u>	<u>(516)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	<u>\$ 108,798</u>	<u>\$ 51,787</u>	<u>\$ 51,917</u>	<u>\$ 77,581</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 71,131	\$ 82,740	\$ 38,663	\$ 83,383
Differences - Budget to GAAP:				
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>(6,260)</u>	<u>(36,782)</u>	<u>(3,486)</u>	<u>7,182</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	<u>\$ 64,871</u>	<u>\$ 45,958</u>	<u>\$ 35,177</u>	<u>\$ 90,565</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) "transfers in and (out)" from the budgetary comparison statement.	\$ -	\$ -	\$ -	\$ -
Differences - Budget to GAAP:				
None.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Rancho Grande Fund	Luna Fund	Mogollon Fund	Apache Creek Fund
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 52,862	\$ 51,911	\$ 51,949	\$ 169,279
Differences - Budget to GAAP:				
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary baiss but are considered revenues for financial purposes.	<u>4</u>	<u>10</u>	<u>(134)</u>	<u>7</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds	<u>\$ 52,866</u>	<u>\$ 51,921</u>	<u>\$ 51,815</u>	<u>\$ 169,286</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 37,213	\$ 37,395	\$ 215,626	\$ 117,127
Differences - Budget to GAAP:				
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>(2,519)</u>	<u>(4,403)</u>	<u>(2,667)</u>	<u>(4,710)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	<u>\$ 34,694</u>	<u>\$ 32,992</u>	<u>\$ 212,959</u>	<u>\$ 112,417</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) "transfers in and (out)" from the budgetary comparison statement.	\$ -	\$ -	\$ -	\$ -
Differences - Budget to GAAP:				
None.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Horse Mountain Fund	Quemado Lake Fund	Coyote Creek Fund	Wild Horse Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 51,757	\$ 52,058	\$ 51,708	\$ 67,045
Differences - Budget to GAAP:				
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>1</u>	<u>3</u>	<u>(14)</u>	<u>(156)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	<u>\$ 51,758</u>	<u>\$ 52,061</u>	<u>\$ 51,694</u>	<u>\$ 66,889</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 42,967	\$ 170,027	\$ 41,753	\$ 62,127
Differences - Budget to GAAP:				
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>(2,956)</u>	<u>(23,340)</u>	<u>(2,785)</u>	<u>(2,188)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 40,011</u>	<u>\$ 146,687</u>	<u>\$ 38,968</u>	<u>\$ 59,939</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) "transfers in and (out)" from the budgetary comparison statement.	\$ -	\$ -	\$ -	\$ -
Differences - Budget to GAAP:				
None.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Catron County Fire Fund
Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 69,299
Differences - Budget to GAAP:	
None.	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	\$ 69,299
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges for appropriations" for the budgetary comparison statement.	\$ 54,567
Differences - Budget to GAAP:	
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	976
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - special revenue funds.	\$ 55,543
Other Sources (Uses) of Resources:	
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement.	\$ -
Differences - Budget to GAAP:	
None.	-
Total other financing sources (uses) as reported on the statement of revenues, expenditures, and changes in fund balances - special revenue funds.	\$ -

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

STATE OF NEW MEXICO
CATRON COUNTY
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variances With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 1,788,098	\$ 1,788,098	\$ 856,770	\$ (931,328)
Expenditures:				
Current:				
Public works	451,000	451,000	-	451,000
Culture and recreation	12,104	46,837	4,625	42,212
Health and welfare	76,092	76,092	28,380	47,712
Capital outlay	<u>915,088</u>	<u>615,787</u>	<u>296,241</u>	<u>319,546</u>
Total expenditures	<u>1,454,284</u>	<u>1,189,716</u>	<u>329,246</u>	<u>860,470</u>
Excess (deficiency) of revenues over expenditures	333,814	598,382	527,524	(70,858)
Other Financing Sources (Uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>170,026</u>	<u>170,026</u>
Net change in cash balance	333,814	598,382	697,550	99,168
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ 333,814</u>	<u>\$ 598,382</u>	<u>\$ 697,550</u>	<u>\$ 99,168</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON STATEMENT
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2010

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 856,770
Differences - Budget to GAAP:	
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>(540,968)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - capital project funds.	<u>\$ 315,802</u>
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges for appropriations" from the budgetary comparison statement.	\$ 329,246
Differences - Budget to GAAP:	
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	<u>75,330</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - capital project funds.	<u>\$ 404,576</u>
Other Sources (Uses) of Resources:	
Actual amounts (budgetary basis) "transfers in and (out)" from the budgetary comparison statement.	\$ 170,026
Differences - Budget to GAAP:	
None.	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures, and changes in fund balances - capital project funds.	<u>\$ 170,026</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2010

	Ambulance Fund	Airport Fund	Total
Assets:			
Current assets:			
Cash	\$ 205,274	\$ 1,326	\$ 206,600
Receivables (net of allowance):			
Accounts	144,205	-	144,205
Taxes	7,169	-	7,169
Interest	125	-	125
Prepaid expenses	3,093	843	3,936
Non-current assets:			
Equipment	16,261	-	16,261
Less accumulated depreciation	(1,626)	-	(1,626)
Total capital assets, net	14,635	-	14,635
Total assets	374,501	2,169	376,670
Liabilities:			
Current liabilities:			
Accounts payable	4,700	48	4,748
Due to other funds	57,611	26,295	83,906
Total current liabilities	62,311	26,343	88,654
Net assets:			
Invested in capital assets	14,635	-	14,635
Unrestricted (deficit)	297,555	(24,174)	273,381
Total net assets	\$ 312,190	\$ (24,174)	\$ 288,016

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Ambulance Fund	Airport Fund	Total
Operating Revenues:			
Charges for services	\$ 197,547	\$ -	\$ 197,547
Operating Expenses:			
General operating	146,387	3,703	150,090
Depreciation	1,626	-	1,626
Total operating expenses	148,013	3,703	151,716
Operating income (loss)	49,534	(3,703)	45,831
Non-Operating Revenues (Expenses):			
State shared taxes	44,091	-	44,091
Miscellaneous	131	-	131
Interest income	453	-	453
Total non-operating revenues (expenses)	44,675	-	44,675
Income (loss) before transfers	94,209	(3,703)	90,506
Transfers:			
Transfers in	-	4,000	4,000
Change in net assets	94,209	297	94,506
Net assets, beginning of year	-	-	-
Restatements	217,981	(24,471)	193,510
Net assets, beginning of year restated	217,981	(24,471)	193,510
Net assets, end of year	<u>\$ 312,190</u>	<u>\$ (24,174)</u>	<u>\$ 288,016</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Ambulance Fund	Airport Fund	Total
Cash Flows From Operating Activities:			
Cash received from customers	\$ 150,833	\$ -	\$ 150,833
Cash payments to suppliers for goods and services	(147,485)	(3,655)	(151,140)
Net cash provided (used) by operating activities	3,348	(3,655)	(307)
Cash Flows From Non-Capital and Financing Activities:			
Cash received from state shared taxes	43,373	-	43,373
Cash received from miscellaneous sources	131	-	131
Transfers in	-	4,000	4,000
Net cash provided by non-capital and related financing activities	43,504	4,000	47,504
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	(16,261)	-	(16,261)
Cash Flows From Investing Activities:			
Interest income	428	-	428
Certificate of deposit redemption	25,000	-	25,000
Net cash provided by investing activities	25,428	-	25,428
Net increase (decrease) in cash	56,019	345	56,364
Cash and cash equivalents, beginning of year	74,255	981	75,236
Cash and cash equivalents, end of year	\$ 130,274	\$ 1,326	\$ 131,600
Displayed as:			
Cash	\$ 205,274	\$ 1,326	\$ 206,600
Time deposits not considered cash equivalents	(75,000)	-	(75,000)
	\$ 130,274	\$ 1,326	\$ 131,600
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 49,534	\$ (3,703)	\$ 45,831
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,626	-	1,626
Changes in Assets and Liabilities:			
Decrease in accounts receivable	(46,714)	-	(46,714)
Decrease in prepaid expenses	(2,715)	-	(2,715)
Increase in accounts payable	1,617	48	1,665
Total adjustments	(46,186)	48	(46,138)
Net cash provided (used) by operating activities	\$ 3,348	\$ (3,655)	\$ (307)

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

STATE OF NEW MEXICO
CATRON COUNTY
LANDFILL ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variances With Final Budget Over (Under)</u>
Operating Revenues:				
Charges for services	\$ 165,000	\$ 160,500	\$ 157,160	\$ (3,340)
Operating Expenses:				
Personnel services	175,900	175,900	298,947	(123,047)
General operating	89,500	91,000	125,920	(34,920)
Capital outlay	<u>257,644</u>	<u>657,644</u>	<u>518,134</u>	<u>139,510</u>
Total operating expenses	<u>523,044</u>	<u>924,544</u>	<u>943,001</u>	<u>(18,457)</u>
Operating income (loss)	(358,044)	(764,044)	(785,841)	(21,797)
Non-Operating Revenues (Expenses):				
Intergovernmental	205,050	505,050	200,758	(304,292)
State shared taxes	20,000	20,000	43,373	23,373
Interest income	<u>500</u>	<u>500</u>	<u>241</u>	<u>(259)</u>
Total non-operating revenues and (expenses)	<u>225,550</u>	<u>525,550</u>	<u>244,372</u>	<u>(281,178)</u>
Income (loss) before other financing sources (uses)	(132,494)	(238,494)	(541,469)	(302,975)
Other Financing Sources (Uses):				
Transfers in	<u>250,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Net change in cash balance	117,506	111,506	(191,469)	(302,975)
Cash balance, beginning of year	6,391	6,391	6,391	-
Cash advanced from general fund	<u>-</u>	<u>-</u>	<u>185,078</u>	<u>185,078</u>
Cash balance, end of year	<u>\$ 123,897</u>	<u>\$ 117,897</u>	<u>\$ -</u>	<u>\$ (117,897)</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 AMBULANCE ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variances With Final Budget Over (Under)
Operating Revenues:				
Charges for services	\$ 75,000	\$ 75,000	\$ 150,833	\$ 75,833
Operating Expenses:				
General operating	160,150	160,150	147,485	12,665
Capital outlay	1,000	1,000	16,261	(15,261)
Total operating expenses	<u>161,150</u>	<u>161,150</u>	<u>163,746</u>	<u>(2,596)</u>
Operating income (loss)	(86,150)	(86,150)	(12,913)	73,237
Non-Operating Revenues (Expenses):				
State shared taxes	37,000	37,000	43,373	6,373
Miscellaneous	-	-	131	131
Interest income	500	500	428	(72)
Total non-operating revenues and (expenses)	<u>37,500</u>	<u>37,500</u>	<u>43,932</u>	<u>6,432</u>
Net change in cash balance	(48,650)	(48,650)	31,019	79,669
Cash balance, beginning of year	<u>174,255</u>	<u>174,255</u>	<u>174,255</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 125,605</u></u>	<u><u>\$ 125,605</u></u>	<u><u>\$ 205,274</u></u>	<u><u>\$ 79,669</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 AIRPORT ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variances With Final Budget Over (Under)</u>
Operating Expenses:				
General operating	\$ 4,200	\$ 4,200	\$ 3,655	\$ 545
Other Financing Sources (Uses):				
Transfers in	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Net change in cash balance	(200)	(200)	345	545
Cash balance, beginning of year	<u>981</u>	<u>981</u>	<u>981</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 781</u></u>	<u><u>\$ 781</u></u>	<u><u>\$ 1,326</u></u>	<u><u>\$ 545</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON STATEMENT
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS – ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Landfill Fund</u>	<u>Ambulance Fund</u>	<u>Airport Fund</u>
Sources/Inflows of Operating Resources:			
Actual amounts (budgetary basis) "operating revenues" from the budgetary comparison statement.	\$ 157,160	\$ 150,833	\$ -
Differences - Budget to GAAP:			
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>(85)</u>	<u>46,714</u>	<u>-</u>
Total operating revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 157,075</u>	<u>\$ 197,547</u>	<u>\$ -</u>
Uses/Outflows of Operating Resources:			
Actual amounts (budgetary basis) "operating expenses" from the budgetary comparison statement.	\$ 943,001	\$ 163,746	\$ 3,655
Differences - Budget to GAAP:			
The County budgets for claims and expenses paid for during the current accounting period. Accrual of liabilities are not included in the budgetary basis but are expenses for financial reporting purposes.	11,865	(1,098)	48
The County budgets for salaries paid for during the current accounting period. Accrual of salaries are not included in the budgetary basis but are expenses for financial reporting purposes.	2,468	-	-
Capital purchases are considered an outflow of operating resources for budgetary basis but are not considered expenses for financial reporting purposes.	(518,134)	(16,261)	-
Depreciation expense is not considered an outflow of operating resources for budgetary basis but is considered an expense for financial reporting purposes.	<u>4,082</u>	<u>1,626</u>	<u>-</u>
Total operating expenses as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 443,282</u>	<u>\$ 148,013</u>	<u>\$ 3,703</u>
Sources/Inflows of Operating Resources:			
Actual amounts (budgetary basis) "non-operating revenues" from the budgetary comparison statement.	\$ 244,372	\$ 43,932	\$ -
Differences - Budget to GAAP:			
None.	<u>(13,264)</u>	<u>743</u>	<u>-</u>
Total non-operating revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 231,108</u>	<u>\$ 44,675</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON STATEMENT
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS – ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Landfill Fund</u>	<u>Ambulance Fund</u>	<u>Airport Fund</u>
Sources/Inflows of Operating Resources:			
Actual amounts (budgetary basis) "transfers in" from the budgetary comparison schedule.	\$ 350,000	\$ -	\$ 4,000
Differences:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total other sources of resources as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 4,000</u>

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

SUPPLEMENTAL FINANCIAL INFORMATION

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES FOR THE AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Balance 06/30/09	Increases/ Receipts	Decreases/ Disbursements	Balance 06/30/10
Property Tax Fund				
Assets:				
Cash	\$ 10,155	\$ 541,914	\$ 545,955	\$ 6,114
Taxes receivable	53,146	104,358	98,533	58,971
Total assets	<u>\$ 63,301</u>	<u>\$ 646,272</u>	<u>\$ 644,488</u>	<u>\$ 65,085</u>
Liabilities:				
Deposits held for others	\$ 10,155	\$ 541,914	\$ 545,955	\$ 6,114
Due to other tax units - future collections	53,146	104,358	98,533	58,971
Total liabilities	<u>\$ 63,301</u>	<u>\$ 646,272</u>	<u>\$ 644,488</u>	<u>\$ 65,085</u>
Children's Trust Fund				
Assets:				
Cash	\$ -	\$ 285	\$ 285	\$ -
Liabilities:				
Deposits held for others	\$ -	\$ 285	\$ 285	\$ -
Total Agency Funds				
Assets:				
Cash	\$ 10,155	\$ 542,199	\$ 546,240	\$ 6,114
Taxes receivable	53,146	104,358	98,533	58,971
Total assets	<u>\$ 63,301</u>	<u>\$ 646,557</u>	<u>\$ 644,773</u>	<u>\$ 65,085</u>
Liabilities:				
Deposits held for others	\$ 10,155	\$ 542,199	\$ 546,240	\$ 6,114
Due to other tax units - future collections	53,146	104,358	98,533	58,971
Total liabilities	<u>\$ 63,301</u>	<u>\$ 646,557</u>	<u>\$ 644,773</u>	<u>\$ 65,085</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF GENERAL ADMINISTRATIVE REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Taxes - local effort	\$ 1,222,990	\$ 1,222,990	\$ 1,144,516	\$ (78,474)
Taxes - state shared	171,500	171,500	160,502	(10,998)
Intergovernmental	1,643,861	1,647,861	1,614,596	(33,265)
Licenses and permits	38,500	38,500	24,217	(14,283)
Charges for services	49,500	49,500	54,714	5,214
Interest	49,000	49,000	21,691	(27,309)
Miscellaneous	82,136	82,135	61,131	(21,004)
Total revenues	3,257,487	3,261,486	3,081,367	(180,119)
Expenditures:				
Commissioners:				
Salaries	257,061	267,061	260,842	6,219
Operating expenses	243,050	368,050	390,821	(22,771)
Capital outlay	500	500	-	500
Sub-total	500,611	635,611	651,663	(16,052)
Sheriff:				
Salaries	584,513	584,513	587,113	(2,600)
Operating expenses	221,894	221,894	162,093	59,801
Capital outlay	5,000	5,000	-	5,000
Sub-total	811,407	811,407	749,206	62,201
Border Mental Health:				
Operating expenses	1,350	1,350	-	1,350
Clerk:				
Salaries	157,570	157,570	125,619	31,951
Operating expenses	52,000	52,000	30,783	21,217
Sub-total	209,570	209,570	156,402	53,168
Bureau of Elections:				
Operating expenses	56,200	56,200	13,165	43,035
Assessor:				
Salaries	195,827	195,827	196,817	(990)
Operating expenses	59,250	59,250	47,131	12,119
Capital outlay	500	500	-	500
Sub-total	255,577	255,577	243,948	11,629
Treasurer:				
Salaries	126,302	126,302	124,525	1,777
Operating expenses	45,300	45,300	39,010	6,290
Capital outlay	13,671	13,671	13,671	-
Sub-total	185,273	185,273	177,206	8,067

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF GENERAL ADMINISTRATIVE REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Community Services:				
Operating expenses	53,980	53,980	57,457	(3,477)
Glenwood Park:				
Operating expenses	3,700	3,700	354	3,346
Probate Judge:				
Salaries	13,247	13,247	15,158	(1,911)
Operating expenses	3,595	3,595	1,743	1,852
Sub-total	16,842	16,842	16,901	(59)
Wildland Prevention:				
Operating expenses	606,647	606,647	66,215	540,432
AG Extension Agent:				
Operating expenses	56,738	56,738	56,738	-
Communications:				
Operating expenses	11,462	11,462	5,190	6,272
Health Council:				
Operating expenses	99,793	99,893	75,941	23,952
Medical Building:				
Operating expenses	32,000	32,000	35,017	(3,017)
Certified Communities:				
Operating expenses	4,500	8,500	7,050	1,450
Community Development:				
Operating expenses	60,500	60,500	7,224	53,276
Grant Research:				
Operating expenses	16,000	16,000	1,735	14,265
Homeland Security:				
Operating expenses	13,000	13,000	8,821	4,179
Total expenditures	2,995,150	3,134,250	2,330,233	804,017
Excess of revenues over expenditures	262,337	127,236	751,134	623,898
Other Financing Sources (Uses):				
Transfers (out)	(280,000)	(387,000)	(384,235)	2,765
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (17,663)	\$ (259,764)	\$ 366,899	\$ 626,663
Cash available at beginning of year to absorb budget deficit	\$ 17,663	\$ 259,764	N/A	N/A

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2010

Financial Institution/ Account Description	Type of Account	Financial Institution Balance	Reconciling Items	Reconciled Balance
First State Bank 697 Highway 12 Reserve, NM 87830				
Catron County	Checking	\$ 4,384,793	\$ (191,168)	\$ 4,193,625
Certificate of Deposit	CD	200,000	-	200,000
Certificate of Deposit	CD	500,000	-	500,000
Certificate of Deposit	CD	250,000	-	250,000
Certificate of Deposit	CD	250,000	-	250,000
Certificate of Deposit	CD	500,000	-	500,000
Certificate of Deposit	CD	300,000	-	300,000
Certificate of Deposit	CD	300,000	-	300,000
Certificate of Deposit	CD	500,000	-	500,000
Total First State Bank		<u>\$ 7,434,793</u>	<u>\$ (191,168)</u>	<u>\$ 7,243,625</u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2010

First State Bank
697 Highway 12
Reserve, New Mexico 87830

Security	CUSIP	Maturity	Market Value	Par Value
FHLB Non CBL	3133XN4B2	12/09/22	\$ 2,438,294	\$ -
FFCB Non CBL	31331X521	10/01/15	1,033,718	-
Roosevelt County Tax Rev	776461APO	06/01/20	-	190,000
Roosevelt County Tax Rev	776461AQ8	06/01/21	-	195,000
Roosevelt County Tax Rev	776461AR6	06/01/22	-	205,000
Roosevelt County Tax Rev	776461AS4	06/01/23	-	65,000
US Treasury Notes	912810DW5	05/01/16	1,052,442	-
		Total	<u>\$ 4,524,454</u>	<u>\$ 655,000</u>

The holder of the FHBL and FFCB Non CBL securities and the U.S. Treasury notes pledged by First State Bank is the Federal Reserve Bank of Boston, 600 Atlantic Avenue, Boston, Massachusetts. The holder of the Roosevelt County Tax Rev securities pledged by First State Bank is Bank of America, 200 N. College Street, Charlotte, NC 28255.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF TAX ROLL RECONCILIATION -
CHANGES IN PROPERTY TAXES RECEIVABLES
FOR THE YEAR ENDED JUNE 30, 2010

Property taxes receivable, beginning of year	\$	160,868
Changes to Tax Roll:		
Net taxes charged to treasurer for fiscal year		1,735,341
Adjustments:		
Net adjustments and charge-offs		<u>(18,980)</u>
Total receivables prior to collections		1,877,229
Collections for fiscal year ended June 30th		<u>(1,699,079)</u>
Property taxes receivable, end of year	\$	<u><u>178,150</u></u>
Property taxes receivable by years:		
2000	\$	481
2001		2,426
2002		592
2003		10,266
2004		2,326
2005		-
2006		5,010
2007		14,147
2008		38,544
2009		<u>104,358</u>
Total property taxes receivable, end of year	\$	<u><u>178,150</u></u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2010

Agency	Undistributed Taxes 06/30/09	Adjustments	Collections	Distributions	Undistributed Taxes 06/30/10
Catron County:					
Current advalorem	\$ -	\$ -	\$ 1,098,187	\$ 1,098,187	\$ -
Delinquent advalorem	-	-	46,328	46,328	-
Administration fee	-	-	1,331	1,331	-
Re-appraisal	-	-	16,978	16,978	-
Total	-	-	1,162,824	1,162,824	-
Special Districts:					
Sierra Soil & Water District	-	-	179	179	-
Municipalities:					
Village of Reserve	-	-	11,151	11,151	-
State of New Mexico:					
State levy	-	-	129,958	129,958	-
Cattle levy	-	-	48,142	48,142	-
Sheep/goat levy	-	-	39	39	-
Equine/horse levy	-	-	3,015	3,015	-
Dairy cattle levy	-	-	8	8	-
State P & I	-	-	3,540	3,540	-
Costs to State	-	-	935	935	-
Total	-	-	185,637	185,637	-
Reserve:					
Operational	-	-	20,162	20,162	-
Quemado Schools:					
Operational	-	-	27,932	27,932	-
Debt service	-	-	155,515	155,515	-
Capital improvements	-	-	140,154	140,154	-
Total	-	-	323,601	323,601	-
Subtotal	-	-	1,703,554	1,703,554	-
Miscellaneous:					
Overpayments	4,003	(542)	5,723	4,974	4,210
Taxes paid in advance	6,152	542	4,172	8,962	1,904
Total	10,155	-	9,895	13,936	6,114
Subtotal	10,155	-	1,713,449	1,717,490	6,114
Children's Trust Fund	-	-	285	285	-
Grand Total	\$ 10,155	\$ -	\$ 1,713,734	\$ 1,717,775	\$ 6,114

STATE OF NEW MEXICO
CATRON COUNTY
COUNTY TREASURER'S - PROPERTY TAX SCHEDULE
JUNE 30, 2010

Year	Property Taxes Levied	Collected Current Year	Collected To Date	Distributed Current Year	Distributed To Date	County Receivable at Year End
Advalorem						
2000	\$ 808,320	\$ -	\$ 807,839	\$ -	\$ 807,839	\$ 481
2001	953,030	126	950,604	126	950,604	2,426
2002	1,093,911	-	1,093,319	-	1,093,319	592
2003	1,136,057	129	1,125,791	129	1,125,791	10,266
2004	988,283	-	985,957	-	985,957	2,326
2005	1,156,594	327	1,156,594	327	1,156,594	-
2006	1,250,363	2,223	1,245,353	2,223	1,245,353	5,010
2007	1,422,503	15,268	1,408,356	15,268	1,408,356	14,147
2008	1,623,590	50,023	1,585,046	50,023	1,585,046	38,544
2009	1,735,341	1,630,983	1,630,983	1,630,983	1,630,983	104,358
	<u>\$ 12,167,992</u>	<u>\$ 1,699,079</u>	<u>\$ 11,989,842</u>	<u>\$ 1,699,079</u>	<u>\$ 11,989,842</u>	<u>\$ 178,150</u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2010

Catron County has a joint powers agreement with the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) to construct fuel breaks and thin dense stands of trees on approximately 150 acres of private land involving numerous landowners. EMNRD and the County entered into this agreement for administrative efficiency so that several projects could be carried out through a single program. This is a coordinated effort between the United States Forest Service, Bureau of Land Management, Catron County and private citizens of the County began September 18, 2003. Completion of all projects is expected within eighteen to twenty-four months of start-up; however, the agreement continues indefinitely upon written notification from EMNRD to the County. Each party is responsible for its own part of the operation of this Wildland Urban Interface (WUI) project. The audit responsibility for receipts and disbursement rests with the entity that incurs the expenditure associated with this project.

Catron County has a joint powers agreement with the Village of Reserve to maintain certain streets within its corporate limits. It is an agreement that is renewed annually. The Village pays Catron County the sum of one dollar annually for such services. In exchange for providing road maintenance services, the Village of Reserve provides fire protection services within the incorporated limits of the Village and surrounding area through the Village of Reserve Volunteer Fire Department. The audit responsibility rests with the entity that incurs the expenditures associated with this agreement.

Catron County has a joint powers agreement with the Village of Reserve to provide law enforcement protection and service to the Village by and through the Catron County Sheriff's office. It is an agreement that is for the period commencing July 1, 2009 through June 30, 2010. The agreement may be continued for additional terms subject to the agreement of the parties. The Village pays Catron County the sum of \$32,000 for such services. The audit responsibility rests with the entity that incurs the expenditures associated with this agreement.

Catron County entered into a joint powers agreement for the purpose of creating a three member San Francisco Water Commission. The parties involved are Catron County, Village of Reserve, and San Francisco Soil and Water Conservation District. The purposes of the agreement are to:

1. protect and utilize future and existing water rights and water resources of the parties;
2. provide for equitable distribution of project water rights and untreated water resources;
3. provide a mechanism for the parties to acquire, bank, finance, protect and conserve additional water rights and water resources as though each were acting on its own authority and;
4. Provide a mechanism for implementation of the plans or projects with reference to water rights, right to water, and the use and development of untreated water and untreated water resources.

Detailed records of all transaction of the Commission shall be kept and maintained by the Commission and shall be open for inspection and audit at all reasonable times by any member of the Commission. The agreement was approved by Department of Finance and Administration on May 25, 2004.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2010

The County has a memorandum of understanding (MOU) between Catron County and the U.S. Forest Service, Gila National Forest. The MOU was created to establish a mutually harmonious and productive planning relationship between the County and the Forest. The MOU addresses how and when each agency participates in Forest and County planning processes. The audit responsibility for costs incurred under this MOU rests with the agency that incurs the expenditure.

SUPPLEMENTAL FEDERAL FINANCIAL INFORMATION

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Grant Number	Award Amount	Expenditures
U.S. Department of Agriculture				
Cooperative Forestry Assistance	10.664	09-03-436	\$ 126,000	\$ 3,430
Cooperative Forestry Assistance	10.664	09-03-437	180,000	102,551
Cooperative Forestry Assistance	10.664	09-521-2302-0007	25,000	13,027
Cooperative Forestry Assistance	10.664	10-521-2303-0034	20,000	2,818
Schools and Roads - Grants to States	10.665	FY2009	2,984,118	1,019,842
Schools and Roads - Grants to States	10.665	FY2010	491,502	6,178
Forest Service Patrol	10.670	09-LE-11030600-001	20,000	10,221
Forest Service Patrol	10.670	10-LE-11030600001	22,000	13,181
Total U.S. Department of Agriculture				1,171,248
U.S. Department of the Interior/ Bureau of Land Management				
Distribution of Receipts to State and Local Governments	15.227	Taylor Grazing Act	16,065	16,065
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228	GDA040021	50,000	27,221
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228	GDA040021	30,000	5,685
National Fire Plan - Rural Fire Assistance	15.242	L08AC14380	13,000	12,421
Total U.S. Department of the Interior/ Bureau of Land Management				61,392
U.S. Department of Homeland Security/ Federal Emergency Management Agency				
Emergency Management Performance Grants	97042	2007-GE-T7-0023	13,000	8,768
Total Expenditures of Federal Awards				<u>\$ 1,241,408</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the Catron County (County). The County is defined in Note 1 of the County's financial statements.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1, to the City's financial statements. All governmental expenditures of the Catron County (primary government) are presented in accordance with the modified accrual basis of accounting.

3. NON-CASH ASSISTANCE

During the current fiscal year, the County did not expend any federal non-cash assistance. The County did not receive any federal assistance related to insurance nor did they have any loans or loan guarantees outstanding at year end.

4. RECONCILIATION OF FINANCIAL STATEMENTS TO FEDERAL AWARDS

Federal expenditures on the schedule of expenditures of federal awards amount of \$1,241,408. The amounts of expenditures within the funds are reflected within the financial statements as follows:

General Fund	
Public safety	\$ 23,402
Public works	526,191
Health and welfare	63,697
Capital outlay	493,651
 Special Revenue Funds	
<u>Farm and Range Fund</u>	
Health and welfare	16,065
 <u>20 Communities Fund</u>	
Health and welfare	105,981
 <u>Wild Horse Fire Fund</u>	
Public safety	12,421
	12,421
	\$ 1,241,408

ADDITIONAL INDEPENDENT AUDITORS' REPORT

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Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with *Government Auditing Standards*

Hector H. Balderas, State Auditor
and
Board of Commissioners
Catron County
Reserve, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of Catron County as of and for the year ended June 30, 2010, and have issued our report thereon dated June 15, 2011, which was adverse on the governmental activities because the County did not record depreciation expense and accumulated depreciation. Our opinion on the business-type activities was qualified because we were unable to obtain sufficient, competent evidence supporting the amounts reflected as property, equipment, and depreciation expense and potential liabilities and claims. We have also audited the financial statements of each of the County's non-major governmental and non-major enterprise funds and the related budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements. Our opinion on the non-major funds was qualified because we were unable to obtain sufficient, competent evidence supporting potential liabilities and claims. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is 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 questioned costs to be material weaknesses as items 2006-04, 2006-05, 2006-06, 2006-07, 2006-08, 2008-01, 2008-02, 2009-05, and 2010-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 questioned costs as items 2006-09, 2006-13, 2009-04, 2009-05, 2010-02, and 2010-03.

We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* January 2007 Revision paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items 2006-02 and 2007-05.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County's Board of Commissioners, management, others within the County, the New Mexico State Auditor, the New Mexico State Legislature, New Mexico Department of Finance and Administration Local Government Division, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



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

June 15, 2011

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Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133

Hector H. Balderas, State Auditor
and
Board of Commissioners
Catron County
Reserve, New Mexico

Compliance

We have audited the Catron County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Catron County's major federal programs for the year ended June 30, 2010. Catron County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Catron County's management. Our responsibility is to express an opinion on Catron County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Catron County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Catron County's compliance with those requirements.

In our opinion, Catron County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133, and which is described in the accompanying schedule of findings and questioned costs as item 2010-04.

Internal Control over Compliance

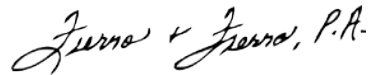
The management of Catron County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Catron County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Catron County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Catron County's response to the finding identified on our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Catron County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the County's Board of Commissioners, management, others within the County, the New Mexico State Auditor, the New Mexico State Legislature, New Mexico Department of Finance and Administration Local Government Division, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



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

June 15, 2011

**STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Adverse

Internal control over financial reporting:

- Material weakness (es) identified? X Yes No
- Significant deficiency (ies) identified? Yes X None reported
- Non-compliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? Yes X No
- Significant deficiency (ies) identified? Yes X None reported

Type of auditors' report issued on compliance with major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

CFDA No.	Program
10.665	Schools & Roads - Grants to States

- Dollar threshold for distinguishing Types A and B programs was \$300,000.
- Auditee qualified as low-risk auditee? Yes X No

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINDINGS – FINANCIAL STATEMENTS

Item 2006-02 – Agency Credit Cards

Statement of Condition – During our testing of the purchase of goods with a credit card, we discovered the following items. Our audit sample was fourteen credit card payments that totaled \$12,507. We noted several instances where there were no receipts attached. The missing receipts are for fuel, vehicle maintenance, and small office expenses. The total dollar amount of the missing receipts was \$1,524.

Criteria – The County has established written internal control procedures where the necessary supporting documentation, such as a third party receipt, must be presented prior to approval for payment. Further, the County's procurement policy requires the preparation of a purchase requisition and/or a purchase order for all purchases to ensure authorization, and to ensure that the purchase meets budget restrictions.

Effect – If the County does not prepare a purchase order or requisition, it runs the risk that purchases may be made in excess of the approved budget limitations. By not having receipts to support the purchase, the County cannot determine whether or not they are paying for items that were for County use.

Cause – County staff failed to turn in all required documentation that supports the expenditure.

Recommendation – We recommend the County review its policies and procedures concerning the authorized use of its credit cards. After such review, all necessary changes or adjustments should be instituted as soon as possible.

Views of Responsible Officials and Planned Corrective Actions – The County is going through a transition period in the office that handles these procedures. The current personnel will be reviewing their training and the necessary procedures to properly handle future transactions. Accountability issues will be addressed.

Item 2006-04 – Capital Asset Subsidiary Records and Depreciation Expense

Statement of Condition – The County has not maintained complete and accurate capital asset subsidiary records that detail all property and equipment owned by the County. Since the County does not have a detailed list of assets owned, the County is unable to calculate depreciation expense for the governmental activities. Additionally, the County is unable to substantiate the depreciation expense recorded for the enterprise fund.

Criteria – New Mexico State Statutes Section 12-6-10 directs the general services department to promulgate regulations to state agencies for the accounting and control of fixed assets owned by government agencies. The New Mexico State Administrative Code, Title 2, Chapter 20, Part 1, *Accounting and Control of Fixed Assets of State Government, Accounting for Acquisitions and Establishing Controls* issued by the general services department, requires that the County implement a systematic and well documented system for accounting of fixed assets. The information to be recorded and maintained must include, at a minimum, the following:

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SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2006-04 – Capital Asset Subsidiary Records and Depreciation Expense (continued)

Criteria (continued) –

- 1) Agency name.
- 2) Fixed asset number.
- 3) A description using words meaningful for identification.
- 4) Location.
- 5) Manufacturer's name.
- 6) Model number or model name.
- 7) Serial number or vehicle identification number.
- 8) Estimated useful life.
- 9) Date acquired.
- 10) Cost.
- 11) Fund and organization that purchased the asset.

The accounting system must be capable of generating lists of capital assets in sequences useful for managing them. The system must track all transactions, including acquisitions, depreciation, improvements and dispositions. The system must generate all necessary accounting entries to the County's general ledger.

Effect – The County is not in compliance with New Mexico State Administrative Code 2.20.1. Non-compliance with New Mexico State Statutes and the Administrative Code subjects the governing board and management to penalties and punishment defined by State statute. Inadequate subsidiary capital asset records could allow assets to be lost or stolen, and the missing asset would not be detected in a timely manner. Further, material variances between the financial statements/general ledger and subsidiary ledgers can occur and the ability to reconcile the variances is quickly lost. The inability to maintain adequate subsidiary capital assets and the non-recording of depreciation expense has caused an adverse opinion on the governmental activities of the County.

Cause – The County's management has failed in maintaining an adequate subsidiary accounting system for capital assets owned by the County. The passage of years and poor record keeping has magnified the differences between amounts recorded on the general ledger and subsidiary fixed assets records. Those charged with governance and management have not placed high priority or resources on the internal control process and on the accounting for the capital assets owned by the County.

Recommendations – We recommend that the County establish a capital asset accounting system that meets the criteria established by the New Mexico Administrative Code 2.20.1. Further, the County must reconcile the fixed assets subsidiary records with the general ledger. The County's historical records should be used to reconstruct the fixed assets subsidiary accounting ledgers. If historical records are inadequate, the County should seek the assistance from a valuation firm in order to reconstruct the historical value of capital assets owned.

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FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2006-04 – Capital Asset Subsidiary Records and Depreciation Expense (continued)

Views of Responsible Officials and Planned Corrective Actions – Current funding levels and the sheer magnitude of this effort has thus far kept us from pursuing the inventory and depreciation schedule work that needs to be done to pull this item into compliance. The County is planning on addressing this issue in the fiscal year 2011-2012.

Item 2006-05 – Capital Assets – Inventory Control Numbers

Statement of Condition – The County did not place identification tags on its newly acquired assets, and did not add the new assets to its subsidiary capital assets records. Furthermore, the County has not placed identification tags on any assets purchased within the last five years.

Criteria – The County's accounting personnel has the responsibility to tag all newly received capital assets at the time they are received, and to record newly acquired assets as per part 2.20.1.15 NMAC, *Accounting and Control of Fixed Assets of State Government*.

Effect – Without tagging the capital assets, the County has not established accountability for their custody and use. Furthermore, by not adding the newly acquired assets to its subsidiary records, the County does not have an accurate record of the capital assets owned by the County.

Cause – Those charged with governance and management have not placed high priority or resources on the tagging of all capital assets owned by the County.

Recommendation – We recommend that the County expedite the establishment and maintenance of appropriate internal controls over its fixed assets for the primary purpose of safeguarding them, and establishing accountability for their custody and use.

Views of Responsible Officials and Planned Corrective Actions – Current funding levels have had a negative effect on plans expressed in previous audits, and we will continue to pursue solutions as funding permits. The County is planning on addressing this issue in the fiscal year 2011-2012.

Item 2006-06 – Annual Inventory of Capital Assets

Statement of Condition – When the County last conducted its annual inventory of its capital assets in July 2005, they counted and included on their capital asset listing all expendable supply type items, including, but not limited to, duct tape, book shelves, paper plates, training videos, and wrench sets. The County failed in performing an accurate inventory of capital assets for June 30, 2010.

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

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FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2006-06 – Annual Inventory of Capital Assets (continued)

Effect – Non-performance of the annual physical inventory of all capital assets owned by the County could allow errors to occur in the capital assets subsidiary records and financial statements. These errors would not be detected on a timely basis. Further, dishonest employees could remove items and the theft would not be detected on a timely basis.

Cause – Those charged with the governance of the County and management have not placed high priority or resources on the accounting and reporting of capital assets.

Recommendation – We suggest that the County adhere to the administrative order regarding the performance of a complete and accurate annual inventory. Procedures must be established to ensure that County personnel are given clear and concise direction as to what constitutes a capital asset when conducting the annual physical count.

Views of Responsible Officials and Planned Corrective Actions – We concur with the statement of condition and the auditors' recommendation. Our desire is to identify our major assets (buildings, vehicles, equipment, etc.) then we will seek assistance from the New Mexico Association of Counties to engage a contractor to complete a reconstruction of the capital assets records, including the tagging of all applicable assets. It is still our objective to complete this issue. Further, the County is planning on addressing this issue in the fiscal year 2011-2012.

Item 2006-07 – Landfill Closure and Post-Closure Costs

Statement of Condition – The County has not recorded an expense provision, and related liability, for the closure and post-closure costs for the landfills located in Pie Town, Datil and Reserve. Nor has the County provided information about how closure and post-closure care financial assurance requirements, if any, are being met. Finally, the County has not provided information of any assets that are restricted for payment of closure and post-closure care costs.

Criteria – Governmental Accounting Standards (GASB) pronouncement number 18 establishes standards of accounting and financial reporting for solid waste landfill closure and post-closure care costs that are required by federal, state or local laws and regulations. This statement is based on the October 9, 1991, U.S. Environmental Protection Agency (EPA) rule, *Solid Waste Disposal Facility Criteria*, which establishes closure requirements for all municipal solid waste landfills (MSWLFs) that receive solid waste after October 9, 1991. The EPA rule also establishes thirty-year post-closure care requirements for MSWLFs that accept solid waste after October 9, 1993. The effect of the EPA rule and similar state or local laws or regulations, is to obligate MSWLF owners and operators to perform certain closing functions and post-closure monitoring and maintenance functions as a condition for the right to operate the MSWLF in the current period.

Effect – The statement establishes accounting and reporting requirements for MSWLF closure and post-closure costs, which at a minimum will cause owners or operators of such facilities to examine more closely their landfill closing costs.

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SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2006-07 – Landfill Closure and Post-Closure Costs (continued)

Effect (continued) – Since such future costs must now be estimated and charged to operations while the landfill is still in use, counties are more likely to incorporate such costs into their current fee structure and possibly even set aside resources to meet the costs of closure and post-closure cash requirements. The County has missed opportunities for such action since they have not adequately addressed this issue.

Cause – The County has had many pressing issues that have taken resources and time away from properly addressing this issue.

Recommendation – We recommend that County officials expedite the establishment and maintenance of the appropriate internal controls to provide reasonable assurance of compliance with laws and regulations. Further, the County should consult with its engineers to ensure information concerning financial assurance requirements is available and what assets are restricted for payment, if applicable.

Views of Responsible Officials and Planned Corrective Actions – The County has retained the services of an engineering firm to prepare closure and post-closure cost analysis, and to assist the county in preparation and submission of grant applications for solid-waste grant opportunities specifically concerned with closure and post-closure issues. Further, the County has received grant funding during the fiscal year 2010-2011 year and is in the process of addressing this issue. The County has also applied for additional grant funding for the fiscal year 2011-2012.

Item 2006-08 – Tax Roll Reconciliation

Statement of Condition – The County Treasurer is responsible for billing, collecting and distributing property taxes for Catron County and for all governmental entities within the County. The Treasurer is responsible for implementing an accounting system that details for each governmental entity the amount of property 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. The County is required to report the information described above in a supplementary schedule in its annual audit report. At the present time, the accounting software utilized by the County does not produce the required data and the Treasurer is unable produce the required report.

Criteria – The information detailed above is necessary for proper revenue recognition on the part of the County, as well as on the recipient governmental entities as required by Government Accounting Standards Board (GASB) Statement No. 33. In addition, the New Mexico State Auditor Rule, Section 2.2.2.12 D (2), requires that the information described above is presented in a supplementary schedule of the annual audit report.

Effect – Without a accounting system in place to ensure proper property tax revenue data is provided to County management and other governmental entities, errors in the revenue recognition could occur and not be detected on a timely basis, which could effect the financial information reporting for both the County and the other governmental entities.

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SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2006-08 – Tax Roll Reconciliation (continued)

Cause – The County relies upon its software vendor to supply the system for reporting under GASB 33. However, because of the numerous changes that have occurred in the recent past due to updates and conversions, some history may have been lost. The current County Treasurer has made numerous requests to the software vendor to provide the necessary accounting data to no avail.

Recommendation – We recommend suggest the County communicate with the computer software vendor to stress the importance of obtaining the data described above. If the vendor is unable to produce the necessary reports in a timely manner, the County should consider seeking alternative accounting solutions that would be able to produce the accounting data.

Views of Responsible Officials and Planned Corrective Actions – The County continues to work with our current software supplier to resolve this issue. More specifically, the County Treasurer has had current dialogue with the vendor and solutions are being addressed.

Item 2006-09 – Legal Compliance with Adopted Budget

Statement of Condition – The following funds exceeded their respective approved budgets as follows:

Fund	Authorized Budget	Actual Amounts Expended	Excess of Approved Budget
Mogollon Fire Special Revenue Fund	\$ 159,456	\$ 215,626	\$ (56,170)
Apache Creek Fire Special Revenue Fund	106,568	117,127	(10,559)
Quemado Lake Fire Special Revenue Fund	65,646	170,027	(104,381)
Coyote Creek Fire Special Revenue Fund	38,968	41,753	(2,785)
Wild Horse Fire Special Revenue Fund	52,186	62,127	(9,941)
Ambulance Enterprise Fund	161,150	163,746	(2,596)
Landfill Enterprise Fund	924,544	943,001	(18,457)

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

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

Cause – The County personnel did not monitor the expenditures to ensure that they did not exceed the authorized budget authority. Since the money for the County’s Enhanced 911 project does not get receipted or expended at the County level, the County has not reflect the revenues or expenses in their accounting records. The project’s finances are controlled by DFA.

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FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2006-09 – Legal Compliance with Adopted Budget (continued)

Recommendation (continued) – We recommend that the County establish procedures that include a comprehensive mid-year review of its budget. The review will allow the governing body to examine fiscal performance and make budget adjustments, if needed. It should include a comparison of revenues and expenditures to date to the approved budget. A review of planned activity for the last half of the fiscal year should be made and compared to the approved budget. Based on the mid-year review, a resolution requesting budget adjustments should be submitted to the Department of Finance & Administration (DFA) Local Government Division, if necessary. In addition, the County should also contact DFA concerning the Enhanced 911 funding that should be reflected in the County's budget.

Views of Responsible Officials and Planned Corrective Actions – A mid-year review process has been implemented to allow corrections and adjustments. Further, after much discussion with the auditor, the County has a clearer understanding of how to address this issue and will be following through in the fiscal year 2011-2012 budget.

Item 2006-13 – Deficit Ending Cash Balances for Budget

Statement of Condition – The County budgeted a deficit ending cash balance of \$28,599 in the Mogollon Fire special revenue fund, \$14,250 in the Catron County fire department special revenue fund, and \$2,352 in the Enhanced 911 special revenue fund.

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

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

Cause – The County's unaudited beginning cash balances were incorrectly overstated.

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

Views of Responsible Officials and Planned Corrective Actions – Continued emphasis has been placed on accurate reporting of cash balances in the treasurer's office.

Item 2007-05 – Compensated Absences

Statement of Condition – The County made small payments for paid time off (vacation and sick leave) that had not been earned. We noted the following instances:

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SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2007-05 – Compensated Absences (continued)

Statement of Condition (continued) –

- One employee had 4.00 hours of sick leave available but was paid for 20.00 hours.
- One employee had 56.00 hours of sick leave available but was paid for 65.50 hours.
- One employee had 42.44 hours of vacation leave available but was paid for 48.00 hours.
- One employee had 42.32 hours of vacation available but was paid for 64.00 hours.
- One employee had 16.00 hours of sick leave available but was paid for 32.00 hours.
- One employee had 6.66 hours of vacation leave but was paid for 10.00 hours.
- One employee had 9.00 hours sick leave but was paid for 17.00 hours.

Criteria – New Mexico State Statutes Section 6-6-3 provides that every local body shall keep all the books, records, and accounts in their respective offices in the form prescribed by the Local Government Division of the Department of Finance and Administration. Within Title 2, Chapter 20, Part 5, *Public Finance Accounting by Governmental Entities* of the New Mexico Administrative Code, the Department of Finance and Administration requires all accounting systems, including subsidiary systems, record transactions timely, completely, and accurately.

Effect – Non-compliance with New Mexico State Statutes and the Department of Finance and Administration rules could subject officials and employees to penalties and fines. In addition, errors may occur and not be detected by employees on a timely basis.

Cause – In reviewing the cause of this issue, it was discovered that the system that calculates the earned and used hours, and thus balances carried forward, may be flawed with errors that have not been corrected. In addition, department heads failed to monitor the employee's earned vacation hours prior to their approval of the time off.

Recommendation – We recommend that the County officials expedite the establishment and maintenance of the appropriate internal controls to provide assurance of compliance with federal, state and county laws and regulations. Each employee's history should be reviewed to ensure that the current balances for both sick leave and vacation hours are valid.

Views of Responsible Officials and Planned Corrective Actions – New internal controls had been implemented and employees had been informed of the stipulations concerning time available to the employee for these absences. However, due to the transition occurring in the office, personnel will be going through a review process of their existing duties and policies and procedure of the office. Accountability will be addressed as well.

Item 2008-01 – Financial Statements and Disclosures

Statement of Condition – The County relies upon their independent auditor to prepare the financial statements in accordance with generally accepted accounting principles (GAAP).

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FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2008-01 – Financial Statements and Disclosures (continued)

Statement of Condition (continued) – The accounting staff lacks the knowledge to prepare such statements, as well as the ability to detect accuracy and completeness of all required notes that explain financial activity contained in the financial statements. The County requires the independent auditor gather all necessary information in order to convert their cash basis accounting information into financial statements prepared in accordance with GAAP.

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

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

SAS 115 paragraph 5 provides an explanation of a deficiency in internal control as either a deficiency in design or in operation. Paragraph 6 states *“A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.”* SAS 115 paragraph 15 provides a list of indicators of a material weakness in internal control. One such example is *“Ineffective oversight of the entity’s financial reporting and internal control by those charged with governance.”*

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

Cause – The County’s staff lacks the proper ability to prepare financial statements and the associated disclosures. When audit services are sought, there is a requirement that the auditor will prepare the financial statements. In the past this may have been sufficient, however, the accounting profession by issuance of SAS 115, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance.

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SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2008-01 – Financial Statements and Disclosures (continued)

Recommendation – The County should employ an individual to serve in the position of director of finance. This employee should have the ability to prepare financial statements in accordance with GAAP. Alternately, the County could chose to consult with a separate accounting firm prior to and during the audit process that would assist the County in the preparation of financial statements and the related notes.

Views of Responsible Officials and Planned Corrective Actions – In the prior year, we were made aware of the requirements of SAS 115. While we desire to have an accounting department to deal with this issue, due to the small size of the County’s budget and the current economic conditions, we are severely restricted in regards to expanding our staff. The County is researching solutions to this issue.

Item 2008-02 – Accounting Activity

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

- The County failed to record financial activity related to debt of the County held by outside parties. In particular, the County failed to record activity at the New Mexico Finance Authority for gross receipts intercepts, earning of interest income, and the payment of outstanding liabilities on their records.
- Further, the County failed to record financial activity at the Bank of New York Mellon escrow accounts related to County debt.
- At year-end, the County failed to prepare a schedule of all receivables, a schedule of accounts payable, a schedule of accrued wages by department, and a summarization of accrued compensated absences.
- The County failed to reconcile its capital assets subsidiary records with the general ledger activity.

Criteria – Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 115 paragraph 3 states the following: “*Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives.*” Appropriate internal control procedures over financial reporting include the ability to understand the key components financial statements in accordance with GAAP. Underlining this premise is the requirement that the County will maintain the accounting records in such a manner as to allow the preparation of financial statements.

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FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2008-02 – Accounting Activity (continued)

Criteria (continued) –For example, the reconciliation of the capital assets between the general ledger and subsidiary ledgers provides assurance of proper accountability and reduces that chance of a material misstatement.

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

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

Recommendation – The County should employ an individual to serve in the position of director of finance. This employee should have the ability to prepare financial statements in accordance with GAAP. Alternately, the County could choose to consult with a separate and independent accounting firm prior to and during the audit process that would assist the County in the gathering of key components of the financial statements and the related notes.

Views of Responsible Officials and Planned Corrective Actions – While we desire to have an accounting department to deal with this issue, due to the small size of the County’s budget and the current economic conditions, we are severely restricted in regards to expanding our staff. The County is trying to develop solutions with the existing staff until additional qualified staff can be added.

Item 2009-04 – Uniform Allowance

Statement of Condition – The County gives certain law enforcement employees a uniform allowance under a nonaccountable plan.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2009-04 – Uniform Allowance (continued)

Statement of Condition (continued) – Under such arrangement, the employee does not have to account for the uniform expenses to the County. As such, these payments are taxable wages subject to social security, Medicare and withholding. The County issued, in error, a 1099-MISC for those employees who received an allowance of more than \$600. The County did not include the payments in the employee's W2 or in a 1099-MISC if the amounts paid were less than \$600. Further, in May 2010, the Internal Revenue Service conducted a determination of worker classification audit in which they concluded these allowances are not part of an accountable plan.

Criteria – Per Internal Revenue Code section 62(c) and section 1.62-2 of the Income Tax Regulations payments to employees for ordinary and necessary expenses of the employer's business generally are wages subject to social security and Medicare and withholding unless paid under an "accountable plan". There are three requirements for an accountable plan:

1. The expenses must be deductible as business expenses incurred while performing services for the employer;
2. The employee must adequately account for the expenses to the employer within a reasonable period of time; and
3. The employee must return any amounts in excess of expenses within a reasonable period of time.

Effect – The failure to include cash payments as wages subjects the County to payroll taxes, interest, and penalties. As a result of the audit, the County paid taxes of \$3,339 for allowances paid in 2008 and 2009.

Cause – County personnel believed it was in compliance with the law by issuing the employee who was paid an allowance in excess of \$600 a form 1099-MISC.

Recommendation – We recommend that the County review its practice of payments for uniform allowance. Procedures must be established to ensure compliance with federal regulations.

Views of Responsible Officials and Planned Corrective Actions – Review of the County's policy on uniform allowances predicated by the independent audit and a random IRS audit (of 2008 and 2009 1099s and W2s) demonstrated the need for change in how we handle the Uniform Allowance Plan. These changes have been initiated.

Item 2009-05 – Submission of Audit Report

Statement of Condition – The audit report for the fiscal year ended June 30, 2010, was due to the New Mexico State Auditor's office by November 15, 2010. The audit report was submitted July 12, 2011.

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SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2009-05 – Submission of Audit Report (continued)

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

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

Cause – For reasons unknown, the County did not engage the auditor until February 2011.

Recommendation – We suggest that the County adhere to the schedule of auditor selection established by the New Mexico State Auditor's Office so that the audit can be completed by the due date.

Views of Responsible Officials and Planned Corrective Actions – The County is currently in a transition period in the office that addresses the audit process, but fully intends on adhering with audit reporting dates.

Item 2010-01 – Cash Reconciliation to General Ledger

Statement of Condition – While the County does reconcile the bank account, they do not reconcile the bank balance to the cash balance as listed in the general ledger. The reconciled bank balance at June 30, 2010 was \$4,193,625 while the general ledger balance was \$4,178,580. The difference was \$15,045. It could not be determined what fund contained the error as the County pools its cash.

Criteria – New Mexico State Statutes Section 6-6-3 provides that every local body shall keep all the books, records, and accounts in their respective offices in the form prescribed by the Local Government Division of the Department of Finance and Administration. Within Title 2, Chapter 20, Part 5, *Public Finance Accounting by Governmental Entities* of the New Mexico Administrative Code, the Department of Finance and Administration requires all accounting systems, including subsidiary systems, record transactions timely, completely, and accurately.

Effect – Without accurate full reconciliations to the general ledger, errors could occur and not be detected. Incorrect decisions, such as budget creation and or adjustments that require the use of cash reserves, may occur as a result of erroneous information.

Cause – Unknown.

Recommendation – We recommend that the County officials expedite the establishment and maintenance of the appropriate internal controls concerning the reconciliation and recording of cash balances. These procedures must include proper reconciliation of differences in reconciled balances and County Treasurer's balances.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2010-01 – Cash Reconciliation to General Ledger (continued)

Recommendation (continued) – The Treasurer should work with the computer software provider to adjust the reports to reflect the correct reconciled bank balances per fund.

Views of Responsible Officials and Planned Corrective Actions – The Treasurer has been, and will continue to work with the software provider until the problem is resolved.

Item 2010-02 – Independent Contractor vs. Employee

Statement of Condition – The County contracts with several individual for emergency medical services (EMS). These EMS individuals are treated as independent contractors by the County and have been issued a 1099-MSIC for tax purposes. In May 2010, the Internal Revenue Service (IRS) conducted a determination of worker classification audit in which they concluded these individuals are employees for tax purposes and not independent contractors. The IRS examined the years 2008 and 2009. Per the IRS, their compensation for their services is subject to all employment taxes and reportable on W2's. The proposed wage adjustments for 2008 and 2009 are \$39,590 and \$42,279 respectively, which is \$4,228 and \$4,515 in taxes. The County has filed a formal appeal with the IRS.

Criteria – Section 3121(d)(2) of the Internal Revenue Code (code) defines the term *employee* as any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of employee. The question of whether an individual is an employee under the common law rules or an independent contractor is one of fact to be determined upon consideration of the facts and the application of the law and regulations in a particular case. Guidance for determining the existence of that status are found in three substantially similar sections of the Employment Tax Regulations, namely, sections 31.3121(d)-1, and 31.3401(c)-1, relating to FICA, FUTA, and federal income tax withholding, respectively. Further section 31.3121(d)-1(c)(2) of the regulations provide in general that the relationship of employer-employee exists when the person for whom the services are performed has the right to direct and control the individual who performs the services not only as to the result to be accomplished by the work, but also as to the details and means by which that result is accomplished. Finally, over the years, the IRS has compiled a list of 20 factors used by the Courts to determine worker status. These 20 factors are set forth in Revenue Ruling 87-41, 1987-23 I.R.B.7

Effect – Section 3509 of the Code provides that if an employer fails to deduct and withhold any tax under chapter 24 (income tax withholding) or subchapter A of Chapter 21 (employee portion of FICA tax) with respect to any employee by reason of treating an employee as not being an employee, the employer's liability is 1.5 percent of the employees' plus 20 percent of the employee's portion of the FICA tax. The employer's liability is doubled in cases where the employer failed to meet the reporting requirements of §6041(a) or of §6051 consistent with the treatment of the employees as independent contractors.

Cause – County personnel believed it was in compliance with employment law in treating its emergency medical service providers as independent contractor.

**STATE OF NEW MEXICO
CATRON COUNTY**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2010-02 – Independent Contractor vs. Employee (continued)

Recommendation – We recommend that the County continue its legal consultation during the appeal process. Once a final determination has been reached, policies and procedures must be established to ensure compliance with federal regulations.

Views of Responsible Officials and Planned Corrective Actions – The County has filed an appeal and is currently working through that process.

Item 2010-03 – Anti-Donation Clause

Statement of Condition – The County discovered that it had not been withholding and paying retirement contributions to PERA for certain part-time employees dating back to 2007. In January 2010, the County remitted \$10,295 in both employer and employee contributions. As of June 15, 2011, the County had not made formal arrangements for the repayment of the employee's portion from the effected employees. Since the County had not made formal repayment arrangements, it has either gifted or loaned these retirements contributions, which is in violation of the New Mexico Constitution.

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

Effect – The County is currently not in compliance with New Mexico Constitution concerning donations. Because the County erred in not remitting these retirements contributions on a timely basis, the effected employee's service credit may be jeopardized.

Cause – Unknown.

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

Views of Responsible Officials and Planned Corrective Actions – The County is in a transition period in the office where PERA contributions are handled. The County will address the issue as quickly as possible.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION III – FEDERAL AWARDS AND QUESTIONED COSTS
– SCHOOLS AND ROADS – GRANTS TO STATES CFDA NO. 10.665 (continued)

Item 2010-04 – Submission of the Reporting Package to the Federal Government

Statement of Condition – The audit report along with the data collection form is due to the federal government within nine months after the end of the fiscal year. The audit report was not completed until June 2011 and as such was not submitted to the federal government on a timely basis.

Criteria – Circular A-133, *Audits of States, Local Governments and Non-profit Organizations* issued by the U.S. Office of Management and Budget requires that the audit report along with the data collection form be submitted by nine months after the fiscal year end. In the case of the City audit for the fiscal year ended June 30, 2010 that due date was March 31, 2011.

Effect – Non-compliance with federal requirements such as the submission of the single audit report and the data collection form could jeopardize future funding from the federal government.

Cause – The County staff was not prepared for the audit in a timely manner.

Recommendation – We suggest that the County make the necessary changes to be prepared for the audit in order to complete the financial statements and audit report on a timely basis.

Views of Responsible Officials and Planned Corrective Actions – The County will be prepared for the upcoming audit in a timely manner.

SECTION IV – PRIOR YEAR FINDINGS

Item 2006-02 – Agency Credit Cards – The prior year’s audit noted that the County’s credit card payments lacked the proper supporting documents, such as third party receipts and purchase orders. The prior year finding has not been resolved and was revised and repeated as item 2006-02.

Item 2006-04 – Capital Asset Subsidiary Records and Depreciation Expense – The County does not maintain a complete historical and up to date listing of fixed assets by type and location. During the current year, we noted that the County did not improve its fixed assets subsidiary records. The audit finding is not considered resolved and is repeated as item 2006-04.

Item 2006-05 – Capital Assets – Inventory Control Numbers – In the prior year’s audit we noted that the County did not place identification tags on its newly acquired assets and that it had not placed identification tags on any assets purchased within the last several years. The prior year finding has not been resolved and is repeated as item 2006-05.

Item 2006-06 – Annual Inventory of Capital Assets – In the previous year’s audit we noted that the County had failed to perform an accurate inventory of capital assets. The prior year finding has not been resolved and is repeated as item 2006-06.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION IV – PRIOR YEAR FINDINGS (continued)

Item 2006-07 – Landfill Closure and Post-Closure Costs – The County failed to record an expense provision and related liability for the future closure and post-closure costs for the landfills located in Pie Town, Datil, and Reserve. Further, the County did not meet the closure and post-closure financial assurance requirements as required under GASB pronouncement number 18. The prior year finding has not been resolved and is repeated as item 2006-07.

Item 2006-08 – Tax Roll Reconciliation – The prior year's audit noted that the County Treasurer did not have an accounting system set up to gather and report by 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. This finding is not considered resolved and is repeated as item 2006-08.

Item 2006-09 – Legal Compliance with Adopted Budget – In the previous fiscal year's audit report, we noted that the County exceeded the budget limitation within three special revenue funds. For the current fiscal year the County exceeded the authorized budget within five special revenue funds. The prior year finding is not considered resolved and was revised and repeated as item 2006-09.

Item 2006-13 – Deficit Ending Cash Balances for Budget – In the prior year, the County budgeted a deficit ending cash balance in six funds. In the current year the County budgeted a deficit ending cash balance in three special revenue funds. The finding is not considered resolved and was revised and repeated as item 2006-13.

Item 2007-05 – Compensated Absences – In the prior year, the County made small payments to employees for vacation and sick leave hours that had not been earned. The finding is not considered resolved and is repeated as item 2007-05.

Item 2008-01 – Financial Statements and Disclosure – In the prior year, the County relied upon their independent auditor to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). During the current fiscal year, the County was unable to prepare their financial statements and relied upon their independent auditor. The finding is not considered resolved and is repeated as item 2008-01.

Item 2008-02 – Accounting Activity – In the prior year, the County did not record all of the financial activity into the County's general ledger. During the current fiscal year, the County was unable to prepare and record all of the financial activity within the general ledger. The finding is not considered resolved and is repeated as item 2008-02.

Item 2008-03 – Bank Reconciliations – In the prior year, the County had incorrect outstanding checks listed on the bank reconciliation at year end. During the current fiscal year, the County cleared all incorrect, outstanding checks from the listing. The finding is considered resolved.

Item 2008-04 – Payroll Accounting – In the prior year, the County had missing 1-9 forms in the employee's personnel files. The finding is considered resolved.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION IV – PRIOR YEAR FINDINGS (continued)

Item 2008-06 – Procurement Violation – In the prior year, it was noted the County did not adhere to the state of New Mexico's procurement code for road improvements. This was a violation unique to the prior year and is not repeated in the current year audit.

Item 2009-01 – Retention of Original Bid Documents – In the prior year, the County could not locate bid documents for several state funded and building improvement projects. The County has made the proper adjustments to record retention. The finding is considered resolved.

Item 2009-02 – Anti-Donation Clause - In the prior year, the County in violation of the anti-donation clause, paid \$131 for meals for volunteers attending a wild land class. This finding was a one-time event and is considered resolved.

Item 2009-03 – Disposal of Equipment – In the prior year, the County sold equipment. The County did not notify the New Mexico State Auditor's office of the disposition of the vehicle and equipment. The County now has an understanding of requirements for proper disposition of equipment. The finding is considered resolved.

Item 2009-04 – Uniform Allowance – The County gives certain law enforcement employees a uniform allowance under a nonaccountable plan. The County did not include the payments in the employee's W2 or in a 1099-MISC if the amounts paid were less than \$600. The finding is not considered resolved and is repeated as 2009-04.

Item 2009-04 – Submission of Audit Report – The audit report for the fiscal year ended June 30, 2009, was due to the New Mexico State Auditor's office by November 15, 2009. The audit report was submitted July 14, 2010. The audit report for the fiscal year ended June 30, 2010 is also late. The finding has been modified and is repeated as 2009-04.

STATE OF NEW MEXICO
CATRON COUNTY
EXIT CONFERENCE AND
PREPARATION OF FINANCIAL STATEMENTS
JUNE 30, 2010

Exit Conference

The audit report for the fiscal year ended June 30, 2010, was discussed during the exit conference held on July 11, 2011 in Reserve, New Mexico. Present for the County was Glyn Griffin, County commissioner; Sharon Armijo, County clerk; Sarah Merklein, County treasurer; and M. Keith Riddle, accounts payable clerk. Present for the auditing firm was Rose Fierro, CPA.

Financial Statement Preparation

The auditing firm of Fierro & Fierro, P.A., Certified Public Accountants, prepared the financial statements of Catron County as of June 30, 2010. The County's upper management has reviewed and approved the financial statements and related notes, and they believe the County's books and records adequately support them.