

**STATE OF NEW MEXICO
CATRON COUNTY**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2008

**STATE OF NEW MEXICO
CATRON COUNTY
TABLE OF CONTENTS
JUNE 30, 2008**

	<u>PAGE</u>
Directory of Officials.....	1
Independent Auditors' Report	2-3
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Assets	4
Statement of Activities.....	5
<i>Governmental Fund Financial Statements</i>	
Balance Sheet.....	6
Reconciliation of the Balance Sheet to the Statement of Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balances.....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	9
Statement of Revenues, Expenditures and Changes in Cash Balance Budget (Non-GAAP Budgetary Basis) and Actual on Budgetary Basis:	
General Fund	10
<i>Business-Type Activities Financial Statements</i>	
Statement of Net Assets	11
Statements of Revenues, Expenses, and Changes in Fund Net Assets	12
Statement of Cash Flows	13
<i>Fiduciary Financial Statement</i>	
Statement of Fiduciary Assets and Liabilities.....	14
Notes to the Financial Statements	15-43
Audited Supplemental Information	
Nonmajor Governmental Funds:	
Combining Balance Sheets	44-46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	47-49

**STATE OF NEW MEXICO
CATRON COUNTY
TABLE OF CONTENTS
JUNE 30, 2008**

PAGE

Audited Supplemental Information (continued)

Special Revenue Funds:

Statement of Revenues, Expenditures and Changes in Cash Balance
Budget (Non-GAAP Budgetary Basis) and Actual on Budgetary Basis:

Farm and Range Fund	50
Recreation Fund.....	51
Clerk's Equipment Fund.....	52
Airport Fund	53
Re-Appraisal Fund	54
County Fairgrounds Fund	55
Ambulance Fund	56
Emergency Medical Services Fund.....	57
Indigent Fund	58
Medicaid Fund	59
Enhanced 911 Fund.....	60
20 Communities Fund.....	61
Corrections Fund	62
Law Enforcement Fund.....	63
Confiscated Drugs Fund	64
COPS Grant Fund.....	65
Legal Fund	66
Quemado Fire Fund.....	67
Datil Fire Fund	68
Glenwood Fire Fund	69
Pie Town Fire Fund.....	70
Rancho Grande Fire Fund	71
Luna Fire Fund.....	72
Mogollon Fire Fund	73
Apache Creek Fire Fund.....	74
Horse Mountain Fire Fund	75
Quemado Lake Fire	76
Coyote Creek Fire Fund.....	77
Wild Horse Fire Fund	78

STATE OF NEW MEXICO
CATRON COUNTY
TABLE OF CONTENTS
JUNE 30, 2008

	<u>PAGE</u>
Audited Supplemental Information (continued)	
Reconciliation Budgetary Comparison Schedule and Statement of Revenues, Expenses and Changes in Fund Balances	79-86
Capital Projects Fund:	
Statement of Revenues, Expenditures and Changes in Cash Balance Budget (Non-GAAP Budgetary Basis) and Actual on Budgetary Basis	87
Reconciliation Budgetary Comparison Schedule and Statement of Revenues, Expenses and Changes in Fund Balances	88
Landfill Enterprise Fund:	
Statement of Revenues, Expenditures and Changes in Cash Balance Budget (Non-GAAP Budgetary Basis) and Actual on Budgetary Basis	89
Reconciliation Budgetary Comparison Schedule and Statement of Revenues, Expenses and Changes in Net Assets.....	90
Supplemental Financial Information	
Agency Funds:	
Combining Schedule of Changes in Assets and Liabilities for the Agency Funds	91
Schedule of General Administrative Revenues and Expenditures Budget (Non-GAAP Budgetary Basis) and Actual on Budgetary Basis	92-93
Schedule of Cash Accounts	94
Schedule of Collateral Pledged to Secure the Deposits of Public Funds	95
Tax Roll Reconciliation - Changes in Property Taxes Receivables	96
Schedule Tax Collections and Distributions.....	97
County Treasurer's - Property Tax Schedule.....	98
Schedule of Joint Powers Agreements	99-100
Additional Independent Auditors' Reports	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	101-102

**STATE OF NEW MEXICO
CATRON COUNTY
TABLE OF CONTENTS
JUNE 30, 2008**

	<u>PAGE</u>
Additional Independent Auditors' Reports (continued)	
Schedule of Findings and Responses	103-123
Exit Conference	124

**STATE OF NEW MEXICO
CATRON COUNTY
OFFICIAL ROSTER
JUNE 30, 2008**

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
Theresa Estrada	Probate Judge

Administrative Staff

Bill Aymar.....	County Manager
-----------------	----------------

Ed Fierro, CPA • Rose Fierro, CPA527 Brown Road • Las Cruces, NM 88005
Bus: (575) 525-0313 • Fax: (575) 525-9708
www.fierrocpa.comIndependent Auditors' Report

Hector 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, and the aggregate remaining fund information of Catron County, New Mexico, as of and for the year ended June 30, 2008, 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 nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of, and for the year ended, June 30, 2008, 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 paragraph four, 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 eleven to the financial statements, management has not recorded depreciation expense on capital assets in 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, 2008. Further, we were unable to obtain sufficient, competent evidence supporting the depreciation expense for business activities included in the statement of activities for the year ended June 30, 2008.

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 not included in the statement of net assets as of June 30, 2008. Further, we were unable to obtain sufficient, competent evidence supporting the current year's expense not included in the statement of activities for the year ended June 30, 2008.


In our opinion, because of the matters 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, 2008, and 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 and fifth 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, New Mexico, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison statements for the general fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Catron County, as of June 30, 2008, and the respective changes in financial position thereof, and the respective budgetary comparison statements for the major capital projects fund and for all nonmajor special revenue funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2008, 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 conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and budgetary comparison statements. The accompanying combining schedule of changes in assets and liabilities for the agency funds, schedule of general administrative revenues and expenditures, schedule of cash accounts, schedule of collateral pledged to secure the deposits of public funds, schedule of tax roll reconciliation-changes in property taxes receivables, schedule of tax collections and distributions, and County Treasurer's property tax schedule are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



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

November 14, 2008

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 2,774,172	\$ 5,532	\$ 2,779,704
Investments	50,000	-	50,000
Receivables, net of allowance for doubtful accounts:			
Accounts	93,015	43,944	136,959
Intergovernmental	138,695	-	138,695
Taxes	203,578	-	203,578
Interest	12,742	144	12,886
Prepaid expenses and deposits	44,913	-	44,913
Restricted investments	164,260	-	164,260
Capital assets:			
Land and construction in progress	822,353	6,000	828,353
Other capital assets, net of depreciation	11,570,872	19,602	11,590,474
Total assets	15,874,600	75,222	15,949,822
LIABILITIES			
Accounts payable	227,483	2,766	230,249
Salaries and wages payable	16,947	2,182	19,129
Accrued interest payable	2,048	-	2,048
Interfund balance	(140,948)	140,948	-
Deferred revenues	753,784	-	753,784
Long-term liabilities:			
Due within one year	157,488	1,778	159,266
Due in more than one year	710,994	192,123	903,117
Total liabilities	1,727,796	339,797	2,067,593
NET ASSETS			
Invested in capital assets, net of related debt	11,572,436	25,602	11,598,038
Unrestricted (deficit)	2,574,368	(290,177)	2,284,191
Total net assets	\$ 14,146,804	\$ (264,575)	\$ 13,882,229

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

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	\$ 1,144,835	\$ 180,216	\$ 1,209,326	\$ 6,955	\$ 251,662	\$ -	\$ 251,662
Public safety	1,191,723	111,578	858,667	248,965	27,487	-	27,487
Public works	953,312	-	503,409	-	(449,903)	-	(449,903)
Health and welfare	747,053	157,433	87,695	110,350	(391,575)	-	(391,575)
Culture and recreation	55,654	-	-	202,538	146,884	-	146,884
Loss on disposal of equipment	613,980	-	-	-	(613,980)	-	(613,980)
Interest on long-term debt	17,436	-	-	-	(17,436)	-	(17,436)
Total government activities	4,723,993	449,227	2,659,097	568,808	(1,046,861)	-	(1,046,861)
Business-type activities:							
Landfill	282,273	147,051	-	-	-	(135,222)	(135,222)
Total primary government	<u>\$ 5,006,266</u>	<u>\$ 596,278</u>	<u>\$ 2,659,097</u>	<u>\$ 568,808</u>	<u>(1,046,861)</u>	<u>(135,222)</u>	<u>(1,182,083)</u>
General Revenues:							
Property taxes					920,917	-	920,917
State shared taxes					583,448	-	583,448
Investment income					95,648	144	95,792
Total general revenues					<u>1,600,013</u>	<u>144</u>	<u>1,600,157</u>
Change in net assets					553,152	(135,078)	418,074
Net assets (deficit), beginning of year					<u>13,593,652</u>	<u>(129,497)</u>	<u>13,464,155</u>
Net assets (deficit), end of year					<u>\$ 14,146,804</u>	<u>\$ (264,575)</u>	<u>\$ 13,882,229</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General Fund	Capital Projects Fund	Total Non Major Funds	Total Governmental Funds
ASSETS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash	\$ 1,189,193	\$ -	\$ 1,584,979	\$ 2,774,172
Investments	50,000	-	-	50,000
Receivables, net of allowance for doubtful accounts:				
Accounts	-	-	93,015	93,015
Intergovernmental	-	116,996	21,699	138,695
Taxes	198,190	-	5,388	203,578
Interest	6,170	-	6,572	12,742
Interfund balance	406,347	-	-	406,347
Prepaid expenses	21,394	-	23,519	44,913
Restricted investments	-	-	164,260	164,260
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,871,294</u>	<u>\$ 116,996</u>	<u>\$ 1,899,432</u>	<u>\$ 3,887,722</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 99,804	\$ 34,146	\$ 93,533	\$ 227,483
Accrued salaries	16,947	-	-	16,947
Interfund balance	-	64,928	200,471	265,399
Deferred revenues	831,984	-	2,157	834,141
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	948,735	99,074	296,161	1,343,970
Fund Balances:				
Unreserved:				
Designated for subsequent years' expenditures reported in the nonmajor:				
Special revenue funds	-	-	1,681,951	1,681,951
Capital projects funds	-	17,922	-	17,922
Undesignated	922,559	-	-	922,559
Undesignated, reported in nonmajor:				
Special revenue funds	-	-	(78,680)	(78,680)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	922,559	17,922	1,603,271	2,543,752
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,871,294</u>	<u>\$ 116,996</u>	<u>\$ 1,899,432</u>	<u>\$ 3,887,722</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, 2008

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

Total fund balances governmental funds (page six)	\$	2,543,752
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		12,393,225
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.		80,357
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(868,482)
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>(2,048)</u>
Net assets of governmental activities (page four)	\$	<u><u>14,146,804</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, 2008

	General Fund	Capital Projects Fund	Total Non-Major Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 881,900	\$ -	\$ 14,044	\$ 895,944
State shared taxes	544,010	-	39,438	583,448
Intergovernmental	1,785,158	346,291	1,096,455	3,227,904
Charges for services	62,217	-	236,727	298,944
Fines and forfeitures	-	-	30,731	30,731
Licenses and permits	46,343	-	-	46,343
Interest	76,539	-	26,773	103,312
Miscellaneous	54,852	-	10,693	65,545
Total revenues	3,451,019	346,291	1,454,861	5,252,171
Expenditures:				
Current:				
General government	1,126,289	6,091	14,080	1,146,460
Public safety	661,248	-	530,475	1,191,723
Public works	953,312	-	-	953,312
Health and welfare	433,497	-	313,556	747,053
Culture and recreation	43,831	-	11,823	55,654
Capital outlay	38,000	423,003	451,007	912,010
Debt service:				
Principal	-	-	125,125	125,125
Interest	-	-	19,634	19,634
Total expenditures	3,256,177	429,094	1,465,700	5,150,971
Excess (deficiency) of revenues over expenditures	194,842	(82,803)	(10,839)	101,200
Other Financing Sources (Uses):				
Operating transfer in	1,000	-	32,411	33,411
Operating transfer (out)	(27,880)	-	(5,531)	(33,411)
Total other financing sources (uses)	(26,880)	-	26,880	-
Net change in fund balances	167,962	(82,803)	16,041	101,200
Fund balances, beginning of year	754,597	100,725	1,587,230	2,442,552
Fund balances, end of year	<u>\$ 922,559</u>	<u>\$ 17,922</u>	<u>\$ 1,603,271</u>	<u>\$ 2,543,752</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, 2008

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

Net change in fund balances total governmental fund (page eight)	\$ 101,200
Amount by which capital outlay expenditures in the governmental fund financial statements exceeded depreciation in the government-wide financial statements.	912,010
Loss on disposal of equipment	(613,980)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	24,973
The issuance of long-term debt (e.g., notes, leases) provides current resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets.	126,750
Some expenditures reported in the governmental fund statement of revenues and expenditures require the use of current financial resources, however, the expenditures are not expenses within the current government-wide statement of activities. Likewise, some expenses within the statement of activities do not require the use of current financial resources.	2,198
Rounding	<u>1</u>
Change in net assets of government-wide financial statements (page five)	<u><u>\$ 553,152</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Taxes	\$ 819,399	\$ 819,399	\$ 874,924	\$ 55,525
State shared taxes	517,028	517,028	574,882	57,854
Intergovernmental	1,334,585	1,415,083	1,871,080	455,997
Licenses and permits	39,100	39,100	46,343	7,243
Charges for services	99,100	99,100	62,217	(36,883)
Interest	104,000	104,000	76,943	(27,057)
Miscellaneous	31,036	31,036	56,302	25,266
Total revenues	2,944,248	3,024,746	3,562,691	537,945
Expenditures:				
Current:				
General government	1,105,661	1,187,911	1,105,479	82,432
Highway and streets	797,900	1,097,900	944,455	153,445
Public safety	713,519	713,519	663,644	49,875
Health and welfare	277,005	429,726	412,385	17,341
Culture and recreation	46,280	46,280	43,740	2,540
Capital outlay	212,700	175,900	38,000	137,900
Total expenditures	3,153,065	3,651,236	3,207,703	443,533
Excess (deficiency) of revenues over expenditures	(208,817)	(626,490)	354,988	981,478
Other Financing Sources (Uses):				
Transfers in	1,000	1,000	1,000	-
Transfers (out)	(49,600)	(50,100)	(27,880)	22,220
Total other financing sources (uses)	(48,600)	(49,100)	(26,880)	22,220
Net change in cash balance	(257,417)	(675,590)	328,108	1,003,698
Cash balance, beginning of year	930,545	930,545	930,545	-
Cash converted to investments	-	-	(50,000)	(50,000)
Cash advanced to other funds	-	-	(69,460)	(69,460)
Cash balance, end of year	\$ 673,128	\$ 254,955	\$ 1,189,193	\$ 934,238

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

BUSINESS-TYPE ACTIVITIES FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

	Landfill Fund
Assets:	
Current assets:	
Cash	\$ 5,532
Receivable (net of allowance):	
Accounts	43,944
Interest	144
Non-current assets:	
Land	6,000
Improvements	13,541
Equipment	364,424
Less accumulated depreciation	(358,363)
Total capital assets, net	25,602
Total assets	75,222
Liabilities:	
Current liabilities:	
Accounts payable	2,766
Accrued salaries	2,182
Interfund balance	140,948
Current maturities of:	
Compensated absences payable	1,778
Total current liabilities	147,674
Non-current liabilities:	
Compensated absences payable	2,123
Landfill closure and post-closure	190,000
Total non-current liabilities	192,123
Total liabilities	339,797
Net assets:	
Invested in capital assets, net of related debt	25,602
Unrestricted (deficit)	(290,177)
Total net assets	\$ (264,575)

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 FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Landfill Fund
Operating Revenues:	
Charges for services	\$ 140,648
State shared taxes	6,403
Total operating revenues	147,051
Operating Expenses:	
General operating	245,289
Depreciation	36,984
Total operating expenses	282,273
Operating (loss)	(135,222)
Non-Operating Revenues (Expenses):	
Interest income	144
Change in net assets	(135,078)
Net assets, beginning of year	(129,497)
Net assets, end of year	\$ (264,575)

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

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2008

	Landfill Fund
Cash Flows From Operating Activities:	
Cash received from customers	\$ 147,050
Cash payments to suppliers for goods and services	(107,765)
Cash payments to employees for services	(112,571)
Net cash (used) by operating activities	(73,286)
Net (decrease) in cash	(73,286)
Cash and cash equivalents, beginning of year	78,818
Cash and cash equivalents, end of year	\$ 5,532
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating (loss)	\$ (135,222)
Adjustment to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Depreciation	36,984
Changes in Assets and Liabilities:	
Decrease in accounts receivable	22,010
Increase in accounts payable	2,513
Increase in accrued salaries	354
Increase in compensated absences	75
Total adjustments	61,936
Net cash (used) by operating activities	\$ (73,286)

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, 2008

	<u>Agency Funds</u>
Assets:	
Cash	\$ 7,116
Taxes receivable	56,185
Total assets	63,301
 Liabilities:	
Deposits held for others	7,116
Due to other taxing units - future collections	56,185
Total liabilities	63,301
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, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

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*.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Property 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, 2008

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 sanitary 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.

All government-wide and 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 the following major governmental funds:

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

The *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.

Additionally, the County reports the following fiduciary fund type:

The *agency funds* account funds account for property taxes collected on behalf of other governments and for fees collected on behalf of the state of New Mexico Children's Trust Fund.

The County maintains twenty-nine other individual governmental funds that are considered nonmajor funds, and are classified as special revenue funds. The County maintains one enterprise fund that is considered a nonmajor fund. A description of each fund follows the notes to financial statements.

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets (continued)

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.

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Investments in the County's cash and investment pool are stated at cost, which approximates fair 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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables and Payables (continued)

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

The inventories in the general fund consist of fuel, vehicle parts, and fluids. 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.

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital Assets (continued)

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, that 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:

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

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

9. Fund Equity Reservation and Designations

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

Unreserved, designated for subsequent years' expenditures – Represents the amounts, other than carryover expenditures, which are required to be designated for subsequent years' expenditures.

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

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts are presented as a reduction of the face amount of bonds proceeds whereas issuance costs are recorded as expenditures.

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. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund

A. Balance Sheet and the Governmental-Wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the governmental-wide statement of net assets. One element of that reconciliation explains, "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Notes payable	\$ (820,790)
Compensated absences payable	<u>(47,692)</u>
Net adjustments to reduce fund balances- total governmental funds to arrive at net assets-governmental activities	<u>\$ (868,482)</u>

**Explanation of Certain Differences Between the Governmental
Fund Statement of Revenues, Expenditures, and Changes in**

B. Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, "Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses." The details of this difference are as follows:

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

**RECONCILIATION OF GOVERNMENT-WIDE
2. AND FUND FINANCIAL STATEMENTS (continued)**

Explanation of Certain Differences Between the Governmental
Fund Statement of Revenues, Expenditures, and Changes in
B. Fund Balances and the Government-Wide Statement of Activities (continued)

Capital outlay	\$ 912,010
Depreciation expense	<u>-</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of government activities	<u>\$ 912,010</u>

An element of that reconciliation states that, “the issuance of long-term debt (e.g., notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of this difference are as follows:

Repayment of long-term debt	\$ 125,125
Long-term compensated absences	<u>1,625</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net assets of government activities	<u>\$ 126,750</u>

An element of that reconciliation states that, *revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.* The details of these differences are as follows:

Increase in property tax revenues	<u>\$ 24,973</u>
-----------------------------------	------------------

An element of that reconciliation states, “Some expenditures reported in the governmental fund statement of revenues and expenditures require the use of current financial resources, however, the expenditures are not expenses with the government-wide statement of activities. Likewise, some expenses within the statement of activities do not require the use of current financial statements.” The details of this difference are as follows:

Net accrual of interest payable	<u>\$ 2,198</u>
---------------------------------	-----------------

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

	General Fund
Sources/Inflows of Operating Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 3,562,691
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.	(86,735)
Deferral of revenues that are not considered an inflow or revenues for financial purposes but are considered an inflow or revenue for budgetary basis.	(24,937)
Total operating revenues as reported on the statement of revenues, expenditures, and changes in fund balances	\$ 3,451,019
Uses/Outflows of Operating Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 3,207,703
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.	47,634
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.	840
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	\$ 3,256,177
Other Sources (Uses) of Resources:	
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement.	\$ (26,880)
Differences - Budget to GAAP:	
None.	-
Total other financing sources (uses) as reported on the statement of revenues, expenses and changes in fund balances	\$ (26,880)

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

4. 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.

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

Cash Deposited With Financial Institutions

The County maintains cash in one financial institution within Catron County and in one financial institution outside Catron County, New Mexico. The County's deposits are carried at cost.

As of June 30, 2008, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	<u>Per Institution</u>	<u>Reconciling Items</u>	<u>Per Financial Statements</u>
First State Bank	\$ 2,476,569	\$ (89,749)	\$ 2,386,820
Western Bank	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Total cash deposits	<u>\$ 2,876,569</u>	<u>\$ (89,749)</u>	<u>\$ 2,786,820</u>

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

Statement of Net Assets:	
Cash	\$ 2,779,704
Statement of fiduciary assets and liabilities - agency funds	<u>7,116</u>
Total cash reported on financial statements	<u>\$ 2,786,820</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

4. CASH DEPOSITS (continued)

Cash Deposited With Financial Institutions (continued)

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

	First State Bank	Western Bank
Checking accounts	\$ 2,076,569	\$ -
Certificates of deposit	400,000	400,000
Total deposits	2,476,569	400,000
FDIC coverage	(200,000)	(100,000)
Uninsured public funds	<u>\$ 2,276,569</u>	<u>\$ 300,000</u>
Pledged securities	\$ 3,003,477	\$ 441,004
Collateral requirements (50% of uninsured public funds)	1,138,285	150,000
Over (under) collateralization	<u>\$ 1,865,192</u>	<u>\$ 291,004</u>

A detailed listing of the pledged collateral is contained in the supplemental financial information section of this report. According to the Federal Deposit Insurance Corporation, public unit deposits 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 \$100,000 in aggregate and separate from the \$100,000 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, 2008, \$2,576,569 of the County's bank balances of \$2,876,569 was exposed to custodial credit risk as follows:

	First State Bank	Western Bank
Uninsured and collateral held by pledging bank's trust department or agent not in the County's name	<u>\$ 2,276,569</u>	<u>\$ 300,000</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

5. INVESTMENTS

Investments at June 30, 2008, were as follows:

<u>Agency</u>	<u>Investment</u>	<u>Maturity</u>	<u>Fair Market Value</u>
Bank of America	U.S. Treasury Fund	N/A	\$ 164,260
NM State Treasurer	Investment Pool	N/A	50,000
			<u>\$ 214,260</u>

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>164,260</u>
	<u>\$ 214,260</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, 2008, 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 yield at June 30, 2008, was 2.4077%.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

5. INVESTMENTS (continued)

Other Investments

The County has invested idle cash held for the purchase of fire equipment in the amount of \$145,403 at the Bank of Albuquerque, N.A., Trust Department; Albuquerque, New Mexico. Additionally, the County has invested \$18,857 for debt service with the same bank.

The cash is invested in a U.S. Treasury fund. The fund is composed of U.S. Treasury notes and U.S. T-Bills. The market value at June 30, 2008, reflected by the trust department is \$164,260. The fund is not subject to categorization.

Interest Rate Risk – 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.

6. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2008, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Charges for services	\$ 206,701	\$ 90,838
Allowance for doubtful accounts	<u>(113,686)</u>	<u>(46,894)</u>
	<u>\$ 93,015</u>	<u>\$ 43,944</u>

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

7. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments at June 30, 2008, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Special appropriation projects	\$ 116,996	\$ -
20 Communities	19,250	-
Fire reimbursements	<u>2,449</u>	<u>-</u>
Total	<u>\$ 138,695</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

8. TAXES RECEIVABLE

Amounts due from local effort and state shared taxes at June 30, 2008, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Property taxes	\$ 102,953	\$ -
Local effort sales taxes	2,615	-
State shared taxes	98,010	-
Total	<u>\$ 203,578</u>	<u>\$ -</u>

9. INTEREST RECEIVABLE

Amounts due from county investments interest at June 30, 2008, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Interest on County investments	<u>\$ 12,742</u>	<u>\$ 144</u>

10. 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.

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

10. PROPERTY TAX (continued)

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. Taxes on real property are a lien against the real property from January 1st of the tax year that the taxes are imposed. 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 shall distribute 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.

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 2007 was \$8.583 per \$1,000 for non-residential property and \$10.850 per \$1,000 for residential property. As of June 30, 2008, the following amounts of property taxes were reflected in the respective financial statements:

	Statement of Net Assets	Agency Funds
Property tax receivable	\$ 102,953	\$ 56,185

11. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2008:

	Balance 06/30/07	Increases	Decreases	Balance 06/30/08
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 682,087	\$ -	\$ -	\$ 682,087
Construction in progress	167,559	131,124	(158,417)	140,266
Total capital assets, not being depreciated	849,646	131,124	(158,417)	822,353
Other capital assets, being depreciated:				
Buildings	2,545,611	16,737	-	2,562,348
Other improvements	5,148,330	357,624	-	5,505,954
Machinery and equipment	4,399,745	564,942	(1,462,117)	3,502,570
Total other capital assets, being depreciated	12,093,686	939,303	(1,462,117)	11,570,872

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

11. CAPITAL ASSETS (continued)

	Balance 06/30/07	Increases	Decreases	Balance 06/30/08
Less accumulated depreciation for:				
Buildings	-	-	-	-
Other improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	-	-	-	-
Other capital assets, net	12,093,686	939,303	(1,462,117)	11,570,872
Total capital assets, net	<u>\$ 12,943,332</u>	<u>\$ 1,070,427</u>	<u>\$ (1,620,534)</u>	<u>\$ 12,393,225</u>

The County did not record depreciation expense for the year ended June 30, 2008.

	Balance 06/30/07	Increases	Decreases	Balance 06/30/08
Business-Type Activity:				
Landfill:				
Capital assets, not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Other capital assets, being depreciated:				
Other improvements	13,541	-	-	13,541
Machinery and equipment	364,424	-	-	364,424
Total other capital assets, being depreciated	377,965	-	-	377,965
Less accumulated depreciation for:				
Other improvements	(2,981)	(541)	-	(3,522)
Machinery and equipment	(318,398)	(36,443)	-	(354,841)
Total accumulated depreciation	(321,379)	(36,984)	-	(358,363)
Other capital assets, net	56,586	(36,984)	-	19,602
Total capital assets, net	<u>\$ 62,586</u>	<u>\$ (36,984)</u>	<u>\$ -</u>	<u>\$ 25,602</u>

12. LONG-TERM OBLIGATIONS

Changes in governmental activities obligations during the year ended June 30, 2008, was as follows:

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

12. LONG-TERM OBLIGATIONS (continued)

	Balance 06/30/07	Additions	Deletions	Balance 06/30/08	Amounts Due Within One Year
Governmental Activities:					
Notes payable	\$ 945,915	\$ -	\$ (125,125)	\$ 820,790	\$ 133,264
Capital leases	848,137	-	(848,137)	-	-
Compensated absences	49,317	70,495	(72,120)	47,692	24,224
Total long-term debt	<u>\$ 1,843,369</u>	<u>\$ 70,495</u>	<u>\$ (1,045,382)</u>	<u>\$ 868,482</u>	<u>\$ 157,488</u>

Payments made on the notes payable to the New Mexico Finance Authority are made by the individually Volunteer Fire Districts Special Revenue Funds. The general fund makes payments on capital leases that pertain to the County's governmental activities.

Business-Type Activities

Changes in the business-type activities obligations during the year ended June 30, 2008, were as follows:

	Balance 06/30/07	Additions	Deletions	Balance 06/30/08	Amounts Due Within One Year
Landfill closure	\$ 190,000	\$ -	\$ -	\$ 190,000	\$ -
Compensated absences	3,826	2,992	(2,917)	3,901	1,778
Total long-term debt	<u>\$ 193,826</u>	<u>\$ 2,992</u>	<u>\$ (2,917)</u>	<u>\$ 193,901</u>	<u>\$ 1,778</u>

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:

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2009	\$ 6,991	\$ -	\$ 6,991
2010	7,009	-	7,009
2011	7,026	-	7,026
2012	7,044	-	7,044
2013	7,061	-	7,061
2014	7,079	-	7,079
	<u>\$ 42,210</u>	<u>\$ -</u>	<u>\$ 42,210</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

12. LONG-TERM OBLIGATIONS (continued)

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 \$18,000 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
2009	\$ 17,496	\$ 1,408	\$ 18,904
2010	17,982	966	18,948
2011	18,497	498	18,995
	<u>\$ 53,975</u>	<u>\$ 2,872</u>	<u>\$ 56,847</u>

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 \$12,600 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
2009	\$ 12,270	\$ 842	\$ 13,112
2010	12,489	654	13,143
2011	12,724	451	13,175
2012	12,974	233	13,207
	<u>\$ 50,457</u>	<u>\$ 2,180</u>	<u>\$ 52,637</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

12. 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
2009	\$ 16,988	\$ -	\$ 16,988
2010	17,030	-	17,030
2011	17,073	-	17,073
2012	17,116	-	17,116
2013	17,158	-	17,158
	<u>\$ 85,365</u>	<u>\$ -</u>	<u>\$ 85,365</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 \$28,775 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
2009	\$ 25,725	\$ 6,868	\$ 32,593
2010	26,400	6,258	32,658
2011	27,110	5,617	32,727
2012	27,850	4,946	32,796
2013	28,625	4,242	32,867
2014-2017	123,253	8,978	132,231
	<u>\$ 258,963</u>	<u>\$ 36,909</u>	<u>\$ 295,872</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

12. LONG-TERM OBLIGATIONS (continued)

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. The note matures May 1, 2012. The annual payment is approximately \$6,550; 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
2009	\$ 6,537	\$ -	\$ 6,537
2010	6,554	-	6,554
2011	6,570	-	6,570
2012	6,586	-	6,586
	<u>\$ 26,247</u>	<u>\$ -</u>	<u>\$ 26,247</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
2009	\$ 5,521	\$ -	\$ 5,521
2010	5,534	-	5,534
2011	5,548	-	5,548
2012	5,562	-	5,562
	<u>\$ 22,165</u>	<u>\$ -</u>	<u>\$ 22,165</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

12. LONG-TERM OBLIGATIONS (continued)

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 \$15,000 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
2009	\$ 14,533	\$ 1,230	\$ 15,763
2010	14,845	955	15,800
2011	15,179	658	15,837
2012	15,536	340	15,876
	<u>\$ 60,093</u>	<u>\$ 3,183</u>	<u>\$ 63,276</u>

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 \$12,600 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
2009	\$ 11,758	\$ 1,876	\$ 13,634
2010	11,921	1,744	13,665
2011	12,103	1,592	13,695
2012	12,306	1,420	13,726
2013	12,528	1,229	13,757
2014-2017	52,715	2,638	55,353
	<u>\$ 113,331</u>	<u>\$ 10,499</u>	<u>\$ 123,830</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

12. LONG-TERM OBLIGATIONS (continued)

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
2009	\$ 8,011	\$ 78	\$ 8,089
2010	8,044	65	8,109
2011	8,078	51	8,129
2012	8,115	35	8,150
2013	8,152	18	8,170
	<u>\$ 40,400</u>	<u>\$ 247</u>	<u>\$ 40,647</u>

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
2009	\$ 7,434	\$ -	\$ 7,434
2010	7,453	-	7,453
2011	7,472	-	7,472
2012	7,490	-	7,490
2013	7,509	-	7,509
2014-2017	30,226	-	30,226
	<u>\$ 67,584</u>	<u>\$ -</u>	<u>\$ 67,584</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

12. LONG-TERM OBLIGATIONS (continued)

Lease Purchase Payable

The County leases eight Caterpillar global motor graders under various capital leases. The economic substance of the leases is that the County is financing the acquisition of the assets through the leases and, accordingly, they are recorded in the County's assets and liabilities. The obligations under the capital leases are due in monthly payments of \$1,450 each, including interest through March 2006, when the balance due will be become payable in full. The interest rates varying from 5.50% to 5.90%, as stated in the individual contracts.

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 seven percent has been paid by the General Fund and three percent by the Landfill Enterprise Fund.

13. TAXES

Local effort and state shared revenue as of June 30, 2008:

	General Fund	Total Non-Major Funds	Total Governmental Funds
Local Effort Taxes:			
Property taxes	\$ 881,900	\$ 14,044	\$ 895,944
State Shared Taxes:			
Cigarette taxes	\$ 1,918	\$ 963	\$ 2,881
Gasoline taxes	148,071	-	148,071
Gross receipts taxes	64,557	38,475	103,032
Motor vehicle registrations	329,464	-	329,464
	<u>\$ 544,010</u>	<u>\$ 39,438</u>	<u>\$ 583,448</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

14. 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 liability for the landfill closure site located in Glenwood, New Mexico and post-closure care costs is \$190,000 as of June 30, 2008, which is based on one hundred percent (100%) usage (filled) of the landfill. At the present time, the County plans on using transfer stations located throughout the County. 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 June 30, 2008. 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. 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 County has not recorded an estimated liability for the landfill closure sites located in Reserve, Datil, and Pie Town, New Mexico.

15. DEFERRED REVENUES

The County has recorded deferred revenues in the amount of \$753,784 within the statement of net assets as of June 30, 2008. The deferred revenues is composed of the following items:

- National Forest Reserve – The County received its share of National Forest Reserve revenues for the fiscal year 2008-2009 on February 19, 2008. The County has recorded the \$421,718 as deferred revenues as of June 30, 2008.
- Federal Payment in Lieu of Taxes – The County received its share of United States payment in lieu of taxes for the fiscal year 2008-2009 on June 16, 2008. The County has recorded the \$332,066 as deferred revenues as of June 30, 2008.

In addition to the deferred revenues of \$753,784, the County has recorded deferred revenues of \$78,200 and \$2,157 within the governmental general and re-appraisal funds respectively. These amounts represent non-current property taxes.

16. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2008, is as follows:

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

16. INTERFUND BALANCES AND TRANSFERS (continued)

<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	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	64,928
General Fund	Landfill Fund	140,948
	Total	<u>\$ 406,347</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.

	<u>Transfers In</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers (Out):			
General Fund	\$ -	\$ 27,880	\$ 27,880
Nonmajor Governmental Funds	1,000	4,531	5,531
Total	<u>\$ 1,000</u>	<u>\$ 32,411</u>	<u>\$ 33,411</u>

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.

17. 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.

18. 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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

19. DEFICIT FUND BALANCES

The following funds had a deficit fund balance as of June 30, 2008:

Fund	Amount
Airport Fund	\$ 25,179
Enhanced 911 Fund	52,229
County Fairgrounds Fund	1,272

20. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2008, the County incurred expenditures over appropriations of the following amounts and funds:

Fund	Amount
County Fairgrounds Fund	\$ 709
Enhanced 911 Fund	36,844
Apache Creek Fire Fund	29,391
Quemado Lake Fund	382
Coyote Creek Fire Fund	1,915
Wild Horse Fire Fund	8,717

21. RETIREMENT PLAN

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, 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. 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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

21. RETIREMENT PLAN (continued)

Funding Policy (continued)

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, 2008, 2007, and 2006 were \$73,577, \$67,458, \$63,757, respectively, equal to the amount of the required contributions for each year.

22. 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.

23. 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, 2008, the County expended \$41,216 for the computer agreement.

24. 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 Catron County other than payment of attorney and other legal fees.

AUDITED SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
CATRON COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

SPECIAL REVENUE FUNDS

Are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Farm and Range – To account 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 financing. Funds received under this agreement 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.

Recreation – To account 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 to be used for recreation purposes. The authority for the fund is given by NMSA 7-12-15.

County Clerk's Equipment – To account for funds collected to be used for purchase of special equipment. The authority for the fund is given by NMSA 14-8-12.2B.

Airport – To account 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.

Reappraisal – To account for the proceeds from property taxes and the one-percent administrative fees assessed by county treasurers to revenue recipients. Authority given by NMSA 7-38-38.1.

County Fair Grounds – To account for the revenues and expenditures for the operations at the fair grounds. The authority for the fund is given by NMSA 33-3-25.

Ambulance – To account for the operations and maintenance of the County ambulance. The authority for the fund is given by NMSA 5-1-1.

Emergency Medical Service – To account 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.

Indigent – To account 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.

Medicaid – To account 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.

Enhanced 911 – To account for the funding of a regional 911 system. The authority for the fund is given by NMSA 63-9D-1 to 9.

20 Communities – To account for state revenues and the related expenditures under the Landowner Assistance Program. The authority for the fund is given by County resolution.

Corrections – To account for revenues and expenditures for the operation and maintenance of the County's correction facilities. The authority for the fund is given by NMSA 35-14-11.

STATE OF NEW MEXICO
CATRON COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

SPECIAL REVENUE FUNDS (continued)

Law Enforcement – To account 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 29-13-1.

Confiscated Drugs – To account for the revenues allocated to this fund from confiscated drug money. The authority for the fund is given by NMSA 30-31.

COPS Grant - To account 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.

Legal – To account for donations to the County to help defray the cost of legal expenditures. The creation and maintenance of a separate fund was established by County resolution.

Quemado - To account 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.

Datil - To account 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.

Glenwood - To account 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.

Pie Town – To account 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.

Rancho Grande - To account 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.

Luna – To account 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.

Mogollon – To account 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.

Apache Creek – To account 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.

Horse Mountain – To account 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.

Quemado Lake – To account 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. Quemado Lake became an independent volunteer fire department from Quemado during the fiscal year ended June 30, 2005. Budget activity will begin during the fiscal year ended June 30, 2006.

Coyote Creek – To account 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.

Wild Horse – To account for State revenues allocated to this fire district and the expenditures there from. The authority for the fund is given by NMSA 59A-53-1.2.

STATE OF NEW MEXICO
CATRON COUNTY
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

ENTERPRISE FUNDS

Landfill – To account 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.

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

Special Revenue Funds

<u>ASSETS</u>	<u>Farm and Range</u>	<u>Recreation</u>	<u>County Clerk's Equipment</u>	<u>Airport</u>	<u>Reappraisal</u>	<u>County Fair Grounds</u>	<u>Ambulance</u>	<u>Emergency Medical Service</u>	<u>Indigent</u>	<u>Medicaid</u>	<u>Enhanced 911</u>
Cash	\$ 272	\$ 2,599	\$ 48,174	\$ 456	\$ 65,261	\$ 41	\$ 182,553	\$ 89,805	\$ 350	\$ -	\$ 22,272
Cash - restricted	-	-	-	-	-	-	-	-	-	-	-
Receivables, net of allowances for doubtful accounts											
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	93,015	-	-	-	-
Taxes	-	77	-	-	2,696	-	2,615	-	-	-	-
Interest	176	19	382	-	144	-	440	440	-	-	88
Prepaid expenses	-	-	-	803	-	-	-	-	-	-	-
Total assets	\$ 448	\$ 2,695	\$ 48,556	\$ 1,259	\$ 68,101	\$ 41	\$ 278,623	\$ 90,245	\$ 350	\$ -	\$ 22,360
<u>LIABILITIES AND FUND BALANCES</u>											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 1,323	\$ 143	\$ 22	\$ 228	\$ 6,485	\$ 6,153	\$ -	\$ -	\$ -
Interfund balance	-	-	-	26,295	-	1,085	57,611	-	-	-	74,589
Deferred revenues	-	-	-	-	2,157	-	-	-	-	-	-
Total liabilities	-	-	1,323	26,438	2,179	1,313	64,096	6,153	-	-	74,589
Fund Balances:											
Reserved for debt service	-	-	-	-	-	-	-	-	-	-	-
Reserved for subsequent years	448	2,695	47,233	-	65,922	-	214,527	84,092	350	-	-
Unreserved	-	-	-	(25,179)	-	(1,272)	-	-	-	-	(52,229)
Total fund balances	448	2,695	47,233	(25,179)	65,922	(1,272)	214,527	84,092	350	-	(52,229)
Total liabilities and fund balances	\$ 448	\$ 2,695	\$ 48,556	\$ 1,259	\$ 68,101	\$ 41	\$ 278,623	\$ 90,245	\$ 350	\$ -	\$ 22,360

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

**STATE OF NEW MEXICO
CATRON COUNTY
COMBINING BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Special Revenue Funds								
	20 Communities	Corrections	Law Enforcement	Confiscated Drugs	COPS Grant	Legal	Quemado	Datil	Glenwood
<u>ASSETS</u>									
Cash	\$ 43,897	\$ 56,689	\$ 83	\$ 1,131	\$ 687	\$ 2,355	\$ 26,593	\$ 293,446	\$ 114,508
Cash - restricted	-	-	-	-	-	-	1,083	81,621	314
Receivables, net of allowances for doubtful accounts									
Intergovernmental	19,250	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-
Interest	-	376	-	19	-	18	195	549	568
Prepaid expenses	-	-	-	-	-	-	1,893	1,893	1,893
Total assets	\$ 63,147	\$ 57,065	\$ 83	\$ 1,150	\$ 687	\$ 2,373	\$ 29,764	\$ 377,509	\$ 117,283
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ 26,250	\$ 6,452	\$ -	\$ -	\$ -	\$ -	\$ 2,008	\$ 1,842	\$ 807
Interfund balance	-	-	-	-	-	-	272	-	-
Deferred revenues	-	-	-	-	-	-	-	-	-
Total liabilities	26,250	6,452	-	-	-	-	2,280	1,842	807
Fund Balances:									
Reserved for debt service	-	-	-	-	-	-	-	-	-
Reserved for subsequent years	36,897	50,613	83	1,150	687	2,373	27,484	375,667	116,476
Unreserved	-	-	-	-	-	-	-	-	-
Total fund balances	36,897	50,613	83	1,150	687	2,373	27,484	375,667	116,476
Total liabilities and fund balances	\$ 63,147	\$ 57,065	\$ 83	\$ 1,150	\$ 687	\$ 2,373	\$ 29,764	\$ 377,509	\$ 117,283

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue Funds									
	Pie Town	Rancho Grande	Luna	Mogollon	Apache Creek	Horse Mountain	Quemado Lake	Coyote Creek	Wild Horse	Total
ASSETS										
Cash	\$ 250,209	\$ 49,691	\$ 25,102	\$ 115,250	\$ 31,423	\$ 35,321	\$ 30,422	\$ 88,858	\$ 7,531	\$ 1,584,979
Cash - restricted	-	597	-	-	43,411	4,757	216	17,118	15,143	164,260
Receivables, net of allowances for doubtful accounts										
Intergovernmental	-	-	-	-	-	994	1,455	-	-	21,699
Accounts	-	-	-	-	-	-	-	-	-	93,015
Taxes	-	-	-	-	-	-	-	-	-	5,388
Interest	274	656	390	585	432	267	70	294	190	6,572
Prepaid expenses	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	23,519
Total assets	\$ 252,376	\$ 52,837	\$ 27,385	\$ 117,728	\$ 77,159	\$ 43,232	\$ 34,056	\$ 108,163	\$ 24,757	\$ 1,899,432
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 3,179	\$ 206	\$ 7,710	\$ 2,449	\$ 20,179	\$ 1,688	\$ 3,721	\$ 1,683	\$ 1,005	\$ 93,533
Interfund balance	-	-	-	-	-	-	-	29,427	11,192	200,471
Deferred revenues	-	-	-	-	-	-	-	-	-	2,157
Total liabilities	3,179	206	7,710	2,449	20,179	1,688	3,721	31,110	12,197	296,161
Fund Balances:										
Reserved for debt service	-	-	-	-	-	-	-	-	-	-
Reserved for subsequent years	249,197	52,631	19,675	115,279	56,980	41,544	30,335	77,053	12,560	1,681,951
Unreserved	-	-	-	-	-	-	-	-	-	(78,680)
Total fund balances	249,197	52,631	19,675	115,279	56,980	41,544	30,335	77,053	12,560	1,603,271
Total liabilities and fund balances	\$ 252,376	\$ 52,837	\$ 27,385	\$ 117,728	\$ 77,159	\$ 43,232	\$ 34,056	\$ 108,163	\$ 24,757	\$ 1,899,432

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, 2008

	Special Revenue Funds										
	Farm and Range	Recreation	County Clerk's Equipment	Airport	Reappraisal	County Fair Grounds	Ambulance	Emergency Medical Service	Indigent	Medicaid	Enhanced 911
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 14,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State shared taxes	-	963	-	-	-	-	38,475	-	-	-	-
Intergovernmental	15,265	-	-	-	-	-	-	90,566	-	-	-
Charges for services	-	-	18,132	-	4,512	-	157,433	-	-	-	46,844
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-
Interest income	454	19	520	-	144	-	1,134	461	-	-	374
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Total revenues	15,719	982	18,652	-	18,700	-	197,042	91,027	-	-	47,218
Expenditures:											
Current:											
General government	-	-	5,332	3,857	4,891	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	83,600	-	-	-
Health and welfare	21,100	-	-	-	-	-	100,472	-	-	19,780	46,844
Culture and recreation	-	8,000	-	-	-	3,823	-	-	-	-	-
Capital outlay	77,000	-	-	-	-	-	-	-	-	-	-
Debt Service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	98,100	8,000	5,332	3,857	4,891	3,823	100,472	83,600	-	19,780	46,844
Excess (deficiency) of revenues over expenditures	(82,381)	(7,018)	13,320	(3,857)	13,809	(3,823)	96,570	7,427	-	(19,780)	374
Other Financing Sources (Uses):											
Operating transfer in	-	-	-	4,200	-	3,900	-	-	-	19,780	-
Operating transfer (out)	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	4,200	-	3,900	-	-	-	19,780	-
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	(82,381)	(7,018)	13,320	343	13,809	77	96,570	7,427	-	-	374
Fund balances, beginning of year	82,829	9,713	33,913	(25,522)	52,113	(1,349)	117,957	76,665	350	-	(52,603)
Fund balances, end of year	\$ 448	\$ 2,695	\$ 47,233	\$ (25,179)	\$ 65,922	\$ (1,272)	\$ 214,527	\$ 84,092	\$ 350	\$ -	\$ (52,229)

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, 2008

	Special Revenue Funds									
	20 Communities	Corrections	Law Enforcement	Confiscated Drugs	COPS Grant	Legal	Quemado	Datil	Glenwood	Pie Town
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State shared taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental	128,045	26,488	23,600	-	-	-	43,628	242,551	44,120	43,628
Charges for services	-	-	-	-	-	-	293	965	-	-
Fines and forfeitures	-	30,731	-	-	-	-	-	-	-	-
Interest income	-	598	83	19	-	45	695	4,235	1,375	772
Miscellaneous	-	9,089	-	-	-	-	-	-	-	100
Total revenues	128,045	66,906	23,683	19	-	45	44,616	247,751	45,495	44,500
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	57,989	18,532	331	-	-	22,319	25,401	12,719	20,209
Health and welfare	125,360	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	23,746	-	-	-	-	18,658	-	-
Debt Service:										
Principal	-	-	-	-	-	-	6,521	7,416	7,980	-
Interest	-	-	-	-	-	-	-	-	89	-
Total expenditures	125,360	57,989	42,278	331	-	-	28,840	51,475	20,788	20,209
Excess (deficiency) of revenues over expenditures	2,685	8,917	(18,595)	(312)	-	45	15,776	196,276	24,707	24,291
Other Financing Sources (Uses):										
Operating transfer in	-	-	-	-	-	-	-	-	-	-
Operating transfer (out)	-	(1,000)	-	-	-	-	(718)	-	-	-
Total other financing sources (uses)	-	(1,000)	-	-	-	-	(718)	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	2,685	7,917	(18,595)	(312)	-	45	15,058	196,276	24,707	24,291
Fund balances, beginning of year	34,212	42,696	18,678	1,462	687	2,328	12,426	179,391	91,769	224,906
Fund balances, end of year	<u>\$ 36,897</u>	<u>\$ 50,613</u>	<u>\$ 83</u>	<u>\$ 1,150</u>	<u>\$ 687</u>	<u>\$ 2,373</u>	<u>\$ 27,484</u>	<u>\$ 375,667</u>	<u>\$ 116,476</u>	<u>\$ 249,197</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, 2008

	Special Revenue Funds								Total
	Rancho Grande	Luna	Mogollon	Apache Creek	Horse Mountain	Quemado Lake	Coyote Creek	Wild Horse	
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,044
State shared taxes	-	-	-	-	-	-	-	-	39,438
Intergovernmental	43,628	43,628	43,628	137,764	43,628	43,628	39,032	43,628	1,096,455
Charges for services	-	-	-	4,351	1,322	2,875	-	-	236,727
Fines and forfeitures	-	-	-	-	-	-	-	-	30,731
Interest income	1,860	915	1,252	4,802	1,133	513	4,046	1,324	26,773
Miscellaneous	-	-	-	-	-	-	-	1,504	10,693
Total revenues	45,488	44,543	44,880	146,917	46,083	47,016	43,078	46,456	1,454,861
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	14,080
Public safety	50,063	52,889	25,157	37,225	21,435	23,403	35,446	43,757	530,475
Health and welfare	-	-	-	-	-	-	-	-	313,556
Culture and recreation	-	-	-	-	-	-	-	-	11,823
Capital outlay	-	-	-	216,877	-	8,718	11,696	94,312	451,007
Debt Service:									
Principal	14,245	-	-	42,829	12,066	5,507	16,945	11,616	125,125
Interest	1,482	-	-	15,060	1,014	-	-	1,989	19,634
Total expenditures	65,790	52,889	25,157	311,991	34,515	37,628	64,087	151,674	1,465,700
Excess (deficiency) of revenues over expenditures	(20,302)	(8,346)	19,723	(165,074)	11,568	9,388	(21,009)	(105,218)	(10,839)
Other Financing Sources (Uses):									
Operating transfer in	-	-	-	2,000	-	718	-	1,813	32,411
Operating transfer (out)	-	-	-	-	-	(2,000)	(1,813)	-	(5,531)
Total other financing sources (uses)	-	-	-	2,000	-	(1,282)	(1,813)	1,813	26,880
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	(20,302)	(8,346)	19,723	(163,074)	11,568	8,106	(22,822)	(103,405)	16,041
Fund balances, beginning of year	72,933	28,021	95,556	220,054	29,976	22,229	99,875	115,965	1,587,230
Fund balances, end of year	\$ 52,631	\$ 19,675	\$ 115,279	\$ 56,980	\$ 41,544	\$ 30,335	\$ 77,053	\$ 12,560	\$ 1,603,271

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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 17,671	\$ 17,671	\$ 15,265	\$ (2,406)
Miscellaneous	1,500	1,500	-	(1,500)
Interest	-	-	531	531
	<u>19,171</u>	<u>19,171</u>	<u>15,796</u>	<u>(3,375)</u>
Total revenues				
Expenditures:				
Current:				
Health and welfare	23,000	98,100	21,100	77,000
Capital outlay	-	-	77,000	(77,000)
	<u>23,000</u>	<u>98,100</u>	<u>98,100</u>	<u>-</u>
Total expenditures				
Net change in cash balance	(3,829)	(78,929)	(82,304)	(3,375)
Cash balance, beginning of year	<u>82,576</u>	<u>82,576</u>	<u>82,576</u>	<u>-</u>
Cash balance, end of year	<u>\$ 78,747</u>	<u>\$ 3,647</u>	<u>\$ 272</u>	<u>\$ (3,375)</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
State shared taxes	\$ 500	\$ 500	\$ 886	\$ 386
Interest	500	500	-	(500)
Total revenues	1,000	1,000	886	(114)
Expenditures:				
Current:				
Culture and recreation	8,000	8,000	8,000	-
Net change in cash balance	(7,000)	(7,000)	(7,114)	(114)
Cash balance, beginning of year	9,713	9,713	9,713	-
Cash balance, end of year	<u>\$ 2,713</u>	<u>\$ 2,713</u>	<u>\$ 2,599</u>	<u>\$ (114)</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Charges for services	\$ 11,750	\$ 11,750	\$ 18,131	\$ 6,381
Interest	-	-	264	264
Total revenues	11,750	11,750	18,395	6,645
Expenditures:				
Current:				
General government	-	-	4,008	(4,008)
Capital outlay	15,000	15,000	-	15,000
Total expenditures	15,000	15,000	4,008	10,992
Net change in cash balance	(3,250)	(3,250)	14,387	17,637
Cash balance, beginning of year	33,787	33,787	33,787	-
Cash balance, end of year	<u>\$ 30,537</u>	<u>\$ 30,537</u>	<u>\$ 48,174</u>	<u>\$ 17,637</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
AIRPORT 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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 22,000	\$ 22,000	\$ -	\$ (22,000)
Expenditures:				
Current:				
General government	4,200	4,200	3,744	456
Capital outlay	<u>21,000</u>	<u>21,000</u>	<u>-</u>	<u>21,000</u>
Total expenditures	<u>25,200</u>	<u>25,200</u>	<u>3,744</u>	<u>21,456</u>
(Deficiency) of revenues over expenditures	(3,200)	(3,200)	(3,744)	(544)
Other Financing Sources (Uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>4,200</u>	<u>4,200</u>
Net change in cash balance	(3,200)	(3,200)	456	3,656
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ (3,200)</u>	<u>\$ (3,200)</u>	<u>\$ 456</u>	<u>\$ 3,656</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Taxes	\$ 15,000	\$ 15,000	\$ 13,738	\$ (1,262)
Charges for services	-	-	4,512	4,512
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total revenues	16,000	16,000	18,250	2,250
Expenditures:				
Current:				
General government	20,800	20,800	5,282	15,518
Capital outlay	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total expenditures	<u>20,800</u>	<u>50,800</u>	<u>5,282</u>	<u>45,518</u>
Net change in cash balance	(4,800)	(34,800)	12,968	47,768
Cash balance, beginning of year	<u>52,293</u>	<u>52,293</u>	<u>52,293</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 47,493</u></u>	<u><u>\$ 17,493</u></u>	<u><u>\$ 65,261</u></u>	<u><u>\$ 47,768</u></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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Expenditures:				
Current:				
Culture and recreation	\$ 3,150	\$ 3,150	\$ 3,859	\$ (709)
Other Financing Sources (Uses):				
Transfers in	-	500	3,900	3,400
Net change in cash balance	(3,150)	(2,650)	41	2,691
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ (3,150)</u>	<u>\$ (2,650)</u>	<u>\$ 41</u>	<u>\$ 2,691</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 AMBULANCE 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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
State shared taxes	\$ 36,000	\$ 36,000	\$ 39,310	\$ 3,310
Charges for services	100,000	100,000	117,848	17,848
Interest	3,500	3,500	1,326	(2,174)
Miscellaneous	100	100	-	(100)
Total revenues	<u>139,600</u>	<u>139,600</u>	<u>158,484</u>	<u>18,884</u>
Expenditures:				
Current:				
Health and welfare	119,900	119,900	99,238	20,662
Capital outlay	1,000	1,000	-	1,000
Total expenditures	<u>120,900</u>	<u>120,900</u>	<u>99,238</u>	<u>21,662</u>
Net change in cash balance	18,700	18,700	59,246	40,546
Cash balance, beginning of year	<u>123,307</u>	<u>123,307</u>	<u>123,307</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 142,007</u></u>	<u><u>\$ 142,007</u></u>	<u><u>\$ 182,553</u></u>	<u><u>\$ 40,546</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 86,466	\$ 90,884	\$ 90,566	\$ (318)
Interest	<u>2,000</u>	<u>2,000</u>	<u>888</u>	<u>(1,112)</u>
Total revenues	88,466	92,884	91,454	(1,430)
Expenditures:				
Current:				
Public safety	<u>116,500</u>	<u>120,918</u>	<u>82,785</u>	<u>38,133</u>
Net change in cash balance	(28,034)	(28,034)	8,669	36,703
Cash balance, beginning of year	<u>81,136</u>	<u>81,136</u>	<u>81,136</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 53,102</u></u>	<u><u>\$ 53,102</u></u>	<u><u>\$ 89,805</u></u>	<u><u>\$ 36,703</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, 2008

	<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	\$ 350	\$ 350	\$ -	\$ 350
Net change in cash balance	(350)	(350)	-	350
Cash balance, beginning of year	<u>350</u>	<u>350</u>	<u>350</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350</u>	<u>\$ 350</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, 2008

	<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	\$ 19,780	\$ 2,220
Other Financing Sources (Uses):				
Transfers in	-	-	19,780	19,780
Net change in cash balance	(22,000)	(22,000)	-	22,000
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ (22,000)</u>	<u>\$ (22,000)</u>	<u>\$ -</u>	<u>\$ 22,000</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Charges for services	\$ -	\$ -	\$ 46,844	\$ 46,844
Interest	500	500	484	(16)
Total revenues	500	500	47,328	46,828
Expenditures:				
Current:				
Health and welfare	5,000	5,000	46,844	(41,844)
Capital outlay	5,000	5,000	-	5,000
Total expenditures	10,000	10,000	46,844	(36,844)
Net change in cash balance	(9,500)	(9,500)	484	9,984
Cash balance, beginning of year	21,788	21,788	21,788	-
Cash balance, end of year	<u>\$ 12,288</u>	<u>\$ 12,288</u>	<u>\$ 22,272</u>	<u>\$ 9,984</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 183,944	\$ 183,944	\$ 154,122	\$ (29,822)
Expenditures:				
Current:				
Health and welfare	<u>183,914</u>	<u>183,914</u>	<u>142,214</u>	<u>41,700</u>
Net change in cash balance	30	30	11,908	11,878
Cash balance, beginning of year	<u>31,989</u>	<u>31,989</u>	<u>31,989</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 32,019</u></u>	<u><u>\$ 32,019</u></u>	<u><u>\$ 43,897</u></u>	<u><u>\$ 11,878</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 26,488	\$ 26,488
Fines and forfeitures	22,000	22,000	39,055	17,055
Miscellaneous	10,000	36,488	9,089	(27,399)
Interest	500	500	424	(76)
Total revenues	32,500	58,988	75,056	16,068
Expenditures:				
Current:				
Public safety	53,170	106,146	52,715	53,431
Capital outlay	1,000	1,000	-	1,000
Total expenditures	54,170	107,146	52,715	54,431
Excess (deficiency) of revenues over expenditures	(21,670)	(48,158)	22,341	70,499
Other Financing Sources (Uses):				
Transfers (out)	-	-	(1,000)	(1,000)
Net change in cash balance	(21,670)	(48,158)	21,341	69,499
Cash balance, beginning of year	35,348	35,348	35,348	-
Cash balance, end of year	<u>\$ 13,678</u>	<u>\$ (12,810)</u>	<u>\$ 56,689</u>	<u>\$ 69,499</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 23,600	\$ 23,600	\$ 23,600	\$ -
Interest	<u>250</u>	<u>250</u>	<u>83</u>	<u>(167)</u>
Total revenues	23,850	23,850	23,683	(167)
Expenditures:				
Current:				
Public safety	-	2,278	18,532	(16,254)
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>23,746</u>	<u>16,254</u>
Total expenditures	40,000	42,278	42,278	-
Net change in cash balance	(16,150)	(18,428)	(18,595)	(167)
Cash balance, beginning of year	<u>18,678</u>	<u>18,678</u>	<u>18,678</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 2,528</u></u>	<u><u>\$ 250</u></u>	<u><u>\$ 83</u></u>	<u><u>\$ (167)</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, 2008

	<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	\$ 1,420	\$ 1,420	\$ 331	\$ 1,089
Net change in cash balance	(1,420)	(1,420)	(331)	1,089
Cash balance, beginning of year	<u>1,462</u>	<u>1,462</u>	<u>1,462</u>	<u>-</u>
Cash balance, end of year	<u>\$ 42</u>	<u>\$ 42</u>	<u>\$ 1,131</u>	<u>\$ 1,089</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Expenditures:				
Capital outlay	\$ 600	\$ 600	\$ -	\$ 600
Net change in cash balance	(600)	(600)	-	600
Cash balance, beginning of year	<u>687</u>	<u>687</u>	<u>687</u>	<u>-</u>
Cash balance, end of year	<u>\$ 87</u>	<u>\$ 87</u>	<u>\$ 687</u>	<u>\$ 600</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Interest	\$ -	\$ -	\$ 53	\$ 53
Expenditures:				
Current:				
Public safety	2,300	2,300	-	2,300
Net change in cash balance	(2,300)	(2,300)	53	2,353
Cash balance, beginning of year	2,302	2,302	2,302	-
Cash balance, end of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2,355</u>	<u>\$ 2,353</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 38,869	\$ 38,869	\$ 43,628	\$ 4,759
Charges for services	1,000	1,000	293	(707)
Miscellaneous	600	600	-	(600)
Interest	500	500	344	(156)
Total revenues	40,969	40,969	44,265	3,296
Expenditures:				
Current:				
Public safety	34,443	34,443	21,997	12,446
Debt service	-	-	6,521	(6,521)
Total expenditures	34,443	34,443	28,518	5,925
Excess of revenues over expenditures	6,526	6,526	15,747	9,221
Other Financing Sources (Uses):				
Transfers (out)	-	-	(718)	(718)
Net change in cash balance	6,526	6,526	15,029	8,503
Cash balance, beginning of year	10,000	10,000	10,000	-
Restricted cash conversion	-	-	1,564	1,564
Cash balance, end of year	<u>\$ 16,526</u>	<u>\$ 16,526</u>	<u>\$ 26,593</u>	<u>\$ 10,067</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 35,864	\$ 35,864	\$ 242,551	\$ 206,687
Charges for services	1,000	1,000	965	(35)
Interest	1,000	1,000	1,194	194
Miscellaneous	1,200	126,200	-	(126,200)
Total revenues	<u>39,064</u>	<u>164,064</u>	<u>244,710</u>	<u>80,646</u>
Expenditures:				
Current:				
Public safety	48,708	173,708	30,902	142,806
Capital outlay	50,000	50,000	17,005	32,995
Debt service	-	-	7,416	(7,416)
Total expenditures	<u>98,708</u>	<u>223,708</u>	<u>55,323</u>	<u>168,385</u>
Net change in cash balance	(59,644)	(59,644)	189,387	249,031
Cash balance, beginning of year	<u>104,059</u>	<u>104,059</u>	<u>104,059</u>	<u>-</u>
Cash balance, end of year	<u>\$ 44,415</u>	<u>\$ 44,415</u>	<u>\$ 293,446</u>	<u>\$ 249,031</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 36,398	\$ 36,398	\$ 44,120	\$ 7,722
Miscellaneous	250	250	-	(250)
Interest	1,000	1,000	876	(124)
Total revenues	<u>37,648</u>	<u>37,648</u>	<u>44,996</u>	<u>7,348</u>
Expenditures:				
Current:				
Public safety	19,500	19,992	12,859	7,133
Capital outlay	50,000	50,000	-	50,000
Debt service	-	-	8,069	(8,069)
Total expenditures	<u>69,500</u>	<u>69,992</u>	<u>20,928</u>	<u>49,064</u>
Net change in cash balance	(31,852)	(32,344)	24,068	56,412
Cash balance, beginning of year	89,480	89,480	89,480	-
Restricted cash conversion	-	-	960	960
Cash balance, end of year	<u>\$ 57,628</u>	<u>\$ 57,136</u>	<u>\$ 114,508</u>	<u>\$ 57,372</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 43,628	\$ 43,628	\$ 43,628	\$ -
Charges for services	1,000	1,000	-	(1,000)
Interest	1,000	1,000	876	(124)
Miscellaneous	1,550	1,550	100	(1,450)
Total revenues	47,178	47,178	44,604	(2,574)
Expenditures:				
Current:				
Public safety	208,163	208,163	17,312	190,851
Capital outlay	36,000	36,000	-	36,000
Total expenditures	244,163	244,163	17,312	226,851
Net change in cash balance	(196,985)	(196,985)	27,292	224,277
Cash balance, beginning of year	222,917	222,917	222,917	-
Cash balance, end of year	<u>\$ 25,932</u>	<u>\$ 25,932</u>	<u>\$ 250,209</u>	<u>\$ 224,277</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 29,648	\$ 29,648	\$ 43,628	\$ 13,980
Charges for services	1,000	1,000	-	(1,000)
Interest	1,000	1,000	1,096	96
Total revenues	<u>31,648</u>	<u>31,648</u>	<u>44,724</u>	<u>13,076</u>
Expenditures:				
Current:				
Public safety	58,073	76,572	49,898	26,674
Debt service	-	-	15,727	(15,727)
Total expenditures	<u>58,073</u>	<u>76,572</u>	<u>65,625</u>	<u>10,947</u>
Net change in cash	(26,425)	(44,924)	(20,901)	24,023
Cash balance, beginning of year	68,659	68,659	68,659	-
Restricted cash conversion	-	-	1,933	1,933
Cash balance, end of year	<u>\$ 42,234</u>	<u>\$ 23,735</u>	<u>\$ 49,691</u>	<u>\$ 25,956</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 43,628	\$ 43,628	\$ 43,628	\$ -
Charges for services	1,000	1,000	-	(1,000)
Interest	1,000	1,000	929	(71)
Miscellaneous	500	500	-	(500)
Total revenues	<u>46,128</u>	<u>46,128</u>	<u>44,557</u>	<u>(1,571)</u>
Expenditures:				
Current:				
Public safety	41,328	41,328	45,325	(3,997)
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>51,328</u>	<u>51,328</u>	<u>45,325</u>	<u>6,003</u>
Net change in cash balance	(5,200)	(5,200)	(768)	4,432
Cash balance, beginning of year	<u>25,870</u>	<u>25,870</u>	<u>25,870</u>	<u>-</u>
Cash balance, end of year	<u>\$ 20,670</u>	<u>\$ 20,670</u>	<u>\$ 25,102</u>	<u>\$ 4,432</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 43,628	\$ 43,628	\$ 43,628	\$ -
Interest	1,000	1,000	1,329	329
Miscellaneous	<u>250</u>	<u>250</u>	<u>-</u>	<u>(250)</u>
Total revenues	44,878	44,878	44,957	79
Expenditures:				
Current:				
Public safety	32,500	42,500	24,596	17,904
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>42,500</u>	<u>52,500</u>	<u>24,596</u>	<u>27,904</u>
Net change in cash balance	2,378	(7,622)	20,361	27,983
Cash balance, beginning of year	<u>94,889</u>	<u>94,889</u>	<u>94,889</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 97,267</u></u>	<u><u>\$ 87,267</u></u>	<u><u>\$ 115,250</u></u>	<u><u>\$ 27,983</u></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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 83,603	\$ 83,603	\$ 137,764	\$ 54,161
Charges for services	1,000	1,000	4,351	3,351
Interest	1,000	1,000	1,194	194
Miscellaneous	500	500	-	(500)
Total revenues	<u>86,103</u>	<u>86,103</u>	<u>143,309</u>	<u>57,206</u>
Expenditures:				
Current:				
Public safety	206,557	208,557	42,691	165,866
Capital outlay	30,000	60,000	197,368	(137,368)
Debt service	-	-	57,889	(57,889)
Total expenditures	<u>236,557</u>	<u>268,557</u>	<u>297,948</u>	<u>(29,391)</u>
Excess (deficiency) of revenues over expenditures	(150,454)	(182,454)	(154,639)	27,815
Other Financing Sources (Uses):				
Transfers in	-	2,000	2,000	-
Net change in cash balance	(150,454)	(180,454)	(152,639)	27,815
Cash balance, beginning of year	179,908	179,908	179,908	-
Restricted cash conversion	-	-	4,154	4,154
Cash balance, end of year	<u>\$ 29,454</u>	<u>\$ (546)</u>	<u>\$ 31,423</u>	<u>\$ 31,969</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 32,237	\$ 32,237	\$ 43,628	\$ 11,391
Charges for services	1,000	1,000	328	(672)
Interest	1,000	1,000	418	(582)
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	<u>35,237</u>	<u>35,237</u>	<u>44,374</u>	<u>9,137</u>
Expenditures:				
Current:				
Public safety	34,972	34,972	19,894	15,078
Capital outlay	5,000	5,000	-	5,000
Debt service	-	-	13,080	(13,080)
Total expenditures	<u>39,972</u>	<u>39,972</u>	<u>32,974</u>	<u>6,998</u>
Net change in cash balance	(4,735)	(4,735)	11,400	16,135
Cash balance, beginning of year	22,075	22,075	22,075	-
Restricted cash conversion	-	-	1,846	1,846
Cash balance, end of year	<u>\$ 17,340</u>	<u>\$ 17,340</u>	<u>\$ 35,321</u>	<u>\$ 17,981</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 38,766	\$ 38,766	\$ 43,628	\$ 4,862
Charges for services	1,000	1,000	1,420	420
Interest	500	500	419	(81)
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	41,266	41,266	45,467	4,201
Expenditures:				
Current:				
Public safety	29,711	33,211	30,275	2,936
Capital outlay	5,000	8,000	5,811	2,189
Debt service	-	-	5,507	(5,507)
Total expenditures	34,711	41,211	41,593	(382)
Excess of revenues over expenditures	6,555	55	3,874	3,819
Other Financing Sources (Uses):				
Transfers in	-	-	718	718
Transfers (out)	-	(2,000)	(2,000)	-
Total other financing sources (uses)	-	(2,000)	(1,282)	(718)
Net change in cash balance	6,555	(1,945)	2,592	4,537
Cash balance, beginning of year	27,834	27,834	27,834	-
Cash converted to restricted cash	-	-	(4)	(4)
Cash balance, end of year	<u>\$ 34,389</u>	<u>\$ 25,889</u>	<u>\$ 30,422</u>	<u>\$ 4,533</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 25,243	\$ 25,243	\$ 39,032	\$ 13,789
Interest	1,000	1,000	345	(655)
Miscellaneous	300	300	-	(300)
Total revenues	26,543	26,543	39,377	12,834
Expenditures:				
Current:				
Public safety	32,500	61,500	34,961	26,539
Capital outlay	2,000	187	11,696	(11,509)
Debt service	-	-	16,945	(16,945)
Total expenditures	34,500	61,687	63,602	(1,915)
Excess (deficiency) of revenues over expenditures	(7,957)	(35,144)	(24,225)	10,919
Other Financing Sources (Uses):				
Loan proceeds	-	-	55,700	55,700
Transfers (out)	-	(1,813)	(1,813)	-
Total other financing sources (uses)	-	(1,813)	53,887	55,700
Net change in cash balance	(7,957)	(36,957)	29,662	66,619
Cash balance, beginning of year	55,784	55,784	55,784	-
Restricted cash conversion	-	-	3,412	3,412
Cash balance, end of year	<u>\$ 47,827</u>	<u>\$ 18,827</u>	<u>\$ 88,858</u>	<u>\$ 70,031</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 32,298	\$ 32,298	\$ 43,628	\$ 11,330
Charges for services	500	500	-	(500)
Interest	1,000	1,000	264	(736)
Miscellaneous	500	500	1,504	1,004
Total revenues	34,298	34,298	45,396	11,098
Expenditures:				
Current:				
Public safety	134,131	137,438	45,738	91,700
Capital outlay	2,500	7,500	94,312	(86,812)
Debt service	-	-	13,605	(13,605)
Total expenditures	136,631	144,938	153,655	(8,717)
Excess (deficiency) of revenues over expenditures	(102,333)	(110,640)	(108,259)	2,381
Other Financing Sources (Uses):				
Transfers in	-	1,813	1,813	-
Net change in cash	(102,333)	(108,827)	(106,446)	2,381
Cash balance, beginning of year	111,390	111,390	111,390	-
Restricted cash conversion	-	-	2,587	2,587
Cash balance, end of year	<u>\$ 9,057</u>	<u>\$ 2,563</u>	<u>\$ 7,531</u>	<u>\$ 4,968</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Farm and Range</u>	<u>Recreation</u>	<u>County Clerk's Equipment</u>
Sources/Inflows of Operating Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 15,796	\$ 886	\$ 18,395
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>(77)</u>	<u>96</u>	<u>257</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 15,719</u>	<u>\$ 982</u>	<u>\$ 18,652</u>
Uses/Outflows of Operating Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 98,100	\$ 8,000	\$ 4,008
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>1,324</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - governmental funds	<u>\$ 98,100</u>	<u>\$ 8,000</u>	<u>\$ 5,332</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>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<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 SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Airport</u>	<u>Reappraisal</u>	<u>County Fair Grounds</u>	<u>Ambulance</u>
Sources/Inflows of Operating Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ -	\$ 18,250	\$ -	\$ 158,484
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>450</u>	<u>-</u>	<u>38,558</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ -</u>	<u>\$ 18,700</u>	<u>\$ -</u>	<u>\$ 197,042</u>
Uses/Outflows of Operating Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 3,744	\$ 5,282	\$ 3,859	\$ 99,238
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>113</u>	<u>(391)</u>	<u>(36)</u>	<u>1,234</u>
Total expenditures as reported on the statement of revenues, expenses, and fund balances - governmental funds	<u>\$ 3,857</u>	<u>\$ 4,891</u>	<u>\$ 3,823</u>	<u>\$ 100,472</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement	\$ 4,200	\$ -	\$ 3,900	\$ -
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 - governmental funds	<u>\$ 4,200</u>	<u>\$ -</u>	<u>\$ 3,900</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Emergency Medical Services	Indigent	Medicaid	Enhanced 911
Sources/Inflows of Operating Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 91,454	\$ -	\$ -	\$ 47,328
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.	(427)	-	-	(110)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 91,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,218</u>
Uses/Outflows of Operating Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 82,785	\$ -	\$ 19,780	\$ 46,844
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.	815	-	-	-
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - governmental funds	<u>\$ 83,600</u>	<u>\$ -</u>	<u>\$ 19,780</u>	<u>\$ 46,844</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement	\$ -	\$ -	\$ 19,780	\$ -
Differences - Budget to GAAP:				
None	-	-	-	-
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,780</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>20</u>		<u>Law</u>	<u>Confiscated</u>
	<u>Communities</u>	<u>Corrections</u>	<u>Enforcement</u>	<u>Drugs</u>
Sources/Inflows of Operating Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 154,122	\$ 75,056	\$ 23,683	\$ -
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>(26,077)</u>	<u>(8,150)</u>	<u>-</u>	<u>19</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 128,045</u>	<u>\$ 66,906</u>	<u>\$ 23,683</u>	<u>\$ 19</u>
Uses/Outflows of Operating Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 142,214	\$ 52,715	\$ 42,278	\$ 331
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>(16,854)</u>	<u>5,274</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - governmental funds	<u>\$ 125,360</u>	<u>\$ 57,989</u>	<u>\$ 42,278</u>	<u>\$ 331</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement	\$ -	\$ (1,000)	\$ -	\$ -
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 - governmental funds	<u>\$ -</u>	<u>\$ (1,000)</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 SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>COPS Grant</u>	<u>Legal</u>	<u>Quemado</u>
Sources/Inflows of Operating Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ -	\$ 53	\$ 44,265
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.	-	(8)	351
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 44,616</u>
Uses/Outflows of Operating Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ -	\$ -	\$ 28,518
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.	-	-	322
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,840</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement	\$ -	\$ -	\$ (718)
Differences - Budget to GAAP:			
None	-	-	-
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (718)</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Datil</u>	<u>Glenwood</u>	<u>Pie Town</u>	<u>Rancho Grande</u>
Sources/Inflows of Operating Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 244,710	\$ 44,996	\$ 44,604	\$ 44,724
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>3,041</u>	<u>499</u>	<u>(104)</u>	<u>764</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 247,751</u>	<u>\$ 45,495</u>	<u>\$ 44,500</u>	<u>\$ 45,488</u>
Uses/Outflows of Operating Resources:				
Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison statement.	\$ 55,323	\$ 20,928	\$ 17,312	\$ 65,625
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>(3,848)</u>	<u>(140)</u>	<u>2,897</u>	<u>165</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - governmental funds	<u>\$ 51,475</u>	<u>\$ 20,788</u>	<u>\$ 20,209</u>	<u>\$ 65,790</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 - governmental 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 SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Luna</u>	<u>Mogollon</u>	<u>Apache Creek</u>	<u>Horse Mountain</u>
Sources/Inflows of Operating Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 44,557	\$ 44,957	\$ 143,309	\$ 44,374
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>(14)</u>	<u>(77)</u>	<u>3,608</u>	<u>1,709</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 44,543</u>	<u>\$ 44,880</u>	<u>\$ 146,917</u>	<u>\$ 46,083</u>
Uses/Outflows of Operating Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 45,325	\$ 24,596	\$ 297,948	\$ 32,974
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>7,564</u>	<u>561</u>	<u>14,043</u>	<u>1,541</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - governmental funds	<u>\$ 52,889</u>	<u>\$ 25,157</u>	<u>\$ 311,991</u>	<u>\$ 34,515</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) transfers in and (out) and loan proceeds from the budgetary comparison statement	\$ -	\$ -	\$ 2,000	\$ -
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 - governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Quemado Lake</u>	<u>Coyote Creek</u>	<u>Wild Horse</u>
Sources/Inflows of Operating Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 45,467	\$ 39,377	\$ 45,396
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>1,549</u>	<u>3,701</u>	<u>1,060</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 47,016</u>	<u>\$ 43,078</u>	<u>\$ 46,456</u>
Uses/Outflows of Operating Resources:			
Actual amounts (budgetary basis) "total charges for appropriations" from the budgetary comparison statement.	\$ 41,593	\$ 63,602	\$ 153,655
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.	<u>(3,965)</u>	<u>485</u>	<u>(1,981)</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - governmental funds	<u>\$ 37,628</u>	<u>\$ 64,087</u>	<u>\$ 151,674</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) transfers in and (out) from the budgetary comparison statement	\$ (1,282)	\$ 53,887	\$ 1,813
Differences - Budget to GAAP:			
Loan proceeds are restricted cash and therefore not included as other financing sources for budgetary basis.	<u>-</u>	<u>(55,700)</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ (1,282)</u>	<u>\$ (1,813)</u>	<u>\$ 1,813</u>

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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 1,663,785	\$ 1,663,785	\$ 430,641	\$ (1,233,144)
Expenditures:				
Current:				
General government	-	-	6,042	(6,042)
Capital outlay	<u>1,481,191</u>	<u>1,481,191</u>	<u>800,622</u>	<u>680,569</u>
Total expenditures	<u>1,481,191</u>	<u>1,481,191</u>	<u>806,664</u>	<u>674,527</u>
Net change in cash balance	182,594	182,594	(376,023)	(558,617)
Cash balance, beginning of year	356,563	356,563	356,563	-
Cash advanced from general fund	<u>-</u>	<u>-</u>	<u>19,460</u>	<u>19,460</u>
Cash balance, end of year	<u><u>\$ 539,157</u></u>	<u><u>\$ 539,157</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (539,157)</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES – CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

Sources/Inflows of Operating Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 430,641
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>(84,350)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 346,291</u>
Uses/Outflows of Operating Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 806,664
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>(377,570)</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund balances - governmental funds	<u>\$ 429,094</u>

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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Operating Revenues:				
Charges for services	\$ 181,000	\$ 181,000	\$ 140,648	\$ (40,352)
State shared taxes	8,000	8,000	6,403	(1,597)
Total operating revenues	189,000	189,000	147,051	(41,949)
Operating Expenses:				
Personnel services	187,200	187,200	220,337	(33,137)
General operating	99,900	99,900	-	99,900
Total operating expenses	287,100	287,100	220,337	66,763
Operating income (loss)	(98,100)	(98,100)	(73,286)	24,814
Non-operating Revenues (Expenses):				
Interest income	3,000	3,000	-	(3,000)
Net change in cash balance	(95,100)	(95,100)	(73,286)	21,814
Cash balance, beginning of year	78,818	78,818	78,818	-
Cash balance, end of year	<u>\$ (16,282)</u>	<u>\$ (16,282)</u>	<u>\$ 5,532</u>	<u>\$ 21,814</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON SCHEDULE
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS – LANDFILL ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2008

Sources/Inflows of Operating Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 147,501
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>
Total operating revenues as reported on the statement of revenues, expenditures, and changes in fund net assets	<u>\$ 147,501</u>
Uses/Outflows of Operating Resources:	
Actual amounts (budgetary basis) "operating expenses" from the budgetary comparison statement.	\$ 220,337
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.	2,513
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.	429
The County does not budget for bad debts expense. Bad debts are reflected as an operating expense for financial reporting purposes.	22,010
Depreciation expense is not considered an outflow of operating resources for budgetary basis but is considered an expense for financial reporting purposes.	<u>36,984</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund net assets	<u>\$ 282,273</u>
Sources/Inflows of Non-Operating Resources:	
Actual amounts (budgetary basis) "non-operating revenues" from the budgetary comparison statement.	\$ -
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>144</u>
Total non-operating revenues as reported on the statement of revenues, expenditures, and changes in fund net assets	<u>\$ 144</u>

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

SUPPLEMENTAL FINANCIAL INFORMATION

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES FOR THE AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Balance 06/30/07	Increases/ Receipts	Decreases/ Disbursements	Balance 06/30/08
Property Tax Fund				
Assets:				
Cash	\$ 7,656	\$ 497,280	\$ 497,820	\$ 7,116
Taxes receivable	43,666	501,514	488,995	56,185
Total assets	<u>\$ 51,322</u>	<u>\$ 998,794</u>	<u>\$ 986,815</u>	<u>\$ 63,301</u>
Liabilities:				
Deposits held for others	\$ 7,656	\$ 497,280	\$ 497,820	\$ 7,116
Due to other tax units - future collections	43,666	501,514	488,995	56,185
Total liabilities	<u>\$ 51,322</u>	<u>\$ 998,794</u>	<u>\$ 986,815</u>	<u>\$ 63,301</u>
Children's Trust Fund				
Assets:				
Cash	<u>\$ -</u>	<u>\$ 255</u>	<u>\$ 255</u>	<u>\$ -</u>
Liabilities:				
Deposits held for others	<u>\$ -</u>	<u>\$ 255</u>	<u>\$ 255</u>	<u>\$ -</u>
Total Agency Funds				
Assets:				
Cash	\$ 7,656	\$ 497,535	\$ 498,075	\$ 7,116
Taxes receivable	43,666	501,514	488,995	56,185
Total assets	<u>\$ 51,322</u>	<u>\$ 999,049</u>	<u>\$ 987,070</u>	<u>\$ 63,301</u>
Liabilities:				
Deposits held for others	\$ 7,656	\$ 497,535	\$ 498,075	\$ 7,116
Due to other tax units - future collections	43,666	501,514	488,995	56,185
Total liabilities	<u>\$ 51,322</u>	<u>\$ 999,049</u>	<u>\$ 987,070</u>	<u>\$ 63,301</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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Taxes - Local effort	\$ 819,399	\$ 819,399	\$ 874,924	\$ 55,525
Taxes - State shared	152,028	152,028	160,062	8,034
Intergovernmental	1,022,239	1,102,737	1,055,966	(46,771)
Licenses and permits	39,100	39,100	46,343	7,243
Charges for services	99,100	99,100	62,217	(36,883)
Interest	89,000	89,000	74,076	(14,924)
Miscellaneous	27,536	27,536	54,853	27,317
Total revenues	2,248,402	2,328,900	2,328,441	(459)
Expenditures:				
Commissioners:				
Salaries	126,500	139,000	139,018	(18)
Operating expenses	277,684	341,434	355,429	(13,995)
Capital outlay	500	500	-	500
Sub-total	404,684	480,934	494,447	(13,513)
Sheriff:				
Salaries	371,197	371,197	367,294	3,903
Operating expenses	342,322	342,322	296,350	45,972
Capital outlay	5,000	5,000	-	5,000
Sub-total	718,519	718,519	663,644	54,875
Medical Building:				
Operating expenses	35,878	35,878	28,806	7,072
Clerk:				
Salaries	117,206	117,206	109,609	7,597
Operating expenses	79,946	79,946	65,273	14,673
Sub-total	197,152	197,152	174,882	22,270
Bureau of Elections:				
Operating expenses	51,200	51,200	10,992	40,208
Assessor:				
Salaries	143,190	143,190	132,259	10,931
Operating expenses	96,009	96,009	66,352	29,657
Capital outlay	500	500	-	500
Sub-total	239,699	239,699	198,611	41,088
Treasurer:				
Salaries	77,487	77,487	77,563	(76)
Operating expenses	62,284	68,284	69,493	(1,209)
Sub-total	139,771	145,771	147,056	(1,285)

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, 2008

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Expenditures:				
Community Services:				
Operating expenses	\$ 42,580	\$ 42,580	\$ 43,592	\$ (1,012)
Glenwood Park:				
Operating expenses	3,700	3,700	148	3,552
Probate Judge:				
Salaries	9,037	9,037	9,189	(152)
Operating expenses	11,852	11,852	3,644	8,208
Capital outlay	700	700	-	700
Sub-total	<u>21,589</u>	<u>21,589</u>	<u>12,833</u>	<u>8,756</u>
Wildland Prevention:				
Operating expenses	152,777	285,498	277,254	8,244
Capital outlay	50,000	-	-	-
Sub-total	<u>202,777</u>	<u>285,498</u>	<u>277,254</u>	<u>8,244</u>
AG Extension Agent:				
Operating expenses	53,266	53,266	52,261	1,005
Communications:				
Operating expenses	37,000	37,000	33,635	3,365
Health Council				
Operating expenses	50,000	70,000	72,690	(2,690)
Social Services:				
Operating expenses	1,350	1,350	-	1,350
Economic Development				
Operating expenses	-	13,200	14,397	(1,197)
Total expenditures	<u>2,199,165</u>	<u>2,397,336</u>	<u>2,225,248</u>	<u>172,088</u>
Excess (deficiency) of revenues over expenditures	49,237	(68,436)	103,193	171,629
Other Financing Sources (Uses):				
Transfers in	1,000	1,000	1,000	-
Transfers (out)	(49,600)	(50,100)	(27,880)	22,220
Total other financing sources (uses)	<u>(48,600)</u>	<u>(49,100)</u>	<u>(26,880)</u>	<u>22,220</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ 637</u>	<u>\$ (117,536)</u>	<u>\$ 76,313</u>	<u>\$ 193,849</u>
Cash available at beginning of year to absorb budget deficit	<u>\$ -</u>	<u>\$ 117,536</u>	N/A	N/A

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2008

Financial Institution/ Account Description	Type of Account	Financial Institution Balance	Reconciling Items	Reconciled Balance
First State Bank 103 Manzanaras Avenue Socorro, New Mexico 87801-0479				
Catron County	Checking	\$ 2,076,569	\$ (89,749)	\$ 1,986,820
Certificate of Deposit	CD	200,000	-	200,000
Certificate of Deposit	CD	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total certificates of deposit		<u>400,000</u>	<u>-</u>	<u>400,000</u>
Total First State Bank		<u>\$ 2,476,569</u>	<u>\$ (89,749)</u>	<u>\$ 2,386,820</u>
Western Bank 333 Highway 180 West Silver City, New Mexico 88061				
Catron County	CD	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 400,000</u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2008

First State Bank
103 Manzanares Ave.
Socorro, New Mexico 87801-0479

<u>Security</u>	<u>CUSIP</u>	<u>Par Value</u>
Roosevelt County Tax Rev	776461APO	\$ 190,000
Roosevelt County Tax Rev	776461AQ8	195,000
Roosevelt County Tax Rev	776461AR6	205,000
Roosevelt County Tax Rev	776461AS4	<u>65,000</u>
		<u>\$ 655,000</u>
		<u>Market Value</u>
FHLB Non CBL	3133XN4B2	<u>\$ 2,348,477</u>

The holder of the FHBL Non CBL note pledged by First State Bank is the Federal Reserve Bank of Boston, 600 Atlantic Avenue, Boston, Massachusetts. The Roosevelt County Tax Rev bonds are held at Bank of America,. 200 N. College Street, Charlotte, North Carolina.

Western Bank
140 East Motel Drive
Lordsburg, NM 88045

<u>Security</u>	<u>CUSIP</u>	<u>Market Value</u>
FNMA 2005-59 PA	31394ESH2	<u>\$ 441,014</u>

The holder of FNMA 2005-59 PA is Federal Home Loan Bank of Dallas, 8500 Freeport Parkway South, Suite 100, Irving, Texas.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF TAX ROLL RECONCILIATION -
CHANGES IN PROPERTY TAXES RECEIVABLES
FOR THE YEAR ENDED JUNE 30, 2008

Property taxes receivable, beginning of year	\$ 114,364
Changes to Tax Roll:	
Net taxes charged to treasurer for fiscal year	1,425,341
Adjustments:	
Net adjustments and charge offs	<u>(4,857)</u>
Total receivables prior to collections	1,534,848
Collections for fiscal year ended June 30, 2008	<u>(1,375,710)</u>
Property taxes receivable, end of year	<u><u>\$ 159,138</u></u>

Property taxes receivable by years:

1996	\$ 4,285
1997	604
1998	-
1999	1,482
2000	1,363
2001	3,405
2002	1,494
2003	13,936
2004	3,652
2005	8,445
2006	21,392
2007	<u>99,080</u>
Total property taxes receivable, end of year	<u><u>\$ 159,138</u></u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2008

Agency	Undistributed Taxes 06/30/07	Collections	Distributions	Undistributed Taxes 06/30/08
Catron County:				
General advalorem	\$ -	\$ 876,794	\$ 876,794	\$ -
Re-appraisal program	-	13,738	13,738	-
Total	-	890,532	890,532	-
Special Districts:				
Sierra Soil & Water District	-	150	150	-
Municipalities:				
Village of Reserve	-	10,275	10,275	-
State of New Mexico:				
State levy	-	113,470	113,470	-
Cattle/horse levy	-	47,750	47,750	-
Equine/horse levy	-	4,659	4,659	-
Sheep/goat levy	-	49	49	-
Total	-	165,928	165,928	-
Reserve Consolidated Schools:				
Operational	-	17,217	17,217	-
Quemado Consolidated Schools:				
Operational	-	21,994	21,994	-
Debt service	-	152,965	152,965	-
Capital improvements	-	116,649	116,649	-
Total	-	291,608	291,608	-
Overpayments	2,034	2,117	2,159	1,992
Taxes paid in advance	5,622	9,985	10,483	5,124
Children's Trust Fund	-	255	255	-
Grand Total	<u>\$ 7,656</u>	<u>\$ 1,388,067</u>	<u>\$ 1,388,607</u>	<u>\$ 7,116</u>

STATE OF NEW MEXICO
CATRON COUNTY
COUNTY TREASURER'S - PROPERTY TAX SCHEDULE
JUNE 30, 2008

Year	Property Taxes Levied	Collected Current Year	Collected To Date	Distributed Current Year	Distributed To Date	County Receivable at Year End
Advalorem						
1996	\$ 993,380	\$ -	\$ 989,095	\$ -	\$ 989,095	\$ 4,285
1997	895,018	-	894,414	-	894,414	604
1998	772,845	-	772,845	-	772,845	-
1999	803,818	-	802,336	-	802,336	1,482
2000	808,320	17	806,957	17	806,957	1,363
2001	953,738	37	950,333	37	950,333	3,405
2002	1,094,611	199	1,093,117	199	1,093,117	1,494
2003	1,136,057	240	1,122,121	240	1,122,121	13,936
2004	988,313	1,776	984,661	1,776	984,661	3,652
2005	1,136,315	8,041	1,127,870	8,041	1,127,870	8,445
2006	1,253,423	39,139	1,232,032	39,139	1,232,031	21,392
2007	1,425,341	1,326,261	1,326,261	890,532	1,326,261	99,080
	<u>\$ 12,261,179</u>	<u>\$ 1,375,710</u>	<u>\$ 12,102,042</u>	<u>\$ 939,981</u>	<u>\$ 12,102,041</u>	<u>\$ 159,138</u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2008

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 50 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, 2007 through June 30, 2008. 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, 2008

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.

ADDITIONAL INDEPENDENT AUDITORS' REPORTS

Ed Fierro, CPA • Rose Fierro, CPA527 Brown Road • Las Cruces, NM 88005
Bus: (575) 525-0313 • Fax: (575) 525-9708
www.fierrocpa.com

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 statements for each major fund of Catron County as of and for the year ended June 30, 2008, and have issued our report thereon dated November 14, 2008, 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. We also have audited the financial statements of each of the County's nonmajor governmental funds and the respective budgetary comparison statements for each nonmajor special revenue funds and enterprise fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, which the nonmajor enterprise fund was qualified because we were unable to obtain sufficient, competent evidence supporting the amounts reflected as property, equipment, and depreciation expense. 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 Catron 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 Catron County's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Catron County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Catron County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Catron County's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2006-02, 2006-04 through 2006-08, and 2008-01 through 2008-05 to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Catron County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2006-04 through 2006-08 and 2008-01 through 2008-03 to be material weaknesses.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catron County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2006-09, 2006-10, 2006-13, 2006-14, 2007-03, 2008-06 and 2008-07.

We noted a certain matters that is required to be reported under *Government Auditing Standards* January 2007 Revision paragraphs 5.14 and 5.16, Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and responses as items 2007-05.

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

This report is intended solely for the information and use of the board of commissioners, management, the New Mexico State Auditor, the New Mexico State Legislature and its committees, New Mexico Department of Finance and Administration 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

November 14, 2008

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies

Item 2006-01 – Purchase Orders

Statement of Condition – During our compliance testing of cash disbursements, we discovered five of the twenty-five disbursements that were tested did not have a purchase order. The total dollar amount of the five disbursements was \$2,408.

Criteria – The County has established procedures where purchase orders must be completed prior to the purchase of goods and services. The procedure ensures that sufficient funds are available and that budget considerations have been addressed. Furthermore, the procedures require approval from department heads prior to payment for goods and services.

Effect – Completing the purchase order after the item has been purchased, or no completed purchase order for the expenditure, defeats the internal control procedure established by the County. Errors could occur that could lead to budget overruns and not be detected by employees on a timely basis.

Cause – County personnel failed to comply with the established procedures.

Recommendation – We recommend that the County follow its procedures that have been established, with regard to purchase orders.

Views of Responsible Officials and Planned Corrective Actions – We concur with the statement of condition and recommendation.

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 seventy (70) individual credit card transactions. We noted thirteen (13) instances where there were no receipts attached and sixty-two (62) instances where the County did not prepare a purchase order or requisition. These credit card purchases are for fuel, vehicle maintenance, building maintenance, office supplies or other miscellaneous supplies. The total dollar amount of the instances was \$8,072.

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 and volunteers failed to turn in all required back up documentation.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies (continued)

Item 2006-02 – Agency Credit Cards (continued)

Recommendation – We recommend that 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 – We concur with the statement of condition and recommendation. We had thirty-seven instances, (\$2,660) for fuel or vehicle maintenance of which we are not in the practice of retaining a receipt or issuing a purchase order. These fuel purchases may be related to the fire department, EMS services, and or the Sheriff's office, which all have been informed repeatedly to provide a receipt upon return. Their continued failure to comply indicates their perceived attitudes concerning these requests. We will research in establishing an acceptable means to document a receipt and purchase authorization for these types of credit card purchases.

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:

- 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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies (continued)

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

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.

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.

Views of Responsible Officials and Planned Corrective Actions – We concur with the statement of condition and recommendation. We do not have qualified staff and/or historical records that can aid in the reconstruction of all capital assets. Even lacking historical documentation, we have established a comprehensive vehicle inventory, and are awaiting a New Mexico Association of Counties physical inventory of County-owned buildings and property, which is supposed to be performed early next year. This will give us the major items, and then we can hire a contractor to fill in the gaps.

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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies (continued)

Item 2006-05 – Capital Assets – Inventory Control Numbers (continued)

Cause – The County was unaware of the requirements of part 2.20.1.15 NMAC, *Accounting and Control of Fixed Assets of State Government*.

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 – We concur with the statement of condition and auditor’s recommendation. We do not have qualified staff and/or historical records that can aid in the reconstruction of all capital assets. Once all the major capital assets (buildings, vehicles, etc.) have been determined, with the assistance of the New Mexico Association of Counties, a contractor will be hired to complete the reconstruction of the capital assets records including the tagging of all applicable assets.

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, 2008.

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 physical inventory of its capital assets consisting of those costs of \$1,000 or more, under the control of the County.

Effect – Non-performance of an inventory of all capital assets performed could allow errors to occur and 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 – The prior management of the County gave incorrect information and direction regarding what constitutes a capital asset.

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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies (continued)

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

Views of Responsible Officials and Planned Corrective Actions – We concur with the statement of condition and auditor's recommendation. We do not have qualified staff and/or historical records that can aid in the reconstruction of all capital assets. Once all the major capital assets (buildings, vehicles, etc.) have been determined, with the assistance of the New Mexico Association of Counties, a contractor will be hired to complete the reconstruction of the capital assets records including the tagging of all applicable assets. After the contractor completes the reconstruction project, we will implement the policies and procedures and perform an annual inventory on all capital assets owned by the County.

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 future 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. 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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies (continued)

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

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 – We concur with the statement of condition and recommendation. We will consult with our engineers to compile the necessary information be in compliance with GASB number 18. We have recently been awarded a \$227,000 Colonias grant, specifically for solid waste issues, which has allowed the County to finally begin the process of coming into compliance with the New Mexico Environment Department’s solid waste requirements concerning the closure and post-closure of our landfills. Request for Proposals have been solicited for the updating of the County’s Closure and Post-Closure Plans.

Item 2006-08 – Tax Roll Reconciliation

Statement of Condition – The County Treasurer does 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.

Criteria – The information detailed in the statement of condition is necessary for proper revenue recognition on the part of the County, as well as on the part of the recipient agencies under Government Accounting Standards Board (GASB) Statement No. 33. In addition, per the New Mexico State Auditor Rule, Section 2.2.2.12D, certain information is required to be presented in supplementary schedules.

Effect – Without a system in place to ensure proper property tax revenue recognition places, the County is at risk for reporting financial information that is not in accordance with generally accepted accounting principles.

Cause – The County was relying on 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 has been lost.

Recommendation – We recommend that the County review GASB Statement No. 33 and the State Auditor Rule Section 2.2.2.12D and establish accounting and financial reporting procedures to comply with the standard and the rule. The County should contact its software provider to assist in the process.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies (continued)

Item 2006-08 – Tax Roll Reconciliation (continued)

Views of Responsible Officials and Planned Corrective Actions – We concur with the statement of condition and recommendation. We are currently working with our software vendor to ensure we are capturing history to enable the preparation of the 10-year reporting requirements set forth by the State Auditor and GASB Statement No. 33.

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). 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) 109, paragraph 41 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 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 112 paragraph 11 provides examples of factors that may affect the likelihood that a control, or combination of controls could fail to prevent or detect a misstatement. One such example is *“The nature of the financial statements accounts, disclosures, and assertions involved.”* SAS 112 paragraph 19 provides a list of indicators of a control deficiency that should be regarded as at least a significant deficiency and a strong indicator 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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies (continued)

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

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 (American Institute of Certified Public Accountants) by issuance of SAS 112, 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 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 – We were not aware of the new requirements of SAS 112. Due to the small size of the County's annual budget and the current economic conditions of the country, the County is severely restricted in its ability to expand staffing. While we would desire to have an accounting department to deal with this issue, the economic condition of the County would have to improve greatly to allow this expansion.

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 Albuquerque and First National Bank escrow accounts related to 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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies (continued)

Item 2008-02 – Accounting Activity (continued)

Criteria – Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 109 paragraph 41 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. 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. So, 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 112, 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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies (continued)

Item 2008-02 – Accounting Activity (continued)

Views of Responsible Officials and Planned Corrective Actions – We were not aware of the requirements of SAS 112. Due to the small size of the County’s annual budget and the current economic conditions of the country, the County is severely restricted in its ability to expand staffing, including a director of finance. While we would desire to have an accounting department to deal with this issue, the economic condition of the County would have to improve greatly to allow this expansion.

Item 2008-03 – Bank Reconciliations

Statement of Condition – The outstanding checks listing used to prepare the bank reconciliation contained three checks in the amount of \$23,909 which were listed in error. The checks had actually cleared the bank in October 2007, but were carried as outstanding throughout the year. This resulted in incorrect bank reconciliations throughout the year and in an inability to reconcile to the balances as reported in the Treasurer’s Report.

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 reconciliations, errors could occur and not be detected. Incorrect decisions, such as budget adjustments that require the use of cash reserves, may occur as a result of erroneous information.

Cause – The checks were inadvertently missed in check clearing process of the bank reconciliation.

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.

Views of Responsible Officials and Planned Corrective Actions – The County has begun to implement additional internal controls concerning the reconciliations and recording of cash balances in all County checking accounts and funds. The County Treasurer will continue to review and modify their policies and procedures concerning the monthly bank reconciliations.

Item 2008-04 – Payroll Accounting

Statement of Condition – During the course of the audit, we performed audit tests of the payroll records and employee personnel files. Our payroll sample size was twenty-five and contained the following discrepancies:

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies (continued)

Item 2008-04 – Payroll Accounting

Statement of Condition (continued):

- There were two occasions of missing W-4 or I-9 forms in the employee's personnel file.
- There were five occasions of incomplete W-4 or I-9 forms in the employee's personnel file. Signatures were missing from the form.
- There was one occasion where the time sheet did not match the payroll register.
- There was one occasion where the employee who earned overtime was not paid correctly.

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.

Cause – The County failed to maintain all employee files on a yearly basis. Furthermore, the County failed to ensure all supporting documents matched the employee's paychecks.

Recommendation – We recommend the County officials expedite the establishment and maintenance of the appropriate internal controls to provide assurance of compliance with laws and regulations.

Views of Responsible Officials and Planned Corrective Actions – The County will review all active employee files to ensure all the proper documentation, including signatures, is included. The payroll clerk will continue to verify all payroll back up documentation for accuracy. Furthermore, the County will review their policies and procedures concerning confidential employee files.

Item 2008-05 – Cash Receipts Retention

Statement of Condition – During the course of the audit, we performed audit tests of the cash receipts records. We selected the month of May 2008 to fully account for all cash receipts issued during the month. Twenty-five of the total one hundred and twenty-five receipts could not be located within the records.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Internal Control over Financial Reporting – Significant Deficiencies (continued)

Item 2008-05 – Cash Receipts Retention (continued)

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.

Cause – The County failed to ensure all back up documentation concerning cash receipts was kept with the daily receipt envelopes.

Recommendation – We recommend that the County officials expedite the establishment and maintenance of the appropriate internal controls to provide assurance of compliance with laws and regulations.

Views of Responsible Officials and Planned Corrective Actions – The County will review the daily receipt envelopes to ensure all back up documentation is included. The County will review their policies and procedures concerning cash receipts.

Non-Compliance and Other Matters

Item 2006-09 – Legal Compliance With Adopted Budget

Statement of Condition – The County's authorized budget within the Enhanced 911 Fund was \$10,000. During the fiscal year, the County expended \$46,844 within the fund. The County exceeded its approved budget by \$36,844. The County's authorized budget within the County Fairgrounds Fund was \$3,150. During the fiscal year, the County expended \$3,859 within the fund. The County exceeded its approved budget by \$709. The County's authorized budget within the Apache Creek Fire Fund was \$268,557. During the fiscal year, the County expended \$297,948 within the fund. The County exceeded its approved budget by \$29,391. The County's authorized budget within the Quemado Lake Fire Fund was \$41,211. During the fiscal year, the County expended \$41,593 within the fund. The County exceeded its approved budget by \$382. The County's authorized budget within the Coyote Creek Fire Fund was \$61,687. During the fiscal year, the County expended \$63,602 within the fund. The County exceeded its approved budget by \$1,915. The County's authorized budget within the Wild Horse Fire Fund was \$144,938. During the fiscal year, the County expended \$153,655 within the fund. The County exceeded its approved budget by \$8,717.

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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Non-Compliance and Other Matters (continued)

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

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.

Recommendation – 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 Local Government Division, if necessary.

Views of Responsible Officials and Planned Corrective Actions – The County has made significant improvements in this area. However, the majority of these unauthorized expenditures have occurred at the end of the fiscal year, after all County departments were informed the issuance of purchased orders would cease until the following fiscal year. After the departments were informed, a flurry of procurement activity took place. The County will establish a policy and procedure to have better controls over the purchasing process.

Item 2006-10 – Travel and Per Diem

Statement of Condition – During the course of the audit, we performed tests of travel and per diem expenditures. Our sample size was twenty-five transactions and contained the following discrepancies:

- We noted one instance where the per diem rate was calculated incorrectly.
- We noted six instances where the travel voucher did not contain a written approval signature of the appropriate department head or supervisor.

Criteria – The New Mexico Department of Finance and Administration have issued regulations in the form of Title 2, Chapter 42, Part 2, *Travel and Per Diem Regulations Governing the Per Diem and Mileage Act* of the New Mexico Administrative Code. The rule was issued in accordance with Section 10-8-1 to 10-8-8 NMSA 1978. The rule states that travel may be advanced up to 80% of the anticipated travel. The rule also details per diem rates proration, which the County failed to adhere to.

Effect – The County is not in compliance with the travel and per diem reimbursement rules and regulations. Non-compliance with the state of New Mexico subjects officials and employees to penalties as required by state statutes.

Cause – County staff was unaware of the requirements of the New Mexico Administrative Code concerning travel and per diem regulations.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Non-Compliance and Other Matters (continued)

Item 2006-10 – Travel and Per Diem (continued)

Recommendation – We recommend that the County officials expedite the establishment and maintenance of the appropriate internal controls to provide assurance of compliance with laws and regulations.

Views of Responsible Officials and Planned Corrective Actions – The County has reiterated repeatedly to all county employees that all travel and per diem requests must be signed by their immediate supervisor. The County will continue to attempt to bring these issues into compliance.

Item 2006-13 – Deficit Ending Cash Balances for Budget

Statement of Condition – The County budgeted a deficit ending cash balance of \$3,200 in the Airport special revenue fund, \$2,650 in the County Fairgrounds special revenue fund, \$22,000 in the Medicaid special revenue fund, and \$12,810 in the Corrections special revenue fund, \$546 in Apache Creek Fire special revenue fund, and \$16,282 in the Landfill enterprise 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 – We concur with the statement of condition and recommendation. We will reevaluate our procedures related to cash balance verification before the budget or any budget adjustments are approved.

Item 2006 -14 – Public Employee Retirement Association Reporting

Statement of Condition – The County did not report 100% of payroll to the New Mexico Public Employee Retirement Association (PERA).

Criteria – The Public Employees Retirement Act (10-11-1 to 10-11-38 NMSA 1978) establishes the public employee retirement system. PERA membership is mandatory under the PERA Act, unless membership is specifically excluded by statute. Each government agency participating is responsible for reporting 100% of payroll to PERA.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Non-Compliance and Other Matters (continued)

Item 2006 -14 – Public Employee Retirement Association Reporting (continued)

Effect – Non-compliance with the New Mexico State Statutes could subject officials and employees to penalties and fines required by State statutes.

Cause – The County did capture the reporting of overtime wages, shorted hours, vacation pay and wages paid for less than full time employment. In addition, two employees were excluded from PERA calculations for a short period of time in error after a change in their employment status with the County.

Recommendation – We recommend that the County expedite the establishment and maintenance of the appropriate internal controls to provide reasonable assurance of compliance with laws and regulations. These would include a review of all PERA reports prior to submission and a periodic review of the employment status of each of the County's employees.

View of Responsible Officials and Planned Corrective Actions – We concur with the statement of condition and recommendation. We have made adjustments in our procedures to ensure compliance with the PERA regulations and will make made all necessary payments to PERA on behalf of the employees who were not included in error. We have recently discovered issues with the PERA accounting system within our accounting software program. We are working with our software vendor to correct this issue.

Item 2007-03 – Interim Budget Request for the 2007-2008 Fiscal Year

Statement of Condition – The County's interim budget request for the 2007-2008 fiscal year was not received by the Department of Finance and Administration (DFA) statutory deadline of June 1st. The final budget was approved by the Local Government Division of DFA in mid September 2007 and presented at the September 19, 2007 board meeting.

Criteria – Section 6-6-2A NMSA 1978 states that Local Government Division (LGD) *require each local public body to furnish and file with the division, on or before June 1st of each year, a proposed budget for the next fiscal year. Furthermore, LGD must examine each proposed budget and, on or before July 1st of each year, approve and certify to each local public body an operating budget for use pending approval of a final budget.* LCD is to certify a final budget to the appropriate governing prior to the first Monday in September of each year.

Effect – The governing public bodies that do not have an approved operating budget in place by July 1, 2007, do not have any statutory authority to expend funds or incur liabilities for the 2007-2008 fiscal year, including any proposed raises or expenditures. Until such time budgetary authority is granted for the ensuing fiscal year, the entity must operate under its approved 2006-2007 fiscal year operating budget.

Cause – There were adjustments and corrections that needed to occur before final approval was granted. This delayed the approval by the Department of Finance and Administration.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Non-Compliance and Other Matters (continued)

Item 2007-03 – Interim Budget Request for the 2007-2008 Fiscal Year (continued)

Recommendation – We recommend that the County officials expedite the establishment of procedures that will provide assurance of compliance with budget deadlines established by state law. Such procedures should include self-imposed internal deadlines that commence months prior to the statutory deadline of June 1st.

Views of Responsible Officials and Planned Corrective Actions – We concur with the statement of condition and recommendation. We were delayed for numerous reasons; however, we believe we have made diligent efforts to provide an accurate budget that clearly reflects all County operations for the 2008-2009 fiscal year.

Item 2007-05 – Compensated Absences

Statement of Condition – The County made small payments for vacations hours that had not been earned. We noted the following instances:

- The employee had 11.50 hours of vacation available but was paid for 12.00 hours.
- The employee had 14.31 hours of vacation and was paid 18.00 hours of vacation at termination of employment.
- One employee was accruing sick leave at an incorrect rate. As a result the employee had a deficit balance of 38.00 hours of sick leave at June 30, 2008.

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. In addition, the department heads have 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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Non-Compliance and Other Matters (continued)

Item 2007-05 – Compensated Absences (continued)

Views of Responsible Officials and Planned Corrective Actions – We concur with the statement of condition and auditors' recommendation. We will review the balances of earned vacation and sick leave hours for each employee and make the necessary adjustments in the system.

Item 2008-06 – Procurement Violation

Statement of Condition – During our testing of the County's adherence to the New Mexico procurement code, we discovered that the County purchased a Caterpillar dozer without obtaining a competitive sealed bid.

Criteria – Section 13-1-102 NMSA 1978 states that all procurement shall be by competitive sealed bid except for procurements via competitive sealed proposals; small purchases; sole source; emergency procurements; existing procurements; and antipoverty program businesses.

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

Cause – The County made this purchase with funds in the Farm and Range fund. The County believed that because it had been approved as an allowable use of Taylor Grazing Act funds it could make the purchase without a competitive sealed bid.

Recommendation – We recommend that the County officials expedite the establishment of procedures that will provide a complete understanding and total assurance of compliance with the Procurement Code.

Views of Responsible Officials and Planned Corrective Actions – Consultation with the state of New Mexico Department of Transportation led us to believe this purchase, done through a seldom used procedure, did not require the acquisition of sealed bids. We will assure compliance with the procurement policy in all future purchases.

Item 2008-07 – Award of Bid to Low Bidder

Statement of Condition – During our testing of the County's adherence to the New Mexico procurement code, we were made aware that the County erred in not awarding the low bidder for the construction of a county road. After the County denied the low bidder's protest, a claim of appeal was filed in District Court. The district judge found in favor of the low bidder and directed the County to accept the bid for the road project.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Non-Compliance and Other Matters (continued)

Item 2008-07 – Award of Bid to Low Bidder (continued)

Criteria – Section 13-1-108, NMSA 1978 states that a contract solicited by competitive seal bids shall be awarded with reasonable promptness by written notice to the lowest responsible bidder. Section 13-1-84 defines a responsive bid to mean a bid which conforms in all material respects to the requirements set forth in the invitation for bids. Material respects of a bid include, but are not limited to price, quality, quantity or deliver requirements. Finally, Section 13-1-132 allows for technical irregularities on the form of the bid to be waived as long as they do not alter the price, quality, or quantity of services offered.

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

Cause – In making its decision to award the bid, the County relied on the professional opinions of a New Mexico Department of Transportation technical support engineer and a district project manager who had volunteered to review the bids that were submitted to the County. In addition, the low bidder had not provided proof of workers compensation and general liability insurance at the time of bid opening, which was a requirement of the bid. Proof of insurance coverage was voluntarily furnished to the County subsequent to the bid opening.

Recommendation – We recommend that the County officials expedite the establishment of procedures that will provide a complete understanding and total assurance of compliance with the Procurement Code.

Views of Responsible Officials and Planned Corrective Actions – This project was a New Mexico Department of Transportation (DOT) project that was being closely monitored by DOT. We were given professional opinions by two Department of Transportation personnel (a engineer and a project manager) who thought that the bid was so low that the bidder would not be able to comply with the requirements of the Initiation to Bid. Because of our limited staffing, it seemed reasonable that the County should rely on the professional opinion of the agency responsible for the technical aspects of the project. Further since the bidder had not submitted proof of insurance at the time of bid opening, we declared the bidder “non-responsive” pursuant to NMSA 1978 Section 13-1-82.

Status on Prior Year’s Findings

Item 2006-01 – Purchase Orders

In the previous year’s audit, we noted several deviations that included lack of purchase order, lack of management approval, and no supporting documentation. The County has revised its procedures to include a review of its purchase order retention. The prior year finding is considered resolved.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Status on Prior Year's 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.

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.

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.

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.

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.

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.

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 two special revenue funds. For the current fiscal year the County exceeded the authorized budget within two special revenue funds. The prior year finding is not considered resolved and was revised and repeated.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Status on Prior Year's Findings (continued)

Item 2006-10– Travel and Per Diem

The prior year's audit noted that the County payments for travel and per diem were not in compliance with the Per Diem and Mileage Act. The finding has not been resolved and was revised and repeated.

Item 2006-13 – Deficit Ending Cash Balances for Budget

In the prior year, the County budgeted a deficit ending cash balance in three special revenue funds. In the current year the County budgeted a deficit ending cash balance in four special revenue funds. The finding is not considered resolved and was revised and repeated.

Item 2006-14 – Public Employee Retirement Association Reporting

In the prior year, the County did not report 100% of payroll to the New Mexico Public Employee Retirement Association (PERA). The finding is not considered resolved and is repeated.

Item 2007-01 – Assessed Property Values

In the prior year, we discovered certain tax revenue calculations were incorrect because the assessed values used in the calculations were incorrect. During the year the Assessor's office reviewed their policies and procedures concerning the updating and proper recording of property values. The finding is considered resolved.

Item 2007-02 – Retention of Competitive Sealed Bids

In the prior year, the County could not locate original sealed bids on two separate competitive sealed bids. The finding is considered resolved.

Item 2007-03 – Interim Budget Request for the 2006-2007 Fiscal Year

The County's interim budget request for the 2006-2007 fiscal year was not received by the department of finance and administration statutory deadline of June 1st. The final budget was approved by LGD in late September 2006 and presented at the October 4, 2006 board meeting. The 2007-2008 budget was also submitted late. The finding is repeated.

Item 2007-04 – Board of Commissioners Official Minutes

In the prior year, the County did not always prepare draft copies of the Board of Commissioners minutes within ten working days after the meeting. Further, some minutes appear to be missing or at least not complete, or too brief. Finally some minutes do not contain the approval signature of a commissioner. The finding is considered resolved.

Item 2007-05 – Compensated Absences

In the prior year, the County made small payments for vacations hours that had not been earned. The finding is not considered resolved and is repeated.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

Status of Prior Year Findings (continued)

Item 2007-06 – Disposition of Property

In the prior year, the County disposed of some of its obsolete property through auction and did not notify the Office of the State Auditor of such disposition. The County was not aware of such a requirement. The finding is considered resolved.

**STATE OF NEW MEXICO
CATRON COUNTY
EXIT CONFERENCE
JUNE 30, 2008**

Exit Conference

The audit report for the fiscal year ended June 30, 2008, was discussed during the exit conference held on November 17, 2008 in Reserve, New Mexico. Present for the County was Ed Wehrheim, County commissioner; Sarah Merklein, County treasurer; Irene Rael, County assessor; Sharon Armijo, County clerk, and Bill Aymar, County manager. 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, 2008. 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.