

**STATE OF NEW MEXICO
CATRON COUNTY**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2011

STATE OF NEW MEXICO
CATRON COUNTY
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**STATE OF NEW MEXICO
CATRON COUNTY
OFFICIAL ROSTER
JUNE 30, 2011**

Elected Officials

Hugh B. McKeen.....	Commission Chairman
Richard McGuire.....	Commission Member
Glyn Griffin.....	Commission Member
Sarah Merklein.....	Treasurer
Susan Griffin.....	Assessor
Sharon Armijo.....	Clerk
Shawn C. Menges.....	Sheriff
Wilford Estrada.....	Probate Judge

Administrative Staff

Vacant.....	County Manager
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Bus: (575) 525-0313 • Fax: (575) 525-9708
www.fierrocpa.comIndependent Auditors' ReportHector H. Balderas, State Auditor
and
Board of County Commissioners
Catron County
Reserve, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund of Catron County, New Mexico, as of and for the year ended June 30, 2011, which collectively comprise Catron County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's non-major governmental fund, non-major enterprise, and the budgetary comparisons for the major capital project fund and all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of Catron County's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in paragraphs three through six, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

Catron County has not maintained subsidiary records that detail all capital assets owned by the County. We were unable to obtain sufficient, competent evidence supporting the amounts reflected as property and equipment, and included in the statement of net assets as of June 30, 2011. Further, we were unable to obtain sufficient, competent evidence supporting the depreciation expense for business-type activities included in the statement of activities for the year ended June 30, 2011.

Catron County has not recorded a liability for landfill closure and post-closure costs for two of the four closed landfill sites located within the County. We were unable to obtain sufficient, competent evidence regarding the liability for the Datil and Pie Town closure and post-closure costs that are not included in the statement of net assets as of June 30, 2011. Further, we were unable to obtain sufficient, competent evidence supporting the current year's expenses that are not included in the statement of activities for the year ended June 30, 2011.

The County Attorney's response to the letter of audit inquiry is not clear regarding a probable or remote outcome concerning pending or threatened litigation, claims, and assessments. We were unable to obtain sufficient, competent evidence concerning the County's obligation to make financial statements disclosures of unasserted possible claims or assessments for the year ended June 30, 2011.

In our opinion, because of the effects of the matter discussed in the third paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Catron County as of June 30, 2011, or the changes in financial position thereof for the year then ended. In addition, in our opinion, except for the effects of such adjustments as discussed in the fourth, fifth, and sixth paragraphs, if any, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Catron County, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, except for the effects of such adjustments as discussed in the sixth paragraph, if any, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental and non-major enterprise fund of Catron County, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the year ended in conformity with accounting principles generally accepted in the United States of America. Additionally, in our opinion, the general fund, capital project fund, major enterprise fund, and all non-major funds referred to previously present fairly, in all material respects, the budgetary comparisons for each fund of Catron County for the year ended June 30, 2011, in conformity with the budgetary basis of accounting more fully described in note 1D, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, on our consideration of Catron County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



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

October 28, 2011

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 6,813,625	\$ 213,323	\$ 7,026,948
Investments	50,000	-	50,000
Receivables, net of allowance for doubtful accounts:			
Accounts	-	238,321	238,321
Taxes	208,355	13,344	221,699
Intergovernmental	164,270	168,887	333,157
Interest	6,173	138	6,311
Prepaid expenses	80,300	4,296	84,596
Internal balances	580,699	(580,699)	-
Restricted:			
Investments	365,909	-	365,909
Capital assets:			
Land and construction in progress	718,873	6,000	724,873
Other capital assets, net of depreciation	16,806,452	744,312	17,550,764
Total capital assets	17,525,325	750,312	18,275,637
Total assets	25,794,656	807,922	26,602,578
LIABILITIES			
Accounts payable	156,204	29,072	185,276
Accrued salaries	9,548	3,564	13,112
Accrued interest payable	1,730	-	1,730
Long-term liabilities:			
Due within one year	180,480	59,377	239,857
Due in more than one year	885,283	684,685	1,569,968
Total liabilities	1,233,245	776,698	2,009,943
NET ASSETS			
Invested in capital assets, net of related debt	16,514,562	750,312	17,264,874
Restricted:			
Debt service	365,909	-	365,909
Unrestricted	7,680,940	(719,088)	6,961,852
Total net assets	\$ 24,561,411	\$ 31,224	\$ 24,592,635

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

**STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

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	\$ 1,306,386	\$ 117,819	\$ 988,338	\$ -	\$ (200,229)	\$ -	\$ (200,229)
Public safety	2,038,420	207,795	1,189,414	23,600	(617,611)	-	(617,611)
Public works	1,570,794	-	2,741,892	-	1,171,098	-	1,171,098
Culture and recreation	63,038	-	-	-	(63,038)	-	(63,038)
Health and welfare	659,646	-	458,225	19,255	(182,166)	-	(182,166)
Interest on long-term debt	9,117	-	-	-	(9,117)	-	(9,117)
Total governmental activities	5,647,401	325,614	5,377,869	42,855	98,937	-	98,937
Business-type activities:							
Landfill	706,636	178,513	43,947	157,385	-	\$ (326,791)	(326,791)
Ambulance	187,901	192,065	-	-	-	4,164	4,164
Airport	2,743	-	-	-	-	(2,743)	(2,743)
Total business-type	897,280	370,578	43,947	157,385	-	(325,370)	(325,370)
Total primary government	\$ 6,544,681	\$ 696,192	\$ 5,421,816	\$ 200,240	98,937	(325,370)	(226,433)
General Revenues:							
Gross receipts taxes					108,209	80,980	189,189
Property taxes, levied for general purposes					1,219,718	-	1,219,718
Gasoline and motor vehicle taxes					485,593	-	485,593
Cigarette taxes					37	-	37
Interest income					28,012	180	28,192
Donations					2,231	-	2,231
Transfers					(429,000)	429,000	-
Total general revenues and transfers					1,414,800	510,160	1,924,960
Change in net assets					1,513,737	184,790	1,698,527
Net assets, beginning of year					23,047,674	390,814	23,438,488
Restatements					-	(544,380)	(544,380)
Net assets, beginning of year, restated					23,047,674	(153,566)	22,894,108
Net assets, end of year					\$ 24,561,411	\$ 31,224	\$ 24,592,635

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CATRON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash	\$ 5,108,160	\$ 548,300	\$ 1,157,165	\$ 6,813,625
Investments	50,000	-	-	50,000
Receivables, net of allowance for doubtful accounts:				
Taxes	199,308	-	9,047	208,355
Intergovernmental	762	147,734	15,774	164,270
Interest	5,586	-	587	6,173
Interfund receivable	1,545,193	-	-	1,545,193
Prepaid expenses	22,833	-	57,467	80,300
Restricted:				
Investments	-	-	365,909	365,909
Total assets	<u>\$ 6,931,842</u>	<u>\$ 696,034</u>	<u>\$ 1,605,949</u>	<u>\$ 9,233,825</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 124,779	\$ 8,335	\$ 23,090	\$ 156,204
Accrued salaries	9,548	-	-	9,548
Deferred revenues	98,712	-	1,496	100,208
Interfund payable	-	824,318	140,176	964,494
Total liabilities	233,039	832,653	164,762	1,230,454
Fund Balances:				
Nonspendable	22,833	-	57,467	80,300
Restricted	4,513,845	-	1,290,414	5,804,259
Committed	1,730,122	-	84,686	1,814,808
Assigned	-	-	57,748	57,748
Unassigned	432,003	(136,619)	(49,128)	246,256
Total fund balances	<u>6,698,803</u>	<u>(136,619)</u>	<u>1,441,187</u>	<u>8,003,371</u>
Total liabilities and fund balances	<u>\$ 6,931,842</u>	<u>\$ 696,034</u>	<u>\$ 1,605,949</u>	<u>\$ 9,233,825</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, 2011

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

Total fund balances governmental funds (page six)	\$	8,003,371
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		17,525,325
Recognition of property tax revenue is reflected on full accrual basis within the statement of net assets. Governmental funds recognize property tax on the modified accrual basis.		100,208
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(1,065,763)
Accrued interest payable on long-term debt as of year-end is reflected as such within the statement of net assets. Governmental funds recognize the interest as it becomes due.		<u>(1,730)</u>
Net assets of governmental activities (page four)	\$	<u><u>24,561,411</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, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local effort taxes	\$ 1,177,013	\$ -	\$ 17,771	\$ 1,194,784
State shared taxes	553,337	-	40,502	593,839
Intergovernmental	3,597,697	471,266	1,358,180	5,427,143
Licenses and permits	23,944	-	-	23,944
Charges for services	54,352	-	140,629	194,981
Fines and forfeitures	-	-	34,315	34,315
Interest income	26,708	-	1,304	28,012
Miscellaneous	65,955	-	2,231	68,186
Total revenues	5,499,006	471,266	1,594,932	7,565,204
Expenditures:				
Current:				
General government	1,264,216	9,489	42,877	1,316,582
Public safety	1,297,357	-	724,151	2,021,508
Public works	1,119,794	451,000	-	1,570,794
Health and welfare	68,220	19,255	572,171	659,646
Culture and recreation	58,895	-	4,143	63,038
Capital outlay	1,266,164	68,373	72,429	1,406,966
Debt service:				
Principal	-	-	164,281	164,281
Interest	-	-	8,867	8,867
Total expenditures	5,074,646	548,117	1,588,919	7,211,682
Excess (deficiency) of revenues over expenditures	424,360	(76,851)	6,013	353,522
Other Financing Sources (Uses):				
Loan proceeds	-	-	289,275	289,275
Transfers in	8,500	-	66,186	74,686
Transfers (out)	(455,649)	-	(48,037)	(503,686)
Total other financing sources (uses)	(447,149)	-	307,424	(139,725)
Net change in fund balances	(22,789)	(76,851)	313,437	213,797
Fund balances, beginning of year	6,721,592	(59,768)	1,127,750	7,789,574
Fund balances, end of year	<u>\$ 6,698,803</u>	<u>\$ (136,619)</u>	<u>\$ 1,441,187</u>	<u>\$ 8,003,371</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, 2011

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

Net change in fund balances total governmental funds (page eight)	\$	213,797
<p>Governmental funds report capital outlay as expenditures in the amount of \$1,406,966; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The County has not determined the current year depreciation expense. The net adjustment is \$1,406,966.</p>		
		1,406,966
<p>Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred revenue in the funds. At June 30, 2010, deferred property taxes amounted to \$75,274. The deferred property taxes for the current fiscal year amounted to \$100,208; therefore, the net adjustment is \$24,934.</p>		
		24,934
<p>Accrued interest expense not due within thirty days after year-end is not considered in the current period and is not reported in the governmental funds. The increase of the accrued interest liability from the previous year reduces the interest expense within the statement of activities.</p>		
		(250)
<p>The issuance of long-term debt provides current resources to the governmental funds; however, it is not recorded as income within the statement of activities.</p>		
		(289,275)
<p>The repayment of principal of long-term consumes the current financial resources of the governmental funds; however, it is not recorded as an expense within the statement of activities.</p>		
		164,281
<p>Increase in the compensated absences liability is reflected as an expense within the statement of activities and the expense does not use a current financial resources and is not recorded within the governmental funds.</p>		
		<u>(6,716)</u>
Net change in governmental activities net assets - government-wide financial statements (page five)	\$	<u><u>1,513,737</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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Local effort taxes	\$ 1,234,905	\$ 1,234,905	\$ 1,162,635	\$ (72,270)
State shared taxes	525,000	525,000	552,336	27,336
Intergovernmental	4,971,972	4,984,472	3,626,704	(1,357,768)
Licenses and permits	33,500	33,500	23,944	(9,556)
Charges for services	49,500	49,500	56,292	6,792
Interest income	41,000	41,000	25,671	(15,329)
Miscellaneous	70,751	70,751	65,955	(4,796)
Total revenues	6,926,628	6,939,128	5,513,537	(1,425,591)
Expenditures:				
Current:				
General government	1,387,604	1,391,604	1,234,770	156,834
Public works	2,043,768	2,043,768	1,097,115	946,653
Public safety	1,813,687	1,813,687	1,262,805	550,882
Health and welfare	106,097	114,597	67,911	46,686
Culture and recreation	63,430	63,430	57,407	6,023
Capital outlay	3,956,000	3,956,000	1,266,164	2,689,836
Total expenditures	9,370,586	9,383,086	4,986,172	4,396,914
Excess (deficiency) of revenues over expenditures	(2,443,958)	(2,443,958)	527,365	2,971,323
Other Financing Sources (Uses):				
Transfers in	-	49,999	8,500	(41,499)
Transfers (out)	(530,500)	(530,500)	(455,649)	74,851
Total other financing sources (uses)	(530,500)	(480,501)	(447,149)	33,352
Net change in cash balance	(2,974,458)	(2,924,459)	80,216	3,004,675
Cash balance, beginning of year	5,206,238	5,206,238	5,206,238	-
Cash advanced to landfill fund	-	-	(170,767)	(170,767)
Cash advanced to clerk's equipment fund	-	-	(7,487)	(7,487)
Cash advanced to confiscated drugs fund	-	-	(40)	(40)
Cash balance, end of year	\$ 2,231,780	\$ 2,281,779	\$ 5,108,160	\$ 2,826,381

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

PROPRIETARY FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Landfill Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Assets:			
Current assets:			
Cash	\$ -	\$ 213,323	\$ 213,323
Receivables (net of allowance):			
Intergovernmental	168,887	-	168,887
Taxes	6,672	6,672	13,344
Accounts	50,901	187,420	238,321
Interest	-	138	138
Prepaid expenses	<u>265</u>	<u>4,031</u>	<u>4,296</u>
Total current assets	226,725	411,584	638,309
Noncurrent assets:			
Capital assets:			
Land	6,000	-	6,000
Improvements	567,084	-	567,084
Equipment	561,662	16,261	577,923
Less accumulated depreciation	<u>(395,792)</u>	<u>(4,903)</u>	<u>(400,695)</u>
Total capital assets, net	<u>738,954</u>	<u>11,358</u>	<u>750,312</u>
Total assets	<u>965,679</u>	<u>422,942</u>	<u>1,388,621</u>
Liabilities:			
Current liabilities:			
Accounts payable	21,143	7,929	29,072
Accrued salaries	3,564	-	3,564
Due to other funds	496,793	83,906	580,699
Current maturities of:			
Compensated absences	4,357	-	4,357
Landfill closure and post-closure	<u>55,020</u>	<u>-</u>	<u>55,020</u>
Total current liabilities	580,877	91,835	672,712
Noncurrent liabilities:			
Compensated absences	5,325	-	5,325
Landfill closure and post-closure	<u>679,360</u>	<u>-</u>	<u>679,360</u>
Total noncurrent liabilities	<u>684,685</u>	<u>-</u>	<u>684,685</u>
Total liabilities	1,265,562	91,835	1,357,397
Net Assets:			
Invested in capital assets	738,954	11,358	750,312
Unrestricted (deficit)	<u>(1,038,837)</u>	<u>319,749</u>	<u>(719,088)</u>
Total net assets	<u>\$ (299,883)</u>	<u>\$ 331,107</u>	<u>\$ 31,224</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Landfill Fund	Non-Major Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Charges for services	\$ 178,513	\$ 192,065	\$ 370,578
Operating Expenses:			
Personnel services	384,212	-	384,212
General operating	301,662	187,367	489,029
Depreciation	20,762	3,277	24,039
	<u>706,636</u>	<u>190,644</u>	<u>897,280</u>
Total operating expenses			
Operating income (loss)	(528,123)	1,421	(526,702)
Non-Operating Revenues (Expenses):			
State shared taxes	40,490	40,490	80,980
Intergovernmental	201,332	-	201,332
Interest income	-	180	180
	<u>241,822</u>	<u>40,670</u>	<u>282,492</u>
Total non-operating revenues (expenses)			
Income (loss) before transfers	(286,301)	42,091	(244,210)
Transfers:			
Transfers in	428,000	4,000	432,000
Transfers (out)	-	(3,000)	(3,000)
	<u>141,699</u>	<u>43,091</u>	<u>184,790</u>
Change in net assets			
Net assets, beginning of year	102,798	288,016	390,814
Restatements	<u>(544,380)</u>	<u>-</u>	<u>(544,380)</u>
Net assets, beginning of year, restated	<u>(441,582)</u>	<u>288,016</u>	<u>(153,566)</u>
Net assets, end of year	<u>\$ (299,883)</u>	<u>\$ 331,107</u>	<u>\$ 31,224</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Landfill Fund	Non-Major Funds	Total
Cash Flows From Operating Activities:			
Cash received from customers	\$ 177,671	\$ 148,850	\$ 326,521
Cash payments to suppliers for goods and services	(295,585)	(184,281)	(479,866)
Cash payments to employees for services	(381,272)	-	(381,272)
Net cash (used) by operating activities	(499,186)	(35,431)	(534,617)
Cash Flows From Non-Capital and Financing Activities:			
Cash received from intergovernmental receipts	46,679	-	46,679
Cash received from state shared taxes	40,987	40,987	81,974
Transfers, net	428,000	1,000	429,000
Net cash provided by non-capital and related financing activities	515,666	41,987	557,653
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	(187,247)	-	(187,247)
Cash Flows From Investing Activities:			
Interest income	-	167	167
Net increase (decrease) in cash	(170,767)	6,723	(164,044)
Cash and cash equivalents, beginning of year	-	131,600	131,600
Cash advanced from general fund	170,767	-	170,767
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 138,323</u>	<u>\$ 138,323</u>
Displayed as:			
Cash	\$ -	\$ 213,323	\$ 213,323
Time deposits not considered cash equivalents	-	(75,000)	(75,000)
	<u>\$ -</u>	<u>\$ 138,323</u>	<u>\$ 138,323</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (528,123)	\$ 1,421	\$ (526,702)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	20,762	3,277	24,039
Changes in Assets and Liabilities:			
(Increase) in accounts receivable	(842)	(43,215)	(44,057)
(Increase) in prepaid expenses	(77)	(95)	(172)
Increase in accounts payable	6,134	3,181	9,315
Increase in accrued salaries	77	-	77
Increase in compensated absences	2,883	-	2,883
Total adjustments	28,937	(36,852)	(7,915)
Net cash (used) by operating activities	<u>\$ (499,186)</u>	<u>\$ (35,431)</u>	<u>\$ (534,617)</u>

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, 2011

	Agency Funds
Assets:	
Cash	\$ 10,179
Taxes receivable	78,475
Total assets	88,654
Liabilities:	
Deposits held for others	10,179
Due to other taxing units - future collections	78,475
Total liabilities	88,654
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, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements

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

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. For identifying the function to which program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted. Revenues that are not classified as program revenues, including taxes and other items are reported instead as *general revenues*. The net cost (by function of governmental activity) is normally covered by general revenues (property, sales, intergovernmental revenues, interest income, etc.).

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The *county fairgrounds fund* accounts for the revenues and expenditures for the operations at the fairgrounds. The authority for the fund is given by County resolution.

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

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

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

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

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

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

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

The *confiscated drugs fund* accounts for the revenues allocated to this fund from confiscated drug money. The authority for the fund is given by County resolution.

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting,

C. and Financial Statement Presentation (continued)

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

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

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

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

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

D. Budgets

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivable or interfund payable. Long-term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The County is responsible for assessing, collecting and distributing property taxes for other governmental entities and its own operational and debt service purposes. Property taxes are assessed on November 1st of each year based on the assessed value on the prior January 1st and are payable in two equal installments by November 10th of the year in which the tax bill is prepared and by April 10th of the following year.

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

3. Inventories and Prepaid Items

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Interfund Activity

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

5. Capital Assets

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

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

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Compensated Absences

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

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

7. Long-Term Obligations

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

8. Net Assets

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Fund Equity Reservation and Designations

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

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

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

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

Assigned fund balance – This classification reflects the amounts constrained by the County's "intent" to be used for specific purposes, but are neither restricted nor committed. The board of commissioners, and County manager, has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – For the general fund, this fund balance is the residual classification and includes all amounts not contained in the other classifications. For all governmental funds other than the general fund, amounts expended in excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expense is incurred for which committed, assigned, or unassigned fund balances are available, the county considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the County Commission has provided otherwise in its commitment or assignment actions.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Cash Flows

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

11. Use of Estimates

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

2. CASH DEPOSITS

Cash

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

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

Cash Deposited With Financial Institutions

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

As of June 30, 2011, 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:

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. CASH DEPOSITS (continued)

Cash Deposited With Financial Institutions (continued)

	Per Institution	Reconciling Items	Per Financial Statements
First State Bank	\$ 7,240,186	\$ (203,059)	\$ 7,037,127

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

Statement of Net Assets:	
Cash	\$ 7,026,948
Statement of fiduciary assets and liabilities - agency funds	10,179
Total cash reported on financial statements	\$ 7,037,127

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

	First State Bank
Checking accounts	\$ 3,690,186
Certificates of deposit	3,550,000
Total deposits	7,240,186
FDIC coverage	(500,000)
Uninsured public funds	\$ 6,740,186
Pledged securities	\$ 5,155,013
Collateral requirements (50% of uninsured public funds)	(3,370,093)
Over (under) collateralization	\$ 1,784,920

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. CASH DEPOSITS (continued)

Cash Deposited With Financial Institutions (continued)

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, 2011, \$6,740,186 of the County’s bank balances of \$7,240,186 was exposed to custodial credit risk as follows:

	First State Bank
Uninsured and collateral held by pledging bank's trust department or agent not in the County's name.	\$ 6,740,186

3. INVESTMENTS

The amounts and description of the investments at year-end are described below:

Agency	Investment	Maturity	Fair Market Value
NM State Treasurer	Investment Pool	N/A	\$ 50,000
Bank of NY Mellon Tr. Co.	Federated Gov't Oblig Fd #5	N/A	298,110
Bank of NY Mellon Tr. Co.	U.S. Treasury Fund	N/A	67,799
			\$ 415,909

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

Statement of Net Assets:	
Investments	\$ 50,000
Restricted investments	365,909
	\$ 415,909

The amounts considered restricted investments are debt proceeds amounts set aside to meet debt reserve requirements, and program receipts. The program receipts are funds available for utilization by the County, and are restricted for purposes described within each loan agreement. All amounts borrowed are for the purchase or construction of capital assets. As of June 30, 2011, the restricted investments are composed of the following:

Program receipts	\$ 298,110
Debt reserve	67,799
	\$ 365,909

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

3. INVESTMENTS (continued)

Cash Deposited With The New Mexico State Treasurer

As of June 30, 2011, 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. 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 state treasurer's Local Government Investment Pool is not SEC registered. The fund is rated AAA_m by Standard and Poor's.

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.

Interest Rate Risk – Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The portfolio's weighted average maturity is 36-day WAM.

Bank of New York Mellon Trust Company

The County has entered into several loan agreements with the New Mexico Finance Authority (Authority) as detailed in Note 10. As part of the agreements, the Authority has placed debt reserves and program revenues into two separate accounts at the Bank of New York Mellon Trust Company. In the prior year, the County's reserve and program revenue were invested into separate investment accounts that identified the exact U.S. government investment account for the County's debt reserves and program revenues.

For the current fiscal year, the Authority has invested debt reserve funds from loan agreements of all state of New Mexico local governments within the Federated Government Obligations Fund No. 5, obligations from the U.S. Treasury, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association. For all program funds available to the local governments, the Authority has placed the funds within an account that is invested in the Federated Government Obligations Fund No. 5.

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

3. INVESTMENTS (continued)

Bank of New York Mellon Trust Company (continued)

Interest Rate Risk – Interest rate risk is the risk that interest rate variations may adversely affect an investment’s fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio’s weighted average maturity (WAM) is a key determinant of the tolerance of a fund’s investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The Federated Government Obligation fund weighted average maturity is 44-day WAM.

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

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011, consisted of the following:

	Governmental Activities	Business-Type Activities
Charges for services	\$ -	\$ 439,664
Allowance for doubtful accounts	-	(201,343)
Total	\$ -	\$ 238,321

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

5. TAXES RECEIVABLE

Amounts due from local effort and state shared taxes at June 30, 2011, consisted of the following:

	Governmental Activities	Business-Type Activities
Local effort taxes	\$ 159,060	\$ -
State shared taxes	49,295	13,344
Total	\$ 208,355	\$ 13,344

6. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments at June 30, 2011, consisted of the following:

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

6. INTERGOVERNMENTAL RECEIVABLES (continued)

	Governmental Activities	Business-Type Activities
Federal grants	\$ 139,268	\$ -
State grants	25,002	168,887
Total	\$ 164,270	\$ 168,887

7. INTEREST RECEIVABLE

Amounts due from county investments interest at June 30, 2011, consisted of the following:

	Governmental Activities	Business-Type Activities
Interest on County investments	\$ 6,173	\$ 138

8. PROPERTY TAX

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

8. PROPERTY TAX (continued)

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

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

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

The County's operating tax rate to finance general government services for 2010 was \$9.446 per \$1,000 for non-residential property and \$11.030 per \$1,000 for residential property.

9. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2011 is as follows:

	Balance 06/30/10	Increases	Decreases	Balance 06/30/11
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 682,087	\$ 36,786	\$ -	\$ 718,873
Construction in progress	172,138	-	(172,138)	-
Total capital assets, not being depreciated	854,225	36,786	(172,138)	718,873
Other capital assets, being depreciated:				
Buildings	3,810,670	240,511	-	4,051,181
Other improvements	5,505,954	-	-	5,505,954
Machinery and equipment	5,947,510	1,301,807	-	7,249,317
Total other capital assets, being depreciated	15,264,134	1,542,318	-	16,806,452
Less accumulated depreciation for:				
Buildings	-	-	-	-
Other improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	-	-	-	-
Other capital assets, net	15,264,134	1,542,318	-	16,806,452
Total capital assets, net	\$ 16,118,359	\$ 1,579,104	\$ (172,138)	\$ 17,525,325

The County did not record depreciation expense for the year ended June 30, 2011.

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

9. CAPITAL ASSETS (continued)

	Balance 06/30/10	Increases	Decreases	Balance 06/30/11
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Other capital assets, being depreciated:				
Other improvements	531,675	35,409	-	567,084
Machinery and equipment	426,085	151,838	-	577,923
Total other capital assets, being depreciated	957,760	187,247	-	1,145,007
Less accumulated depreciation for:				
Other improvements	(5,685)	(13,692)	-	(19,377)
Machinery and equipment	(370,971)	(10,347)	-	(381,318)
Total accumulated depreciation	(376,656)	(24,039)	-	(400,695)
Other capital assets, net	581,104	163,208	-	744,312
Total capital assets, net	\$ 587,104	\$ 163,208	\$ -	\$ 750,312

10. LONG-TERM OBLIGATIONS

Changes in governmental activities obligations during the year ended June 30, 2011, were as follows:

	Balance 06/30/10	Additions	Deletions	Balance 06/30/11	Amounts Due Within One Year
Governmental Activities:					
Notes payable	\$ 885,769	\$ 289,275	\$ (164,281)	\$ 1,010,763	\$ 147,480
Compensated absences	48,284	60,651	(53,935)	55,000	33,000
Total long-term debt	\$ 934,053	\$ 349,926	\$ (218,216)	\$ 1,065,763	\$ 180,480

Note Payable – New Mexico Finance Authority #1

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

10. LONG-TERM OBLIGATIONS (continued)

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

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2012	\$ 7,044	\$ -	\$ 7,044
2013	7,061	-	7,061
2014	7,079	-	7,079
	<u>\$ 21,184</u>	<u>\$ -</u>	<u>\$ 21,184</u>

Note Payable – New Mexico Finance Authority #2

On May 17, 2002, the County borrowed \$120,000 from the New Mexico Finance Authority for the acquisition of a fire station for the Horse Mountain Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2012. The annual payment is approximately \$13,200 with accrued interest at rates between 1.748% 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
2012	\$ 12,974	\$ 233	\$ 13,207

Note Payable – New Mexico Finance Authority #3

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
2012	\$ 17,116	\$ -	\$ 17,116
2013	17,158	-	17,158
	<u>\$ 34,274</u>	<u>\$ -</u>	<u>\$ 34,274</u>

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

10. LONG-TERM OBLIGATIONS (continued)

Note Payable – New Mexico Finance Authority #4

On July 14, 2006, the County borrowed \$277,778 from the New Mexico Finance Authority for the purchase of a fire truck for the Cruzville Apache Creek Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2017. The annual payment is approximately \$32,900 with accrued interest at rates between 2.951% 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
2012	\$ 27,850	\$ 4,946	\$ 32,796
2013	28,625	4,242	32,867
2014	29,449	3,493	32,942
2015	30,322	2,695	33,017
2016	31,252	1,844	33,096
2017	32,230	946	33,176
	<u>\$ 179,728</u>	<u>\$ 18,166</u>	<u>\$ 197,894</u>

Note Payable – New Mexico Finance Authority #5

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 \$6,580; 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
2012	\$ 6,586	-	\$ 6,586

Note Payable – New Mexico Finance Authority #6

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:

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

10. LONG-TERM OBLIGATIONS (continued)

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

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2012	\$ 5,562	\$ -	\$ 5,562

Note Payable – New Mexico Finance Authority #7

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 \$15,900 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
2012	\$ 15,536	\$ 340	\$ 15,876

Note Payable – New Mexico Finance Authority #8

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

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

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2012	\$ 12,306	\$ 1,420	\$ 13,726
2013	12,528	1,229	13,757
2014	12,771	1,018	13,789
2015	13,030	791	13,821
2016	13,308	546	13,854
2017	13,606	283	13,889
	<u>\$ 77,549</u>	<u>\$ 5,287</u>	<u>\$ 82,836</u>

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

10. LONG-TERM OBLIGATIONS (continued)

Note Payable – New Mexico Finance Authority #9

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 .407% and 3.180% 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
2012	\$ 8,115	\$ 35	\$ 8,150
2013	8,152	18	8,170
	<u>\$ 16,267</u>	<u>\$ 53</u>	<u>\$ 16,320</u>

Note Payable – New Mexico Finance Authority #10

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
2012	\$ 7,490	-	\$ 7,490
2013	7,509	-	7,509
2014	7,528	-	7,528
2015	7,547	-	7,547
2016	7,566	-	7,566
2017	7,585	-	7,585
	<u>\$ 45,225</u>	<u>\$ -</u>	<u>\$ 45,225</u>

Note Payable – New Mexico Finance Authority #11

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

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

**STATE OF NEW MEXICO
CATRON COUNTY**
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

10. LONG-TERM OBLIGATIONS (continued)

Note Payable – New Mexico Finance Authority #11 (continued)

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2012	\$ 7,612	\$ -	\$ 7,612
2013	7,612	-	7,612
2014	7,612	-	7,612
2015	7,612	-	7,612
2016	7,612	-	7,612
2017-2019	22,841	-	22,841
	<u>\$ 60,901</u>	<u>\$ -</u>	<u>\$ 60,901</u>

Note Payable – New Mexico Finance Authority #12

On February 27, 2009, the County borrowed \$181,867 from the New Mexico Finance Authority for the purpose of renovating and expanding the officer and dispatch facilities at the Sheriff's Department jail facility in Reserve, New Mexico. The loan is to be repaid from the governmental unit's first increment of one-eighth of one percent County gross receipts tax revenues enacted pursuant to Section 7-20E-9, NMSA 1978, as amended. The note matures May 1, 2029. The annual payment is approximately \$9,139, and does not accrue interest.

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2012	\$ 9,139	\$ -	\$ 9,139
2013	9,139	-	9,139
2014	9,139	-	9,139
2015	9,139	-	9,139
2016	9,139	-	9,139
2017-2021	45,695	-	45,695
2022-2026	45,695	-	45,695
2027-2029	27,417	-	27,417
	<u>\$ 164,502</u>	<u>\$ -</u>	<u>\$ 164,502</u>

Note Payable – New Mexico Finance Authority #13

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

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

10. LONG-TERM OBLIGATIONS (continued)

Note Payable – New Mexico Finance Authority #13 (continued)

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2012	\$ 10,150	\$ -	\$ 10,150
2013	10,150	-	10,150
2014	10,150	-	10,150
2015	10,150	-	10,150
2016	10,150	-	10,150
2017-2019	30,450	-	30,450
	<u>\$ 81,200</u>	<u>\$ -</u>	<u>\$ 81,200</u>

Note Payable – New Mexico Finance Authority #14

On April 8, 2011, the County borrowed \$289,275 from the New Mexico Finance Authority for the purpose of constructing a new fire sub-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, 2031. The annual payment is approximately \$17,000 and accrues interest at a blended rate of 1.147%. The following is a schedule of the annual payments required for the note:

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2012	\$ -	\$ 3,212	\$ 3,212
2013	13,870	3,019	16,889
2014	13,870	2,878	16,748
2015	13,870	2,818	16,688
2016	14,870	2,740	17,610
2017-2021	74,350	11,912	86,262
2022-2026	79,132	8,039	87,171
2027-2031	79,313	3,169	82,482
	<u>\$ 289,275</u>	<u>\$ 37,787</u>	<u>\$ 327,062</u>

Compensated Absences

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

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

**STATE OF NEW MEXICO
CATRON COUNTY**
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

10. LONG-TERM OBLIGATIONS (continued)

Compensated Absences (continued)

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

In the past, approximately eighty-five percent has been paid by the General Fund and fifteen percent by the Landfill Fund.

Business-Type Activities

Changes in the business-type activities obligations during the year ended June 30, 2011, were as follows:

	Balance 06/30/10	Additions	Deletions	Balance 06/30/11	Amounts Due Within One Year
Business-Type Activities:					
Landfill closure	\$ 190,000	\$ 544,380	\$ -	\$ 734,380	\$ 55,020
Compensated absences	6,799	9,696	(6,813)	9,682	4,357
	<u>\$ 196,799</u>	<u>\$ 554,076</u>	<u>\$ (6,813)</u>	<u>\$ 744,062</u>	<u>\$ 59,377</u>

Landfill Closure and Post-Closure Costs

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

The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill acquired as of the end of the fiscal year. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. In addition, the County is required by the state of New Mexico Environmental Regulation Board to demonstrate financial assurance for the post-closure costs, but has failed to do so.

The estimated liability for the landfill closure and post-closure costs sites located in Glenwood and Reserve, New Mexico, has been recorded at \$190,000 and \$544,380, respectively, which is based on one hundred percent (100%) usage (filled) of the landfills.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

10. LONG-TERM OBLIGATIONS (continued)

Environmental laws have forced the closure of Glenwood and Reserve landfills by the Forest Service, and the closure of the Pie Town landfill by the Bureau of Land Management. The landfill located in Datil has been inactive for several years. Currently, the County uses collection sites located throughout the County to collect trash and transport it to a site located outside New Mexico. No expense provision and no liability have been recorded for the Datil and Pie Town landfills.

11. DEFERRED REVENUES

The County has recorded deferred revenues of \$98,712 and \$1,496 within the governmental general and re-appraisal funds respectively. These amounts represent non-current property taxes.

12. TAXES

Local effort and state shared revenues as of June 30, 2011:

	<u>General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
Local effort taxes:			
Property taxes	\$ 1,177,013	\$ 17,771	\$ 1,194,784
State shared taxes:			
Cigarette taxes	\$ 25	\$ 12	\$ 37
Gasoline taxes	152,622	-	152,622
Gasoline taxes	67,719	-	67,719
Gross receipts taxes	-	40,490	40,490
Motor vehicle registrations	332,971	-	332,971
	<u>\$ 553,337</u>	<u>\$ 40,502</u>	<u>\$ 593,839</u>

13. OPERATING LEASE

The County has entered into an agreement to lease a computer system. The agreement includes the use of the computer software and support. The agreement is renewable annually. The County expects that in the normal course of business, the computer agreement will continue to be required. For the fiscal year ended June 30, 2011, the County expended \$42,356 for the computer agreement.

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

14. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

The composition of interfund balances as of June 30, 2011, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Coyote Creek Special Revenue Fund	\$ 29,427
General Fund	Quemado Special Revenue Fund	272
General Fund	County Fairgrounds Fund	1,085
General Fund	Wild Horse Special Revenue Fund	11,192
General Fund	Datil Special Revenue Fund	16,084
General Fund	Clerk's Equipment Special Revenue Fund	7,487
General Fund	Enhanced 911 Special Revenue Fund	74,589
General Fund	Confiscated Drugs Special Revenue Fund	40
General Fund	Capital Projects Fund	824,318
General Fund	Ambulance Enterprise Fund	57,611
General Fund	Airport Enterprise Fund	26,295
General Fund	Landfill Fund	496,793
	Total	<u>\$ 1,545,193</u>

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

Transfers

	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Landfill Fund</u>	<u>Airport Fund</u>	
Transfers (out):					
General Fund	\$ -	\$ 23,649	\$ 428,000	\$ 4,000	\$ 455,649
Mogollon Fire Fund	-	42,537	-	-	42,537
Apache Creek Fire Fund	500	-	-	-	500
Horse Mtn Fire Fund	500	-	-	-	500
Coyote Creek Fire Fund	500	-	-	-	500
Wild Horse Fire Fund	500	-	-	-	500
Quemado Lake Fire Fund	500	-	-	-	500
Quemado Fire Fund	500	-	-	-	500
Datil Fire Fund	500	-	-	-	500
Glenwood Fire Fund	500	-	-	-	500
Pie Town Fire Fund	500	-	-	-	500
Rancho Grande Fire Fund	500	-	-	-	500
Luna Fire Fund	500	-	-	-	500
Ambulance Fund	3,000	-	-	-	3,000
	<u>\$ 8,500</u>	<u>\$ 66,186</u>	<u>\$ 428,000</u>	<u>\$ 4,000</u>	<u>\$ 506,686</u>

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

14. INTERFUND BALANCES AND TRANSFERS (continued)

Transfers (continued)

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

15. FUND BALANCES – GOVERNMENTAL FUNDS

The constraints on fund balance as listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balances are detailed according to balance classification and funds.

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:				
Nonspendable:				
Prepays	\$ 22,833	\$ -	\$ 57,467	\$ 80,300
Restricted:				
County roads	3,837,937	-	-	3,837,937
Fire-wise community	675,908	-	-	675,908
Debt service	-	-	359,444	359,444
State statute:				
Fire safety	-	-	736,947	736,947
Public welfare	-	-	4,639	4,639
Emergency medical services	-	-	83,139	83,139
Indigent care	-	-	103,110	103,110
Recreation	-	-	3,135	3,135
Committed:				
3/12th budget reserve	1,145,684	-	-	1,145,684
Subsequent year's budget	584,438	-	83,769	668,207
Recreation	-	-	917	917
Assigned:				
County clerk equipment	-	-	11,661	11,661
Property valuation	-	-	45,125	45,125
Public safety	-	-	962	962
Unassigned	432,003	(136,619)	(49,128)	246,256
Total fund balances	<u>\$ 6,698,803</u>	<u>\$ (136,619)</u>	<u>\$ 1,441,187</u>	<u>\$ 8,003,371</u>

16. DEFICIT FUND BALANCES

The following funds had a deficit fund balance as of June 30, 2011:

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

16. DEFICIT FUND BALANCES (continued)

Fund	Amount
Capital Projects Fund	\$ 136,619
Enhanced 911 Fund	\$ 49,128

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

17. RESTATEMENT OF NET ASSETS

During the fiscal year ended June 30, 2011, the County determined that changes to the beginning of year net assets and fund balances were necessary. A description and the effect of the changes are as follows:

	Government-Wide		
	Governmental Activities	Business-Type Activities	Individual Funds
<i>Major Funds</i>			
Landfill Fund			
During the fiscal year, the County completed its closure and post-closure plan for the landfill in Reserve, New Mexico. Recognition of the closure liabilities should have occurred in prior periods. The landfill has been closed.	\$ -	\$ 544,380	\$ 544,380
Total Government-Wide Financial Statements	\$ -	\$ 544,380	

18. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2011, the County incurred expenditures over appropriations of the following amounts and funds:

Fund	Amount
Quemado Fire Fund	\$ 6,662
Luna Fire Fund	1,923
Mogollon Fire Fund	10,722
Wild Horse Fire Fund	9,491
Catron County Fire Fund	73
Landfill Enterprise Fund	45,941

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 5,513,537
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>(14,531)</u>
Total operating revenues as reported on the statement of revenues, expenditures, and changes in net assets.	<u>\$ 5,499,006</u>
Uses/Outflows of Operating Resources:	
Actual amounts (budgetary basis) "total charges for appropriations" from the budgetary comparison statement.	\$ 4,986,172
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 expenditures for financial reporting purposes.	92,578
The County budgets for salaries paid for during the current accounting period. Accrual of salaries not included in the budgetary basis but are expenses for financial reporting purposes.	<u>(4,104)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in net assets.	<u>\$ 5,074,646</u>
Other Sources (Uses) of Resources:	
Actual amounts (budgetary basis) "transfers in (out)" from the budgetary comparison statement.	\$ (447,149)
Differences - Budget to GAAP:	
None.	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures, and changes in net assets.	<u>\$ (447,149)</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

20. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

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

Funding Policy

Plan members are required to contribute from 9.15% to 12.35% (ranges from 4.0% to 16.65% depending upon the plan, i.e., state general, state hazardous duty, state police, and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The County is required to contribute from 9.15% to 18.5% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the County are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County contributions to PERA for the years ending June 30, 2011, 2010, and 2009 were \$131,457, \$103,293, \$79,295 respectively, equal to the amount of the required contributions for each year.

21. 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.

22. 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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

23. 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.

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 the County other than payment of attorney and other legal fees.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds										
	Farm and Range Fund	Recreation Fund	Co. Clerk's Equipment Fund	Reappraisal Fund	County Fairgrounds Fund	Emergency Med Srvcs Fund	Indigent Fund	Medicaid Fund	Enhanced 911 Fund	20 Communities Fund	Corrections Fund
<u>ASSETS</u>											
Cash	\$ 4,639	\$ 3,130	\$ 26,000	\$ 64,837	\$ 2,657	\$ 83,311	\$ 96,396	\$ 1	\$ 25,433	\$ 43,866	\$ 76,329
Receivables, net of allowance for doubtful accounts:											
Taxes	-	-	-	2,375	-	-	6,672	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	7,862	7,912
Interest	-	5	48	82	-	73	42	-	28	-	41
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Restricted:											
Investments	-	-	-	-	-	-	-	-	-	-	17,456
Total assets	<u>\$ 4,639</u>	<u>\$ 3,135</u>	<u>\$ 26,048</u>	<u>\$ 67,294</u>	<u>\$ 2,657</u>	<u>\$ 83,384</u>	<u>\$ 103,110</u>	<u>\$ 1</u>	<u>\$ 25,461</u>	<u>\$ 51,728</u>	<u>\$ 101,738</u>
<u>LIABILITIES AND FUND BALANCES</u>											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ 523	\$ 655	\$ 245	\$ -	\$ -	\$ -	\$ -	\$ 8,475
Deferred revenues	-	-	-	1,496	-	-	-	-	-	-	-
Interfund payable	-	-	7,487	-	1,085	-	-	-	74,589	-	-
Total liabilities	-	-	7,487	2,019	1,740	245	-	-	74,589	-	8,475
Fund Balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	4,639	3,135	-	-	-	83,139	103,110	-	-	-	93,263
Committed	-	-	6,900	20,150	917	-	-	1	-	51,728	-
Assigned	-	-	11,661	45,125	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(49,128)	-	-
Total fund balances	<u>4,639</u>	<u>3,135</u>	<u>18,561</u>	<u>65,275</u>	<u>917</u>	<u>83,139</u>	<u>103,110</u>	<u>1</u>	<u>(49,128)</u>	<u>51,728</u>	<u>93,263</u>
Total liabilities and fund balances	<u>\$ 4,639</u>	<u>\$ 3,135</u>	<u>\$ 26,048</u>	<u>\$ 67,294</u>	<u>\$ 2,657</u>	<u>\$ 83,384</u>	<u>\$ 103,110</u>	<u>\$ 1</u>	<u>\$ 25,461</u>	<u>\$ 51,728</u>	<u>\$ 101,738</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue Funds									
	Law Enforcement Fund	Confiscated Drugs Fund	COPS Grant Fund	Legal Fund	Quemado Fire Fund	Datil Fire Fund	Glenwood Fire Fund	Pie Town Fire Fund	Rancho Grande Fire Fund	Luna Fire Fund
ASSETS										
Cash	\$ 12,266	\$ 1,000	\$ 2,599	\$ 2,389	\$ 5,043	\$ 84,094	\$ 179,050	\$ 56,450	\$ 88,854	\$ 6,707
Receivables, net of allowance for doubtful accounts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Interest	-	2	-	2	-	36	91	18	28	9
Prepaid expenses	-	-	-	-	4,704	4,704	9,408	4,771	4,823	4,704
Restricted:										
Investments	-	-	-	-	11	75	27	-	285,042	-
Total assets	<u>\$ 12,266</u>	<u>\$ 1,002</u>	<u>\$ 2,599</u>	<u>\$ 2,391</u>	<u>\$ 9,758</u>	<u>\$ 88,909</u>	<u>\$ 188,576</u>	<u>\$ 61,239</u>	<u>\$ 378,747</u>	<u>\$ 11,420</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 356	\$ 255	\$ 2,355	\$ 128	\$ 101	\$ 1,382
Deferred revenues	-	-	-	-	-	-	-	-	-	-
Interfund payable	-	40	-	-	272	16,084	-	-	-	-
Total liabilities	-	40	-	-	628	16,339	2,355	128	101	1,382
Fund Balances:										
Nonspendable	-	-	-	-	4,704	4,704	9,408	4,771	4,823	4,704
Restricted	12,266	-	-	-	4,426	67,866	176,813	56,340	373,823	5,334
Committed	-	-	2,599	2,391	-	-	-	-	-	-
Assigned	-	962	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>12,266</u>	<u>962</u>	<u>2,599</u>	<u>2,391</u>	<u>9,130</u>	<u>72,570</u>	<u>186,221</u>	<u>61,111</u>	<u>378,646</u>	<u>10,038</u>
Total liabilities and fund balances	<u>\$ 12,266</u>	<u>\$ 1,002</u>	<u>\$ 2,599</u>	<u>\$ 2,391</u>	<u>\$ 9,758</u>	<u>\$ 88,909</u>	<u>\$ 188,576</u>	<u>\$ 61,239</u>	<u>\$ 378,747</u>	<u>\$ 11,420</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds							
	Mogollon Fire Fund	Apache Creek Fire Fund	Horse Mountain Fire Fund	Quemado Lake Fire Fund	Coyote Creek Fire Fund	Wild Horse Fire Fund	Catron County Fire Fund	Total Other Governmental Funds
<u>ASSETS</u>								
Cash	\$ -	\$ 171,055	\$ 45,653	\$ 23,887	\$ 35,180	\$ 5,931	\$ 10,408	\$ 1,157,165
Receivables, net of allowance for doubtful accounts:								
Taxes	-	-	-	-	-	-	-	9,047
Intergovernmental	-	-	-	-	-	-	-	15,774
Interest	-	36	13	20	9	4	-	587
Prepaid expenses	-	4,970	4,854	4,970	4,704	4,855	-	57,467
Restricted:								
Investments	-	27,943	4,330	26	17,037	13,962	-	365,909
Total assets	<u>\$ -</u>	<u>\$ 204,004</u>	<u>\$ 54,850</u>	<u>\$ 28,903</u>	<u>\$ 56,930</u>	<u>\$ 24,752</u>	<u>\$ 10,408</u>	<u>\$ 1,605,949</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ -	\$ 556	\$ 4,830	\$ 403	\$ 1,052	\$ 1,208	\$ 566	\$ 23,090
Deferred revenues	-	-	-	-	-	-	-	1,496
Interfund payable	-	-	-	-	29,427	11,192	-	140,176
Total liabilities	-	556	4,830	403	30,479	12,400	566	164,762
Fund Balances:								
Nonspendable	-	4,970	4,854	4,970	4,704	4,855	-	57,467
Restricted	-	198,478	45,166	23,530	21,747	7,497	9,842	1,290,414
Committed	-	-	-	-	-	-	-	84,686
Assigned	-	-	-	-	-	-	-	57,748
Unassigned	-	-	-	-	-	-	-	(49,128)
Total fund balances	-	203,448	50,020	28,500	26,451	12,352	9,842	1,441,187
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 204,004</u>	<u>\$ 54,850</u>	<u>\$ 28,903</u>	<u>\$ 56,930</u>	<u>\$ 24,752</u>	<u>\$ 10,408</u>	<u>\$ 1,605,949</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
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds										
	Farm and Range Fund	Recreation Fund	Co. Clerk's Equipment Fund	Reappraisal Fund	County Fairgrounds Fund	Emergency Med Svcs Fund	Indigent Fund	Medicaid Fund	Enhanced 911 Fund	20 Communities Fund	Corrections Fund
Revenues:											
Local effort taxes	\$ -	\$ -	\$ -	\$ 17,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State shared taxes	-	12	-	-	-	-	40,490	-	-	-	-
Intergovernmental	15,549	-	-	-	-	72,671	-	-	-	457,514	-
Charges for services	-	-	7,692	4,693	-	-	-	-	95,632	-	31,897
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	34,315
Interest income	-	10	63	170	-	95	48	-	61	-	85
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Total revenues	15,549	22	7,755	22,634	-	72,766	40,538	-	95,693	457,514	66,297
Expenditures:											
Current:											
General government	-	-	23,710	19,167	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	64,679	-	-	-	-	65,783
Health and welfare	15,300	-	-	-	-	-	-	17,963	95,632	443,276	-
Culture and recreation	-	-	-	-	4,143	-	-	-	-	-	-
Capital outlay	-	-	5,849	5,848	-	-	-	-	-	-	-
Debt Service:											
Principal	-	-	-	-	-	-	-	-	-	-	9,139
Interest	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	15,300	-	29,559	25,015	4,143	64,679	-	17,963	95,632	443,276	74,922
Excess (deficiency) of revenues over expenditures	249	22	(21,804)	(2,381)	(4,143)	8,087	40,538	(17,963)	61	14,238	(8,625)
Other Financing Sources (Uses):											
Loan proceeds	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	5,500	-	-	17,964	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	5,500	-	-	17,964	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	249	22	(21,804)	(2,381)	1,357	8,087	40,538	1	61	14,238	(8,625)
Fund balance, beginning of year	4,390	3,113	40,365	67,656	(440)	75,052	62,572	-	(49,189)	37,490	101,888
Fund balance, end of year	\$ 4,639	\$ 3,135	\$ 18,561	\$ 65,275	\$ 917	\$ 83,139	\$ 103,110	\$ 1	\$ (49,128)	\$ 51,728	\$ 93,263

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
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds										
	Law Enforcement Fund	Confiscated Drugs Fund	COPS Grant Fund	Legal Fund	Quemado Fire Fund	Datil Fire Fund	Glenwood Fire Fund	Pie Town Fire Fund	Rancho Grande Fire Fund	Luna Fire Fund	Mogollon Fire Fund
Revenues:											
Local effort taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State shared taxes	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	23,600	-	-	-	50,332	50,332	62,607	75,495	50,332	50,332	7,603
Charges for services	-	-	-	-	-	-	715	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	4	1	5	-	168	138	18	70	-	13
Miscellaneous	-	-	-	-	-	-	-	105	-	-	-
Total revenues	23,600	4	1	5	50,332	50,500	63,460	75,618	50,402	50,332	7,616
Expenditures:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	66,226	25,333	63,390	50,007	25,864	88,964	2,888
Health and welfare	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	18,316	-	-	-	42,416	-	-	-	-	-	-
Debt Service:											
Principal	-	-	-	-	6,570	7,472	8,078	-	15,179	-	7,612
Interest	-	-	-	-	-	-	51	-	658	-	-
Total expenditures	18,316	-	-	-	115,212	32,805	71,519	50,007	41,701	88,964	10,500
Excess (deficiency) of revenues over expenditures	5,284	4	1	5	(64,880)	17,695	(8,059)	25,611	8,701	(38,632)	(2,884)
Other Financing Sources (Uses):											
Loan proceeds	-	-	-	-	-	-	-	-	289,275	-	-
Transfers in	-	-	-	-	-	-	42,537	-	-	-	-
Transfers (out)	-	-	-	-	(500)	(500)	(500)	(500)	(500)	(500)	(42,537)
Total other financing sources (uses)	-	-	-	-	(500)	(500)	42,037	(500)	288,775	(500)	(42,537)
Excess (deficiency) of revenues and other sources over expenditures and other uses	5,284	4	1	5	(65,380)	17,195	33,978	25,111	297,476	(39,132)	(45,421)
Fund balance, beginning of year	6,982	958	2,598	2,386	74,510	55,375	152,243	36,000	81,170	49,170	45,421
Fund balance, end of year	\$ 12,266	\$ 962	\$ 2,599	\$ 2,391	\$ 9,130	\$ 72,570	\$ 186,221	\$ 61,111	\$ 378,646	\$ 10,038	\$ -

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
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds						Total Other Governmental Funds
	Apache Creek Fire Fund	Horse Mountain Fire Fund	Quemado Lake Fire Fund	Coyote Creek Fire Fund	Wild Horse Fire Fund	Catron County Fire Fund	
Revenues:							
Local effort taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,771
State shared taxes	-	-	-	-	-	-	40,502
Intergovernmental	158,936	64,332	50,332	50,332	50,332	67,549	1,358,180
Charges for services	-	-	-	-	-	-	140,629
Fines and forfeitures	-	-	-	-	-	-	34,315
Interest income	153	47	51	61	43	-	1,304
Miscellaneous	-	-	-	-	2,126	-	2,231
Total revenues	159,089	64,379	50,383	50,393	52,501	67,549	1,594,932
Expenditures:							
Current:							
General government	-	-	-	-	-	-	42,877
Public safety	45,161	53,443	27,271	22,388	51,191	71,563	724,151
Health and welfare	-	-	-	-	-	-	572,171
Culture and recreation	-	-	-	-	-	-	4,143
Capital outlay	-	-	-	-	-	-	72,429
Debt Service:							
Principal	52,633	12,724	15,698	17,073	12,103	-	164,281
Interest	6,115	451	-	-	1,592	-	8,867
Total expenditures	103,909	66,618	42,969	39,461	64,886	71,563	1,588,919
Excess (deficiency) of revenues over expenditures	55,180	(2,239)	7,414	10,932	(12,385)	(4,014)	6,013
Other Financing Sources (Uses):							
Loan proceeds	-	-	-	-	-	-	289,275
Transfers in	-	-	-	185	-	-	66,186
Transfers (out)	(500)	(500)	(500)	(500)	(500)	-	(48,037)
Total other financing sources (uses)	(500)	(500)	(500)	(315)	(500)	-	307,424
Excess (deficiency) of revenues and other sources over expenditures and other uses	54,680	(2,739)	6,914	10,617	(12,885)	(4,014)	313,437
Fund balance, beginning of year	148,768	52,759	21,586	15,834	25,237	13,856	1,127,750
Fund balance, end of year	\$ 203,448	\$ 50,020	\$ 28,500	\$ 26,451	\$ 12,352	\$ 9,842	\$ 1,441,187

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 16,066	\$ 16,066	\$ 15,549	\$ (517)
Expenditures:				
Current:				
Health and welfare	<u>20,000</u>	<u>20,000</u>	<u>15,300</u>	<u>4,700</u>
Net change in cash balance	(3,934)	(3,934)	249	4,183
Cash balance, beginning of year	<u>4,390</u>	<u>4,390</u>	<u>4,390</u>	<u>-</u>
Cash balance, end of year	<u>\$ 456</u>	<u>\$ 456</u>	<u>\$ 4,639</u>	<u>\$ 4,183</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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
State shared taxes	\$ -	\$ -	\$ 81	\$ 81
Interest income	25	25	5	(20)
Total revenues	25	25	86	61
Expenditures:				
Current:				
Culture and recreation	3,000	3,000	-	3,000
Net change in cash balance	(2,975)	(2,975)	86	3,061
Cash balance, beginning of year	3,044	3,044	3,044	-
Cash balance, end of year	<u>\$ 69</u>	<u>\$ 69</u>	<u>\$ 3,130</u>	<u>\$ 3,061</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Charges for services	\$ 6,500	\$ 6,500	\$ 7,692	\$ 1,192
Interest income	200	200	58	(142)
Total revenues	6,700	6,700	7,750	1,050
Expenditures:				
Current:				
General government	-	-	23,710	(23,710)
Capital outlay	30,000	46,000	5,849	40,151
Total expenditures	30,000	46,000	29,559	16,441
Net change in cash balance	(23,300)	(39,300)	(21,809)	17,491
Cash balance, beginning of year	40,322	40,322	40,322	-
Cash advanced from general fund	-	-	7,487	7,487
Cash balance, end of year	<u>\$ 17,022</u>	<u>\$ 1,022</u>	<u>\$ 26,000</u>	<u>\$ 24,978</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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Local effort taxes	\$ 16,000	\$ 16,000	\$ 17,552	\$ 1,552
Charges for services	5,000	5,000	4,693	(307)
Interest income	500	500	129	(371)
Total revenues	21,500	21,500	22,374	874
Expenditures:				
Current:				
General government	18,300	18,300	18,644	(344)
Capital outlay	20,000	20,000	5,848	14,152
Total expenditures	38,300	38,300	24,492	13,808
Net change in cash balance	(16,800)	(16,800)	(2,118)	14,682
Cash balance, beginning of year	66,955	66,955	66,955	-
Cash balance, end of year	<u>\$ 50,155</u>	<u>\$ 50,155</u>	<u>\$ 64,837</u>	<u>\$ 14,682</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, 2011

	<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	\$ 5,500	\$ 5,500	\$ 3,710	\$ 1,790
Other Financing Sources (Uses):				
Transfers in	<u>5,500</u>	<u>5,500</u>	<u>5,500</u>	<u>-</u>
Net change in cash balance	-	-	1,790	1,790
Cash balance, beginning of year	<u>867</u>	<u>867</u>	<u>867</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 867</u></u>	<u><u>\$ 867</u></u>	<u><u>\$ 2,657</u></u>	<u><u>\$ 1,790</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 74,785	\$ 74,785	\$ 72,671	\$ (2,114)
Interest income	-	-	89	89
Total revenues	<u>74,785</u>	<u>74,785</u>	<u>72,760</u>	<u>(2,025)</u>
Expenditures:				
Current:				
Public safety	<u>101,800</u>	<u>101,800</u>	<u>64,434</u>	<u>37,366</u>
Net change in cash balance	(27,015)	(27,015)	8,326	35,341
Cash balance, beginning of year	<u>74,985</u>	<u>74,985</u>	<u>74,985</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 47,970</u></u>	<u><u>\$ 47,970</u></u>	<u><u>\$ 83,311</u></u>	<u><u>\$ 35,341</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, 2011

	<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	\$ 40,000	\$ 40,000	\$ 40,987	\$ 987
Interest income	<u>25</u>	<u>25</u>	<u>6</u>	<u>(19)</u>
Total revenues	40,025	40,025	40,993	968
Expenditures:				
Current:				
Health and welfare	<u>71,000</u>	<u>71,000</u>	<u>-</u>	<u>71,000</u>
Net change in cash balance	(30,975)	(30,975)	40,993	71,968
Cash balance, beginning of year	<u>55,403</u>	<u>55,403</u>	<u>55,403</u>	<u>-</u>
Cash balance, end of year	<u>\$ 24,428</u>	<u>\$ 24,428</u>	<u>\$ 96,396</u>	<u>\$ 71,968</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, 2011

	<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	\$ 21,000	\$ 21,000	\$ 17,963	\$ 3,037
Other Financing Sources (Uses):				
Transfers in	<u>21,000</u>	<u>21,000</u>	<u>17,964</u>	<u>(3,036)</u>
Net change in cash balance	-	-	1	1
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 ENHANCED 911 SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Interest income	\$ 150	\$ 150	\$ 33	\$ (117)
Expenditures:				
Current:				
Health and welfare	12,500	12,500	-	12,500
Capital outlay	12,500	12,500	-	12,500
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net change in cash balance	(24,850)	(24,850)	33	24,883
Cash balance, beginning of year	<u>25,400</u>	<u>25,400</u>	<u>25,400</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 550</u></u>	<u><u>\$ 550</u></u>	<u><u>\$ 25,433</u></u>	<u><u>\$ 24,883</u></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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 550,000	\$ 550,000	\$ 452,337	\$ (97,663)
Expenditures:				
Current:				
Health and welfare	<u>592,197</u>	<u>599,458</u>	<u>445,336</u>	<u>154,122</u>
Net change in cash balance	(42,197)	(49,458)	7,001	56,459
Cash balance, beginning of year	<u>36,865</u>	<u>36,865</u>	<u>36,865</u>	<u>-</u>
Cash balance, end of year	<u>\$ (5,332)</u>	<u>\$ (12,593)</u>	<u>\$ 43,866</u>	<u>\$ 56,459</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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Charges for services	\$ 21,000	\$ 21,000	\$ 31,897	\$ 10,897
Fines and forfeitures	39,000	39,000	37,159	(1,841)
Interest income	250	250	81	(169)
Total revenues	60,250	60,250	69,137	8,887
Expenditures:				
Current:				
Public safety	83,500	83,500	63,276	20,224
Capital outlay	1,000	1,000	-	1,000
Debt service	9,139	9,139	9,139	-
Total expenditures	93,639	93,639	72,415	21,224
Net change in cash balance	(33,389)	(33,389)	(3,278)	30,111
Cash balance, beginning of year	78,726	78,726	78,726	-
Cash transferred from restricted cash	-	-	881	881
Cash balance, end of year	<u>\$ 45,337</u>	<u>\$ 45,337</u>	<u>\$ 76,329</u>	<u>\$ 30,992</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, 2011

	<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	\$ -
Expenditures:				
Capital outlay	<u>28,000</u>	<u>28,000</u>	<u>18,316</u>	<u>9,684</u>
Net change in cash balance	(4,400)	(4,400)	5,284	9,684
Cash balance, beginning of year	<u>6,982</u>	<u>6,982</u>	<u>6,982</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 2,582</u></u>	<u><u>\$ 2,582</u></u>	<u><u>\$ 12,266</u></u>	<u><u>\$ 9,684</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Interest income	\$ 20	\$ 20	\$ 2	\$ (18)
Expenditures:				
Current:				
Health and welfare	<u>900</u>	<u>900</u>	<u>-</u>	<u>900</u>
Net change in cash balance	(880)	(880)	2	882
Cash balance, beginning of year	958	958	958	-
Cash advanced from general fund	<u>-</u>	<u>-</u>	<u>40</u>	<u>40</u>
Cash balance, end of year	<u><u>\$ 78</u></u>	<u><u>\$ 78</u></u>	<u><u>\$ 1,000</u></u>	<u><u>\$ 922</u></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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Interest income	\$ 20	\$ 20	\$ 1	\$ (19)
Expenditures:				
Capital outlay	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Net change in cash balance	(2,480)	(2,480)	1	2,481
Cash balance, beginning of year	<u>2,598</u>	<u>2,598</u>	<u>2,598</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 118</u></u>	<u><u>\$ 118</u></u>	<u><u>\$ 2,599</u></u>	<u><u>\$ 2,481</u></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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Interest income	\$ 20	\$ 20	\$ 3	\$ (17)
Expenditures:				
Current:				
Public safety	<u>2,300</u>	<u>2,300</u>	<u>-</u>	<u>2,300</u>
Net change in cash balance	(2,280)	(2,280)	3	2,283
Cash balance, beginning of year	<u>2,386</u>	<u>2,386</u>	<u>2,386</u>	<u>-</u>
Cash balance, end of year	<u>\$ 106</u>	<u>\$ 106</u>	<u>\$ 2,389</u>	<u>\$ 2,283</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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 44,570	\$ 44,570	\$ 50,332	\$ 5,762
Miscellaneous	100	100	-	(100)
Interest income	-	-	55	55
Total revenues	44,670	44,670	50,387	5,717
Expenditures:				
Current:				
Public safety	93,980	102,915	66,091	36,824
Capital outlay	500	5,500	42,416	(36,916)
Debt service	-	-	6,570	(6,570)
Total expenditures	94,480	108,415	115,077	(6,662)
Excess (deficiency) of revenues over expenditures	(49,810)	(63,745)	(64,690)	(945)
Other Financing Sources (Uses):				
Transfers (out)	-	-	(500)	(500)
Net change in cash balance	(49,810)	(63,745)	(65,190)	(1,445)
Cash balance, beginning of year	69,403	69,403	69,403	-
Cash transferred from restricted cash	-	-	830	830
Cash balance, end of year	<u>\$ 19,593</u>	<u>\$ 5,658</u>	<u>\$ 5,043</u>	<u>\$ (615)</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 42,739	\$ 42,739	\$ 50,332	\$ 7,593
Interest income	250	250	132	(118)
Total revenues	<u>42,989</u>	<u>42,989</u>	<u>50,464</u>	<u>7,475</u>
Expenditures:				
Current:				
Public safety	47,564	47,564	25,300	22,264
Capital outlay	25,000	25,000	-	25,000
Debt service	-	-	7,472	(7,472)
Total expenditures	<u>72,564</u>	<u>72,564</u>	<u>32,772</u>	<u>39,792</u>
Excess (deficiency) of revenues over expenditures	(29,575)	(29,575)	17,692	47,267
Other Financing Sources (Uses)				
Transfers (out)	-	-	(500)	(500)
Net change in cash balance	(29,575)	(29,575)	17,192	86,559
Cash balance, beginning of year	66,965	66,965	66,965	-
Cash transferred to restricted cash	-	-	(63)	(63)
Cash balance, end of year	<u>\$ 37,390</u>	<u>\$ 37,390</u>	<u>\$ 84,094</u>	<u>\$ 46,704</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 54,427	\$ 54,427	\$ 62,607	\$ 16,880
Charges for services	-	-	715	715
Interest income	500	500	146	(354)
	<u>54,927</u>	<u>54,927</u>	<u>63,468</u>	<u>8,541</u>
Total revenues				
Expenditures:				
Current:				
Public safety	99,232	99,232	63,247	35,985
Capital outlay	95,000	95,000	-	95,000
Debt service	-	-	8,078	(8,078)
	<u>194,232</u>	<u>194,232</u>	<u>71,325</u>	<u>122,907</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(139,305)	(139,305)	(7,857)	131,448
Other Financing Sources (Uses):				
Transfers in	-	-	39,064	39,064
Transfers (out)	-	-	(500)	(500)
Net change in cash balance	(139,305)	(139,305)	30,707	170,012
Cash balance, beginning of year	148,346	148,346	148,346	-
Cash transferred to restricted cash	-	-	(3)	(3)
Cash balance, end of year	<u>\$ 9,041</u>	<u>\$ 9,041</u>	<u>\$ 179,050</u>	<u>\$ 170,009</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 75,495	\$ 75,495	\$ 75,495	\$ -
Interest income	100	100	22	(78)
Miscellaneous	-	-	105	105
Total revenues	<u>75,595</u>	<u>75,595</u>	<u>75,622</u>	<u>27</u>
Expenditures:				
Current:				
Public safety	46,569	46,569	61,404	(14,835)
Capital outlay	<u>46,000</u>	<u>46,000</u>	<u>-</u>	<u>46,000</u>
Total expenditures	<u>92,569</u>	<u>92,569</u>	<u>61,404</u>	<u>31,165</u>
Excess (deficiency) of revenues over expenditures	(16,974)	(16,974)	14,218	31,192
Other Financing Sources (Uses):				
Transfers (out)	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>(500)</u>
Net change in cash balance	(16,974)	(16,974)	13,718	30,692
Cash balance, beginning of year	<u>42,732</u>	<u>42,732</u>	<u>42,732</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 25,758</u></u>	<u><u>\$ 25,758</u></u>	<u><u>\$ 56,450</u></u>	<u><u>\$ 30,692</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RANCHO GRANDE FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 34,437	\$ 34,437	\$ 50,332	\$ 15,895
Interest income	250	250	59	(191)
Total revenues	<u>34,687</u>	<u>34,687</u>	<u>50,391</u>	<u>15,704</u>
Expenditures:				
Current:				
Public safety	73,714	73,714	22,401	51,313
Capital outlay	10,000	10,000	-	10,000
Debt service	-	-	15,179	(15,179)
Total expenditures	<u>83,714</u>	<u>83,714</u>	<u>37,580</u>	<u>46,134</u>
Excess (deficiency) of revenues over expenditures	(49,027)	(49,027)	12,811	61,838
Other Financing Sources (Uses):				
Transfers (out)	-	-	(500)	(500)
Net change in cash balance	(49,027)	(49,027)	12,311	61,338
Cash balance, beginning of year	76,549	76,549	76,549	-
Cash transferred to restricted cash	-	-	(6)	(6)
Cash balance, end of year	<u>\$ 27,522</u>	<u>\$ 27,522</u>	<u>\$ 88,854</u>	<u>\$ 61,332</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 50,332	\$ 50,332	\$ 50,332	\$ -
Interest income	-	-	11	11
Miscellaneous	<u>250</u>	<u>250</u>	<u>-</u>	<u>(250)</u>
Total revenues	50,582	50,582	50,343	(239)
Expenditures:				
Current:				
Public safety	64,376	75,876	87,799	(11,923)
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>74,376</u>	<u>85,876</u>	<u>87,799</u>	<u>(1,923)</u>
Excess (deficiency) of revenues over expenditures	(23,794)	(35,294)	(37,456)	(2,162)
Other Financing Sources (Uses):				
Transfers (out)	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>(500)</u>
Net change in cash balance	(23,794)	(35,294)	(37,956)	(2,662)
Cash balance, beginning of year	<u>44,663</u>	<u>44,663</u>	<u>44,663</u>	<u>-</u>
Cash balance, end of year	<u>\$ 20,869</u>	<u>\$ 9,369</u>	<u>\$ 6,707</u>	<u>\$ (2,662)</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 7,603	\$ 7,603
Interest income	-	-	13	13
Total revenues	-	-	7,616	7,616
Expenditures:				
Current:				
Public safety	-	-	3,110	(3,110)
Debt service	-	-	7,612	(7,612)
Total expenditures	-	-	10,722	(10,722)
Excess (deficiency) of revenues over expenditures	-	-	(3,106)	(3,106)
Other Financing Sources (Uses):				
Transfers (out)	-	-	(39,064)	(39,064)
Net change in cash balance	-	-	(42,170)	(42,170)
Cash balance, beginning of year	42,174	42,174	42,174	-
Cash transferred to restricted cash	-	-	(4)	(4)
Cash balance, end of year	<u>\$ 42,174</u>	<u>\$ 42,174</u>	<u>\$ -</u>	<u>\$ (42,174)</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 99,688	\$ 99,688	\$ 158,936	\$ 59,248
Interest income	250	250	159	(91)
Total revenues	<u>99,938</u>	<u>99,938</u>	<u>159,095</u>	<u>59,157</u>
Expenditures:				
Current:				
Public safety	143,356	143,356	51,020	92,336
Capital outlay	50,000	50,000	-	50,000
Debt service	-	-	52,633	(52,633)
Total expenditures	<u>193,356</u>	<u>193,356</u>	<u>103,653</u>	<u>89,703</u>
Excess (deficiency) of revenues over expenditures	(93,418)	(93,418)	55,442	148,860
Other Financing Sources (Uses):				
Transfers (out)	-	-	(500)	(500)
Net change in cash balance	(93,418)	(93,418)	54,942	148,360
Cash balance, beginning of year	116,094	116,094	116,094	-
Cash transferred from restricted cash	-	-	19	19
Cash balance, end of year	<u>\$ 22,676</u>	<u>\$ 22,676</u>	<u>\$ 171,055</u>	<u>\$ 148,379</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 37,093	\$ 37,093	\$ 64,332	\$ 27,239
Interest income	250	250	46	(204)
Total revenues	<u>37,343</u>	<u>37,343</u>	<u>64,378</u>	<u>27,035</u>
Expenditures:				
Current:				
Public safety	61,050	82,550	49,324	33,226
Capital outlay	5,000	5,000	-	5,000
Debt service	-	-	12,724	(12,724)
Total expenditures	<u>66,050</u>	<u>87,550</u>	<u>62,048</u>	<u>25,502</u>
Excess (deficiency) of revenues over expenditures	(28,707)	(50,207)	2,330	52,537
Other Financing Sources (Uses):				
Transfers (out)	-	-	(500)	(500)
Net change in cash balance	(28,707)	(50,207)	1,830	52,037
Cash balance, beginning of year	43,853	43,853	43,853	-
Cash transferred to restricted cash	-	-	(30)	(30)
Cash balance, end of year	<u>\$ 15,146</u>	<u>\$ (6,354)</u>	<u>\$ 45,653</u>	<u>\$ 52,007</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 34,625	\$ 34,625	\$ 50,332	\$ 15,707
Interest income	250	250	49	(201)
Total revenues	<u>34,875</u>	<u>34,875</u>	<u>50,381</u>	<u>15,506</u>
Expenditures:				
Current:				
Public safety	46,246	46,246	27,439	18,807
Capital outlay	2,000	2,000	-	2,000
Debt service	-	-	15,698	(15,698)
Total expenditures	<u>48,246</u>	<u>48,246</u>	<u>43,137</u>	<u>5,109</u>
Excess (deficiency) of revenues over expenditures	(13,371)	(13,371)	7,244	20,615
Other Financing Sources (Uses):				
Transfers (out)	-	-	(500)	(500)
Net change in cash balance	(13,371)	(13,371)	6,744	20,115
Cash balance, beginning of year	17,149	17,149	17,149	-
Cash transferred to restricted cash	-	-	(6)	(6)
Cash balance, end of year	<u>\$ 3,778</u>	<u>\$ 3,778</u>	<u>\$ 23,887</u>	<u>\$ 20,109</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 33,153	\$ 33,153	\$ 50,332	\$ 17,179
Interest income	250	250	52	(198)
Total revenues	<u>33,403</u>	<u>33,403</u>	<u>50,384</u>	<u>16,981</u>
Expenditures:				
Current:				
Public safety	46,368	44,683	22,444	22,239
Capital outlay	2,500	2,500	-	2,500
Debt service	-	-	17,073	(17,073)
Total expenditures	<u>48,868</u>	<u>47,183</u>	<u>39,517</u>	<u>7,666</u>
Excess (deficiency) of revenues over expenditures	(15,465)	(13,780)	10,867	24,647
Other Financing Sources (Uses):				
Transfers in	-	185	185	-
Transfers (out)	-	-	(500)	(500)
Net change in cash balance	(15,465)	(13,595)	10,552	24,147
Cash balance, beginning of year	24,646	24,646	24,646	-
Transfer to restricted cash	-	-	(18)	(18)
Cash balance, end of year	<u>\$ 9,181</u>	<u>\$ 11,051</u>	<u>\$ 35,180</u>	<u>\$ 24,129</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 36,536	\$ 36,536	\$ 50,332	\$ 13,796
Interest income	250	250	39	(211)
Miscellaneous	-	-	2,126	2,126
Total revenues	<u>36,786</u>	<u>36,786</u>	<u>52,497</u>	<u>15,711</u>
Expenditures:				
Current:				
Public safety	51,374	53,500	53,888	(388)
Capital outlay	3,000	3,000	-	3,000
Debt service	-	-	12,103	(12,103)
Total expenditures	<u>54,374</u>	<u>56,500</u>	<u>65,991</u>	<u>(9,491)</u>
Excess (deficiency) of revenues over expenditures	(17,588)	(19,714)	(13,494)	6,220
Other Financing Sources (Uses):				
Transfers (out)	-	-	(500)	(500)
Net change in cash balance	(17,588)	(19,714)	(13,994)	5,720
Cash balance, beginning of year	19,836	19,836	19,836	-
Cash transferred from restricted cash	-	-	89	89
Cash balance, end of year	<u>\$ 2,248</u>	<u>\$ 122</u>	<u>\$ 5,931</u>	<u>\$ 5,809</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**

CATRON COUNTY FIRE DEPARTMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 67,549	\$ 67,549	\$ 67,549	\$ -
Expenditures:				
Current:				
Public safety	<u>60,200</u>	<u>71,900</u>	<u>71,973</u>	<u>(73)</u>
Net change in cash balance	7,349	(4,351)	(4,424)	(73)
Cash balance, beginning of year	<u>14,832</u>	<u>14,832</u>	<u>14,832</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 22,181</u></u>	<u><u>\$ 10,481</u></u>	<u><u>\$ 10,408</u></u>	<u><u>\$ (73)</u></u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Farm and Range Fund	Recreation Fund	County Clerk's Equipment Fund
	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 15,549	\$ 86	\$ 7,750
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>(64)</u>	<u>5</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 15,549</u>	<u>\$ 22</u>	<u>\$ 7,755</u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 15,300	\$ -	\$ 29,559
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 expenditures for financial reporting purposes.	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances.	<u>\$ 15,300</u>	<u>\$ -</u>	<u>\$ 29,559</u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) "transfers in (out)" and loan proceeds 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.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Reappraisal Fund	County Fairgrounds Fund	Emergency Med Services Fund	Indigent Fund
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 22,374	\$ -	\$ 72,760	\$ 40,993
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>260</u>	<u>-</u>	<u>6</u>	<u>(455)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.	<u><u>\$ 22,634</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 72,766</u></u>	<u><u>\$ 40,538</u></u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 24,492	\$ 3,710	\$ 64,434	\$ -
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 expenditures for financial reporting purposes.	<u>523</u>	<u>433</u>	<u>245</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	<u><u>\$ 25,015</u></u>	<u><u>\$ 4,143</u></u>	<u><u>\$ 64,679</u></u>	<u><u>\$ -</u></u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) "transfers in (out)" and loan proceeds from the budgetary comparison statement.	\$ -	\$ 5,500	\$ -	\$ -
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.	<u><u>\$ -</u></u>	<u><u>\$ 5,500</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Medicaid Fund	Enhanced 911 Fund	20 Communities Fund	Corrections Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ -	\$ 33	\$ 452,337	\$ 69,137
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>95,660</u>	<u>5,177</u>	<u>(2,840)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ -</u>	<u>\$ 95,693</u>	<u>\$ 457,514</u>	<u>\$ 66,297</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 17,963	\$ -	\$ 445,336	\$ 72,415
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 expenditures for financial reporting purposes.	<u>-</u>	<u>95,632</u>	<u>(2,060)</u>	<u>2,507</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 17,963</u>	<u>\$ 95,632</u>	<u>\$ 443,276</u>	<u>\$ 74,922</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) "transfers in (out)" and loan proceeds from the budgetary comparison statement.	\$ 17,964	\$ -	\$ -	\$ -
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.	<u>\$ 17,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Law Enforcement Fund	Confiscated Drugs Fund	COPS Grant Fund
	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 23,600	\$ 2	\$ 1
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>2</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.	<u><u>\$ 23,600</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ 1</u></u>
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 18,316	\$ -	\$ -
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 expenditures for financial reporting purposes.	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	<u><u>\$ 18,316</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Other Sources (Uses) of Resources:			
Actual amounts (budgetary basis) "transfers in (out)" and loan proceeds 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.	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Legal Fund</u>	<u>Quemado Fund</u>	<u>Datil Fund</u>	<u>Glenwood Fund</u>
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 3	\$ 50,387	\$ 50,464	\$ 63,468
Differences - Budget to GAAP:				
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary basis but are considered revenues for financial purposes.	<u>2</u>	<u>(55)</u>	<u>36</u>	<u>(8)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 5</u>	<u>\$ 50,332</u>	<u>\$ 50,500</u>	<u>\$ 63,460</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total changes to appropriations" from the budgetary comparison statement.	\$ -	\$ 115,077	\$ 32,772	\$ 71,325
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 expenditures for financial reporting purposes.	<u>-</u>	<u>135</u>	<u>33</u>	<u>194</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ -</u>	<u>\$ 115,212</u>	<u>\$ 32,805</u>	<u>\$ 71,519</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) "transfers in (out)" and loan proceeds from the budgetary comparison statement.	\$ -	\$ (500)	\$ (500)	\$ 38,564
Differences - Budget to GAAP:				
The County transferred all remaining accrual balances to close the fund.	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,473</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances.	<u>\$ -</u>	<u>\$ (500)</u>	<u>\$ (500)</u>	<u>\$ 42,037</u>

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

**STATE OF NEW MEXICO
CATRON COUNTY**
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Pie Town Fund	Rancho Grande Fund	Luna Fund	Mogollon Fund
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 75,622	\$ 50,391	\$ 50,343	\$ 7,616
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>(4)</u>	<u>11</u>	<u>(11)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 75,618</u>	<u>\$ 50,402</u>	<u>\$ 50,332</u>	<u>\$ 7,616</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 61,404	\$ 37,580	\$ 87,799	\$ 10,722
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 expenditures for financial reporting purposes.	<u>(11,397)</u>	<u>4,121</u>	<u>1,165</u>	<u>(222)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 50,007</u>	<u>\$ 41,701</u>	<u>\$ 88,964</u>	<u>\$ 10,500</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) "transfers in (out)" and loan proceeds from the budgetary comparison statement.	\$ (500)	\$ (500)	\$ (500)	\$ (39,064)
Differences - Budget to GAAP:				
The County transferred all remaining accrual balances to close the fund.	-	-	-	(3,473)
The County was approved for a loan that was not included in the budgetary basis because no proceeds were actually received.	<u>-</u>	<u>289,275</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances.	<u>\$ (500)</u>	<u>\$ 288,775</u>	<u>\$ (500)</u>	<u>\$ (42,537)</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Apache Creek Fund	Horse Mountain Fund	Quemado Lake Fund	Coyote Creek Fund
Sources/Inflows of Resources:				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 159,095	\$ 64,378	\$ 50,381	\$ 50,384
Differences - Budget to GAAP:				
Accrual of revenues and associated receivables that are not considered an inflow or revenues for budgetary baiss but are considered revenues for financial purposes.	<u>(6)</u>	<u>1</u>	<u>2</u>	<u>9</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 159,089</u>	<u>\$ 64,379</u>	<u>\$ 50,383</u>	<u>\$ 50,393</u>
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 103,653	\$ 62,048	\$ 43,137	\$ 39,517
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 expenditures for financial reporting purposes.	<u>256</u>	<u>4,570</u>	<u>(168)</u>	<u>(56)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 103,909</u>	<u>\$ 66,618</u>	<u>\$ 42,969</u>	<u>\$ 39,461</u>
Other Sources (Uses) of Resources:				
Actual amounts (budgetary basis) "transfers in and (out)" from the budgetary comparison statement.	\$ (500)	\$ (500)	\$ (500)	\$ (315)
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.	<u>\$ (500)</u>	<u>\$ (500)</u>	<u>\$ (500)</u>	<u>\$ (315)</u>

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STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON STATEMENTS
AND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Wild Horse Fund	Catron County Fire Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 52,497	\$ 67,549
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>4</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 52,501</u>	<u>\$ 67,549</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 65,991	\$ 71,973
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 expenditures for financial reporting purposes.	<u>(1,105)</u>	<u>(410)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 64,886</u>	<u>\$ 71,563</u>
Other Sources (Uses) of Resources:		
Actual amounts (budgetary basis) "transfers in (out)" and loan proceeds from the budgetary comparison statement.	\$ (500)	\$ -
Differences - Budget to GAAP:		
None.	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances.	<u>\$ (500)</u>	<u>\$ -</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variances With Final Budget Over (Under)</u>
Revenues:				
Intergovernmental	\$ 600,211	\$ 623,791	\$ 472,032	\$ (151,759)
Expenditures:				
Current:				
General government	-	-	9,489	(9,489)
Highway and streets	451,000	451,000	451,000	-
Health and welfare	-	17,090	10,920	6,170
Culture and recreation	-	6,490	-	6,490
Capital outlay	<u>159,362</u>	<u>159,362</u>	<u>149,873</u>	<u>9,489</u>
Total expenditures	<u>610,362</u>	<u>633,942</u>	<u>621,282</u>	<u>12,660</u>
Excess (deficiency) of revenues over expenditures	(10,151)	(10,151)	(149,250)	(139,099)
Other Financing Sources (Uses):				
Transfers in	<u>72,000</u>	<u>72,000</u>	<u>-</u>	<u>(72,000)</u>
Net change in cash balance	61,849	61,849	(149,250)	(211,099)
Cash balance, beginning of year	<u>697,550</u>	<u>697,550</u>	<u>697,550</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 759,399</u></u>	<u><u>\$ 759,399</u></u>	<u><u>\$ 548,300</u></u>	<u><u>\$ (211,099)</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON STATEMENT
AND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2011

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement.	\$ 472,032
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>(766)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 471,266</u>
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement.	\$ 621,282
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 expenditures for financial reporting purposes.	<u>(73,165)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 548,117</u>
Other Uses of Resources:	
Actual amounts (budgetary basis) "transfers in (out)" from the budgetary comparison statement.	\$ -
Differences - Budget to GAAP:	
None.	<u>-</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ -</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2011

	Ambulance Fund	Airport Fund	Total Non-Major Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Current assets:			
Cash	\$ 210,719	\$ 2,604	\$ 213,323
Receivables (net of allowance):			
Taxes	6,672	-	6,672
Accounts	187,420	-	187,420
Interest	138	-	138
Prepaid expenses	<u>3,188</u>	<u>843</u>	<u>4,031</u>
Total current assets	408,137	3,447	411,584
Noncurrent assets:			
Capital assets:			
Equipment	16,261	-	16,261
Less accumulated depreciation	<u>(4,903)</u>	<u>-</u>	<u>(4,903)</u>
Total capital assets, net	<u>11,358</u>	<u>-</u>	<u>11,358</u>
Total assets	<u>419,495</u>	<u>3,447</u>	<u>422,942</u>
Liabilities:			
Current liabilities:			
Accounts payable	7,860	69	7,929
Due to other funds	<u>57,611</u>	<u>26,295</u>	<u>83,906</u>
Total current liabilities	65,471	26,364	91,835
Net assets:			
Invested in capital assets	11,358	-	11,358
Unrestricted (deficit)	<u>342,666</u>	<u>(22,917)</u>	<u>319,749</u>
Total net assets	<u>\$ 354,024</u>	<u>\$ (22,917)</u>	<u>\$ 331,107</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Ambulance Fund	Airport Fund	Total Non-Major Funds
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Charges for services	\$ 192,065	\$ -	\$ 192,065
Operating Expenses:			
General operating	184,624	2,743	187,367
Depreciation	<u>3,277</u>	<u>-</u>	<u>3,277</u>
Total operating expenses	<u>187,901</u>	<u>2,743</u>	<u>190,644</u>
Operating income (loss)	4,164	(2,743)	1,421
Non-Operating Revenues (Expenses):			
State shared taxes	40,490	-	40,490
Interest income	<u>180</u>	<u>-</u>	<u>180</u>
Total non-operating revenues (expenses)	<u>40,670</u>	<u>-</u>	<u>40,670</u>
Income (loss) before transfers	44,834	(2,743)	42,091
Transfers:			
Transfers in	-	4,000	4,000
Transfers (out)	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>
Change in net assets	41,834	1,257	43,091
Net assets, beginning of year	<u>312,190</u>	<u>(24,174)</u>	<u>288,016</u>
Net assets, end of year	<u><u>\$ 354,024</u></u>	<u><u>\$ (22,917)</u></u>	<u><u>\$ 331,107</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Ambulance Fund	Airport Fund	Total Non-Major Funds
Cash Flows From Operating Activities:			
Cash received from customers	\$ 148,850	\$ -	\$ 148,850
Cash payments to suppliers for goods and services	(181,559)	(2,722)	(184,281)
Net cash (used) by operating activities	(32,709)	(2,722)	(35,431)
Cash Flows From Non-Capital and Financing Activities:			
Cash received from:			
State shared taxes	40,987	-	40,987
Transfers, net	(3,000)	4,000	1,000
Net cash provided by non-capital and related financing activities	37,987	4,000	41,987
Cash Flows From Investing Activities:			
Interest income	167	-	167
Net increase in cash	5,445	1,278	6,723
Cash and cash equivalents, beginning of year	130,274	1,326	131,600
Cash and cash equivalents, end of year	<u>\$ 135,719</u>	<u>\$ 2,604</u>	<u>\$ 138,323</u>
Displayed as:			
Cash	\$ 210,719	\$ 2,604	\$ 213,323
Time deposits not considered cash equivalents	(75,000)	-	(75,000)
	<u>\$ 135,719</u>	<u>\$ 2,604</u>	<u>\$ 138,323</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 4,164	\$ (2,743)	\$ 1,421
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,277	-	3,277
Changes in Assets and Liabilities:			
(Increase) in accounts receivable	(43,215)	-	(43,215)
(Increase) in prepaid expenses	(95)	-	(95)
Increase in accounts payable	3,160	21	3,181
Total adjustments	(36,873)	21	(36,852)
Net cash (used) by operating activities	<u>\$ (32,709)</u>	<u>\$ (2,722)</u>	<u>\$ (35,431)</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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variances With Final Budget Over (Under)
Operating Revenues:				
Charges for services	\$ 160,500	\$ 160,500	\$ 177,671	\$ 17,171
Operating Expenses:				
Personnel services	227,252	227,252	381,252	(154,000)
General operating	180,150	267,725	278,006	(10,281)
Capital outlay	323,186	323,186	204,846	118,340
Total operating expenses	<u>730,588</u>	<u>818,163</u>	<u>864,104</u>	<u>(45,941)</u>
Operating (loss)	(570,088)	(657,663)	(686,433)	(28,770)
Non-Operating Revenues (Expenses):				
Intergovernmental	300,000	387,575	46,679	(340,896)
State shared taxes	45,000	45,000	40,987	(4,013)
Interest income	500	500	-	(500)
Total non-operating revenues (expenses)	<u>345,500</u>	<u>433,075</u>	<u>87,666</u>	<u>(345,409)</u>
Income (loss) before other financing sources (uses)	(224,588)	(224,588)	(598,767)	(374,179)
Transfers:				
Transfers in	428,000	428,000	428,000	-
Net change in cash balance	203,412	203,412	(170,767)	(374,179)
Cash balance, beginning of year	-	-	-	-
Cash advanced from general fund	-	-	170,767	170,767
Cash balance, end of year	<u>\$ 203,412</u>	<u>\$ 203,412</u>	<u>\$ -</u>	<u>\$ (203,412)</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 AMBULANCE ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variances With Final Budget Over (Under)
Operating Revenues:				
Charges for services	\$ 125,000	\$ 125,000	\$ 148,850	\$ 23,850
Operating Expenses:				
General operating	175,450	175,450	181,559	(6,109)
Capital outlay	12,000	12,000	-	12,000
Total operating expenses	<u>187,450</u>	<u>187,450</u>	<u>181,559</u>	<u>5,891</u>
Operating income (loss)	(62,450)	(62,450)	(32,709)	29,741
Non-Operating Revenues (Expenses):				
State shared taxes	45,000	45,000	40,987	(4,013)
Interest income	500	500	167	(333)
Total non-operating revenues (expenses)	<u>45,500</u>	<u>45,500</u>	<u>41,154</u>	<u>(4,346)</u>
Income (loss) before other financing sources (uses)	(16,950)	(16,950)	8,445	25,395
Transfers:				
Transfers (out)	-	-	(3,000)	(3,000)
Net change in cash balance	(16,950)	(16,950)	5,445	22,395
Cash balance, beginning of year	<u>205,274</u>	<u>205,274</u>	<u>205,274</u>	<u>-</u>
Cash balance, end of year	<u>\$ 188,324</u>	<u>\$ 188,324</u>	<u>\$ 210,719</u>	<u>\$ 22,395</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 AIRPORT ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variances With Final Budget Over (Under)</u>
Operating Expenses:				
General operating	\$ 4,200	\$ 4,200	\$ 2,722	\$ 1,478
Transfers:				
Transfers in	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Net change in cash balance	(200)	(200)	1,278	1,478
Cash balance, beginning of year	<u>1,326</u>	<u>1,326</u>	<u>1,326</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 1,126</u></u>	<u><u>\$ 1,126</u></u>	<u><u>\$ 2,604</u></u>	<u><u>\$ 1,478</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON STATEMENT
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS – ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Landfill Fund	Ambulance Fund	Airport Fund
	<u> </u>	<u> </u>	<u> </u>
Sources/Inflows of Operating Resources:			
Actual amounts (budgetary basis) "operating revenues" from the budgetary comparison statement.	\$ 177,671	\$ 148,850	\$ -
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>842</u>	<u>43,215</u>	<u>-</u>
Total operating revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 178,513</u>	<u>\$ 192,065</u>	<u>\$ -</u>
Uses/Outflows of Operating Resources:			
Actual amounts (budgetary basis) "operating expenses" from the budgetary comparison statement.	\$ 864,104	\$ 181,559	\$ 2,722
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.	6,057	9,619	-
The County budgets for salaries paid for during the current accounting period. Accrual of salaries are not included in the budgetary basis but are expenses for financial reporting purposes.	2,960	-	-
Capital purchases are considered an outflow of operating resources for budgetary basis but are not considered expenses for financial reporting purposes.	(187,247)	-	-
Depreciation expense is not considered an outflow of operating resources for budgetary basis but is considered an expense for financial reporting purposes.	<u>20,762</u>	<u>(3,277)</u>	<u>21</u>
Total expenditures as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 706,636</u>	<u>\$ 187,901</u>	<u>\$ 2,743</u>
Sources/Inflows of Non-Operating Resources:			
Actual amounts (budgetary basis) "non-operating revenues" from the budgetary comparison statement.	\$ 87,666	\$ 41,154	\$ -
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>154,156</u>	<u>(484)</u>	<u>-</u>
Total non-operating revenues as reported on the statement of revenues, expenditures, and changes in fund net assets.	<u>\$ 241,822</u>	<u>\$ 40,670</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION BUDGETARY COMPARISON STATEMENT
AND STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS – ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Landfill Fund</u>	<u>Ambulance Fund</u>	<u>Airport Fund</u>
Transfers:			
Actual amounts (budgetary basis) "transfers in" from the budgetary comparison schedule.	\$ 428,000	\$ -	\$ 4,000
Differences:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 428,000</u>	<u>\$ -</u>	<u>\$ 4,000</u>
Transfers:			
Actual amounts (budgetary basis) "transfers (out)" from the budgetary comparison schedule.	\$ -	\$ (3,000)	\$ -
Differences:			
None.	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ -</u>	<u>\$ (3,000)</u>	<u>\$ -</u>

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

SUPPLEMENTAL FINANCIAL INFORMATION

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES FOR THE AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Balance 06/30/10	Increases/ Receipts	Decreases/ Disbursements	Balance 06/30/11
Property Tax Fund				
Assets:				
Cash	\$ 6,114	\$ 657,576	\$ 653,526	\$ 10,164
Taxes receivable	58,971	49,587	30,083	78,475
Total assets	<u>\$ 65,085</u>	<u>\$ 707,163</u>	<u>\$ 683,609</u>	<u>\$ 88,639</u>
Liabilities:				
Deposits held for others	\$ 6,114	\$ 657,576	\$ 653,526	\$ 10,164
Due to other tax units - future collections	58,971	49,587	30,083	78,475
Total liabilities	<u>\$ 65,085</u>	<u>\$ 707,163</u>	<u>\$ 683,609</u>	<u>\$ 88,639</u>
Children's Trust Fund				
Assets:				
Cash	\$ -	\$ 285	\$ 270	\$ 15
Liabilities:				
Deposits held for others	\$ -	\$ 285	\$ 270	\$ 15
Total Agency Funds				
Assets:				
Cash	\$ 6,114	\$ 657,861	\$ 653,796	\$ 10,179
Taxes receivable	58,971	49,587	30,083	78,475
Total assets	<u>\$ 65,085</u>	<u>\$ 707,448</u>	<u>\$ 683,879</u>	<u>\$ 88,654</u>
Liabilities:				
Deposits held for others	\$ 6,114	\$ 657,861	\$ 653,796	\$ 10,179
Due to other tax units - future collections	58,971	49,587	30,083	78,475
Total liabilities	<u>\$ 65,085</u>	<u>\$ 707,448</u>	<u>\$ 683,879</u>	<u>\$ 88,654</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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Revenues:				
Taxes - local effort	\$ 1,234,905	\$ 1,234,905	\$ 1,162,635	\$ (72,270)
Taxes - state shared	170,000	170,000	157,493	(12,507)
Intergovernmental	1,551,000	1,563,500	1,336,112	(227,388)
Licenses and permits	33,500	33,500	23,944	(9,556)
Charges for services	49,500	49,500	56,292	6,792
Interest	36,000	36,000	19,017	(16,983)
Miscellaneous	70,751	70,751	65,955	(4,796)
Total revenues	3,145,656	3,158,156	2,821,448	(336,708)
Expenditures:				
Commissioners:				
Salaries	252,417	252,417	282,029	(29,612)
Operating expenses	322,200	322,200	247,126	75,074
Capital outlay	500	500	-	500
Sub-total	575,117	575,117	529,155	45,962
Sheriff:				
Salaries	577,118	577,118	617,442	(40,324)
Operating expenses	257,494	257,494	158,762	98,732
Capital outlay	5,000	5,000	-	5,000
Sub-total	839,612	839,612	776,204	63,408
Clerk:				
Salaries	159,444	159,444	139,085	20,359
Operating expenses	50,600	50,600	31,740	18,860
Sub-total	210,044	210,044	170,825	39,219
Bureau of Elections:				
Operating expenses	56,200	56,200	23,254	32,946
Assessor:				
Salaries	208,099	208,099	214,642	(6,543)
Operating expenses	61,900	61,900	49,927	11,973
Capital outlay	500	500	-	500
Sub-total	270,499	270,499	264,569	5,930
Treasurer:				
Salaries	129,334	129,334	124,857	4,477
Operating expenses	50,100	50,100	39,351	10,749
Sub-total	179,434	179,434	164,208	15,226
Community Services:				
Operating expenses	59,730	59,730	57,053	2,677
Glenwood Park:				
Operating expenses	3,700	3,700	354	3,346

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, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Over (Under)
Probate Judge:				
Salaries	16,880	16,880	15,100	1,780
Operating expenses	3,595	3,595	996	2,599
Sub-total	20,475	20,475	16,096	4,379
Wildland Prevention:				
Operating expenses	974,896	974,896	482,422	492,474
Capital outlay	-	-	123,921	(123,921)
Sub-total	974,896	974,896	606,343	368,553
AG Extension Agent:				
Operating expenses	59,385	59,385	59,385	-
Communications:				
Operating expenses	6,272	14,772	5,040	9,732
Health Council:				
Operating expenses	26,325	26,325	21,777	4,548
Medical Building:				
Operating expenses	34,000	34,000	28,692	5,308
Compensating Taxes:				
Operating expenses	1,000	1,000	-	1,000
Community Development:				
Operating expenses	38,500	38,500	12,402	26,098
Capital outlay	50,000	50,000	36,786	13,214
Sub-total	88,500	88,500	49,188	39,312
Grant Research:				
Operating expenses	17,450	21,450	7,278	14,172
Homeland Security:				
Operating expenses	4,179	4,179	4,179	-
Total expenditures	3,426,818	3,439,318	2,783,600	655,718
Excess (deficiency) of revenues over expenditures	(281,162)	(281,162)	37,848	319,010
Other Financing Sources (Uses):				
Transfers in	-	49,999	8,500	(41,499)
Transfers (out)	(530,500)	(530,500)	(455,649)	74,851
Total other financing sources (uses)	(530,500)	(480,501)	(447,149)	33,352
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (811,662)	\$ (761,663)	\$ (409,301)	\$ 352,362
Cash available at beginning of year to absorb budget deficit	\$ 802,781	\$ 802,781	N/A	N/A

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2011

Financial Institution/ Account Description	Type of Account	Financial Institution Balance	Reconciling Items	Reconciled Balance
First State Bank 103 Manzanares Avenue Socorro, New Mexico 87801-0479				
Catron County	Checking	\$ 3,690,186	\$ (203,059)	\$ 3,487,127
Certificate of Deposit	CD	500,000	-	500,000
Certificate of Deposit	CD	200,000	-	200,000
Certificate of Deposit	CD	500,000	-	500,000
Certificate of Deposit	CD	250,000	-	250,000
Certificate of Deposit	CD	250,000	-	250,000
Certificate of Deposit	CD	250,000	-	250,000
Certificate of Deposit	CD	300,000	-	300,000
Certificate of Deposit	CD	300,000	-	300,000
Certificate of Deposit	CD	500,000	-	500,000
Certificate of Deposit	CD	500,000	-	500,000
Total certificates of deposit		<u>3,550,000</u>	<u>-</u>	<u>3,550,000</u>
Total First State Bank		<u>\$ 7,240,186</u>	<u>\$ (203,059)</u>	<u>\$ 7,037,127</u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2011

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

Security	CUSIP	Maturity	Market Value	Par Value
FFCB Non CBL	31331X5Z1	10/01/15	\$ 1,027,309	\$ -
FHLB Non CBL	3133XN4B2	12/01/22	2,429,186	-
US Treasury Notes	912810DW5	05/01/16	1,043,518	-
Roosevelt County Tax Rev	776461APO	06/01/20	-	190,000
Roosevelt County Tax Rev	776461AQ8	06/01/21	-	195,000
Roosevelt County Tax Rev (AMBAC)	776461AR6	06/01/22	-	205,000
Roosevelt County Tax Rev (AMBAC)	776461AS4	06/01/23	-	65,000
Total			<u>\$ 4,500,013</u>	<u>\$ 655,000</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF TAX ROLL RECONCILIATION -
CHANGES IN PROPERTY TAXES RECEIVABLES
FOR THE YEAR ENDED JUNE 30, 2011

Property taxes receivable, beginning of year	\$	178,150
Changes to Tax Roll:		
Net taxes charged to treasurer for fiscal year		1,816,187
Adjustments:		
Net adjustments and charge offs-prior years		<u>(286)</u>
Total receivables prior to collections		1,994,051
Collections for fiscal year ended June 30,		<u>(1,756,516)</u>
Property taxes receivable, end of the year	\$	<u><u>237,535</u></u>
Property taxes receivable by years:		
2000	\$	481
2001		2,403
2002		453
2003		9,880
2004		2,104
2005		-
2006		2,390
2007		8,388
2008		18,427
2009		42,927
2010		<u>150,282</u>
	\$	<u><u>237,735</u></u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2011

Agency	Undistributed Taxes 06/30/10	Collections	Distributions	Undistributed Taxes 06/30/11
Catron County:				
Current advalorem	\$ -	\$ 1,102,269	\$ 1,102,269	\$ -
Delinquent advalorem	-	60,366	60,366	-
Administration fee	-	1,343	1,343	-
Re-appraisal	-	17,552	17,552	-
Total	-	1,181,530	1,181,530	-
Special Districts:				
Sierra Soil & Water District	-	256	256	-
Municipalities:				
Village of Reserve	-	11,442	11,442	-
State of New Mexico:				
State levy	-	174,072	174,072	-
Cattle levy	-	34,666	34,666	-
Sheep/goat levy	-	44	44	-
Equine/horse levy	-	3,038	3,038	-
Dairy cattle levy	-	3	3	-
State P & I	-	5,440	5,440	-
Costs to State	-	2,695	2,640	55
Total	-	219,958	219,903	55
Reserve Schools:				
Operational	-	20,184	20,184	-
Quemado Schools:				
Operational	-	28,549	28,549	-
Debt service	-	159,970	159,970	-
Capital improvements	-	143,762	143,762	-
Total	-	332,281	332,281	-
Subtotal	-	1,765,651	1,765,596	55
Miscellaneous:				
Overpayments	4,210	5,966	6,026	4,150
Taxes paid in advance	1,904	6,340	2,285	5,959
Total	6,114	12,306	8,311	10,109
Subtotal	6,114	1,777,957	1,773,907	10,164
Children's Trust Fund	-	285	270	15
Grand Total	\$ 6,114	\$ 1,778,242	\$ 1,774,177	\$ 10,179

STATE OF NEW MEXICO
CATRON COUNTY
COUNTY TREASURER'S - PROPERTY TAX SCHEDULE
JUNE 30, 2011

<u>Year</u>	<u>Property Taxes Levied</u>	<u>Collected Current Year</u>	<u>Collected To Date</u>	<u>Distributed Current Year</u>	<u>Distributed To Date</u>	<u>County Receivable at Year End</u>
Advalorem						
2000	\$ 808,320	\$ 38	\$ 807,839	\$ 38	\$ 807,839	\$ 481
2001	953,030	23	950,627	23	950,627	2,403
2002	1,093,911	139	1,093,458	139	1,093,458	453
2003	1,135,920	249	1,126,040	249	1,126,040	9,880
2004	988,272	211	986,168	211	986,168	2,104
2005	1,157,699	1,105	1,157,699	1,105	1,157,699	-
2006	1,249,992	2,249	1,247,602	2,249	1,247,602	2,390
2007	1,422,020	5,276	1,413,632	5,276	1,413,632	8,388
2008	1,623,555	20,082	1,605,128	20,082	1,605,128	18,427
2009	1,734,949	61,039	1,692,022	61,039	1,692,022	42,927
2010	<u>1,816,187</u>	<u>1,666,105</u>	<u>1,666,105</u>	<u>1,666,105</u>	<u>1,666,105</u>	<u>150,082</u>
	<u>\$ 13,983,855</u>	<u>\$ 1,756,516</u>	<u>\$ 13,746,320</u>	<u>\$ 1,756,516</u>	<u>\$ 13,746,320</u>	<u>\$ 237,535</u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2011

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

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

Catron County has a joint powers agreement with the Village of Reserve to provide law enforcement protection and service to the Village by and through the Catron County Sheriff's office. It is an agreement that is for the period commencing July 1, 2010 through June 30, 2011. 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, 2011

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

SUPPLEMENTAL FEDERAL FINANCIAL INFORMATION

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Grant Number	Award Amount	Expenditures
U.S. Department of Agriculture				
Cooperative Forestry Assistance	10.664	09-03-437	\$ 180,000	\$ 75,611
Cooperative Forestry Assistance	10.664	10-03-826	93,000	93,000
Cooperative Forestry Assistance	10.664	10-03-860	277,300	277,300
Cooperative Forestry Assistance	10.664	11-03-942	150,000	30,229
Schools and Roads - Grants to States	10.665	FY2009 - Title I	2,984,118	1,496,432
Schools and Roads - Grants to States	10.665	FY2009 - Title III	491,502	474,543
Schools and Roads - Grants to States	10.665	FY2010 - Title III	494,228	141,985
Forest Service Patrol	10.670	10-LE-11030600-007	22,000	<u>5,713</u>
Total U.S. Department of Agriculture				2,594,813
U.S. Department of Housing and Urban Development/ Passed Through NM Department of Finance and Administration				
Community Development Block Grant	14.218	09-C-RS-I-01-G-18	451,300	451,300
U.S. Department of the Interior/ Bureau of Land Management				
Distribution of Receipts to State and Local Governments	15.227	Taylor Grazing Act	15,549	15,549
National Fire Plan - Rural Fire Assistance	15.242	L10AP20006	14,000	<u>13,040</u>
				28,589
U.S. Department of Homeland Security/ Federal Emergency Management Agency				
Emergency Management Performance Grants	97042	2007-GE-T7-0023	13,000	<u>4,232</u>
Total Expenditures of Federal Awards				<u><u>\$ 3,078,934</u></u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

1. BASIS OF PRESENTATION

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

2. BASIS OF ACCOUNTING

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

3. NON-CASH ASSISTANCE

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

4. RECONCILIATION OF FINANCIAL STATEMENTS TO FEDERAL AWARDS

Federal expenditures on the schedule of expenditures of federal awards amount of \$3,078,934. The amounts of expenditures within the funds are reflected within the financial statements as follows:

General Fund	
Public safety	\$ 5,713
Public works	391,275
Health and welfare	620,760
Capital outlay	1,105,457
 Special Revenue Funds	
<u>Farm and Range Fund</u>	
Health and welfare	15,549
 <u>20 Communities Fund</u>	
Health and welfare	476,140
 <u>Horse Mountain Fire Fund</u>	
Public safety	13,040
 Capital Projects	
Public works	451,000
	\$ 3,078,934
	\$ 3,078,934

ADDITIONAL INDEPENDENT AUDITORS' REPORT

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 of the general fund of Catron County as of and for the year ended June 30, 2011, and have issued our report thereon dated October 28, 2011, which was adverse on the governmental activities because the County did not record depreciation expense and accumulated depreciation. Our opinion on the business-type activities was qualified because we were unable to obtain sufficient, competent evidence supporting the amounts reflected as property, equipment, and depreciation expense and potential liabilities and claims. We have also audited the financial statements of each of the County's non-major governmental and non-major enterprise funds and the related budgetary comparisons presented as supplemental information in the accompanying combining and individual fund financial statements. Our opinion on the non-major funds was qualified because we were unable to obtain sufficient, competent evidence supporting potential liabilities and claims. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Catron County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the County's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as items 2006-04, 2006-05, 2006-06, 2006-07, 2006-08, 2008-01, 2008-02, and 2010-01.

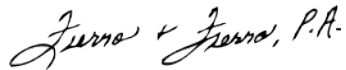
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2006-09, 2006-13, 2009-04, 2010-02, 2010-03, 2011-01, 2011-02, 2011-03, 2011-04, 2011-05.

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

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

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



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

October 28, 2011

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

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

Compliance

We have audited the Catron County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Catron County's major federal programs for the year ended June 30, 2011. Catron County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Catron County's management. Our responsibility is to express an opinion on Catron County's compliance based on our audit.

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

In our opinion, Catron County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.


Internal Control over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Fierro & Fierro, P.A.".

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

October 28, 2011

**STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Adverse

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

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

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS

Item 2006-02 – Other - Agency Credit Cards

Statement of Condition – During our testing of the purchase of goods with a credit card, we discovered the following items. Our audit sample was fourteen credit card payments that totaled \$7,583. We noted several instances where there were no receipts attached. The missing receipts are for fuel, vehicle maintenance, and small office expenses. The total dollar amount of the missing receipts was \$2,101.

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions – As in the past, County staff and volunteers have failed to turn in all required receipts. The County has reviewed this policy once again with its employees and volunteers with a positive response.

*Item 2006-04 – Material Weakness – 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:

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

Criteria (continued) –

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

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

Views of Responsible Officials and Planned Corrective Actions – The County is in the process of moving forward with a system of accounting for our fixed assets.

Item 2006-05 – Material Weakness - 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 eight years.

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions – The County is in the process of moving forward with a system of accounting for our fixed assets.

Item 2006-06 – Material Weakness - 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 and complete inventory of capital assets for June 30, 2011.

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions – The County is in the process of moving forward with a system of accounting for our fixed assets.

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

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

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

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

Views of Responsible Officials and Planned Corrective Actions – The County is continuing its effort in complying with laws and regulations in relation to the closure and post-closure issue. We did receive an additional \$80,000 in grant funding in current fiscal year for closure and post-closure, and are in the process of researching and applying for an additional funding amount due to the high costs of this effort.

Item 2006-08 – Material Weakness - Tax Roll Reconciliation

Statement of Condition – The County Treasurer is responsible for billing, collecting and distributing property taxes for Catron County and for all governmental entities within the County. The Treasurer is responsible for implementing an accounting system that details for each governmental entity the amount of property taxes levied; collected in the current year; collected to-date; distributed in the current year; distributed to-date; the amount determined to be uncollectible in the current year; the uncollectible amount to-date; and the outstanding receivable balance at the end of the fiscal year. The County is required to report the information described above in a supplementary schedule in its annual audit report. At the present time, the accounting software utilized by the County does not produce the required data and the Treasurer is unable produce the required report.

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

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

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

**STATE OF NEW MEXICO
CATRON COUNTY**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2006-08 – Material Weakness - Tax Roll Reconciliation (continued)

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

Views of Responsible Officials and Planned Corrective Actions – We agree with the recommendation and will continue to work with our computer software vendor to resolve this issue. We are not financially able to change software vendors at this time, so coordination with them is our best approach for resolution of this issue.

Item 2006-09 – Compliance - Legal Compliance with Adopted Budget

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

Fund	Authorized Budget	Actual Amounts Expended	Excess of Approved Budget
Quemado Fire Fund	\$ 108,415	\$ 115,077	\$ (6,662)
Luna Fire Fund	85,876	87,799	(1,923)
Mogollon Fire Fund	-	10,722	(10,722)
Wild Horse Fire Fund	56,500	65,991	(9,491)
Catron County Fire Fund	71,900	71,973	(73)
Landfill Enterprise Fund	818,163	864,104	(45,941)

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

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

Cause – The County personnel did not monitor the expenditures to ensure that they did not exceed the authorized budget. In addition, the loan agreements with NM Finance Authority contain an intercept agreement whereas a portion of the annual fire allotments are withheld to service the debt. As such, because these revenues are not actually received and the corresponding debt service payments are not actually made by the County, they are not reflected in the County budget.

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.

**STATE OF NEW MEXICO
CATRON COUNTY**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

Recommendation (continued) - A review of planned activity for the last half of the fiscal year should be made and compared to the approved budget. Based on the mid-year review, a resolution requesting budget adjustments should be submitted to the Department of Finance & Administration (DFA) Local Government Division, if necessary.

Views of Responsible Officials and Planned Corrective Actions – The County has undergone a management change and the new County Manager will be overseeing the budget. This change for the County should allow more time for mid-year reviews and needed adjustments.

Item 2006-13 – Compliance - Deficit Ending Cash Balances for Budget

Statement of Condition – The County budgeted a deficit ending cash balance of \$6,354 in the Horse Mountain Fire Special Revenue fund, and \$12,593 in the 20 Communities Special Revenue fund.

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

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

Cause – The County was relying on beginning cash reserves that were incorrect.

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 – Once again, new management changes should allow for more extensive reviews of budget and changes needed.

Item 2007-05 – Other - Compensated Absences

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

- One employee had 13.60 hours of sick leave available but was paid for 16.00 hours.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2007-05 – Other - Compensated Absences (continued)

Statement of Condition (continued) –

- One employee had 11.21 hours of vacation leave available but was paid for 12.00 hours. The following pay period, this employee had 2.54 hours of vacation leave available but was paid for 8.00 hours, thus leaving the employee with a negative balance of 2.13 hours of vacation leave.
- One employee had 19.88 hours of vacation leave available but was paid for 40.00 hours, thus leaving the employee with a negative balance of 20.12 hours.
- One employee had 4.50 hours of sick leave available but was paid for 8.00 hours.
- One employee had 2.50 hours of sick leave available but was paid for 20.00 hours, thus leaving the employee with a negative balance of 17.50 hours.
- One employee had 4.00 hours of sick leave available but was paid for 8.00 hours.
- One employee had 8.31 hours of vacation leave available but was paid for 10.00 hours.
- One employee had 14.00 hours of sick leave available but was paid for 20.00 hours. Over the subsequent three months, this employee was paid for 32.00 hours of sick leave that the employee had not earned. This employee had enough vacation available to absorb the hours used; however, the County did not use vacation hours to absorb the necessary hours. This employee has a negative balance of 6.00 hours of sick leave as of the end of the fiscal year.

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

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

Cause – In reviewing the cause of this issue, it was discovered that the system that calculates the earned and used hours, and thus balances carried forward, may be flawed with errors that have not been corrected. In addition, department supervisors 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 QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2007-05 – Other - Compensated Absences (continued)

Views of Responsible Officials and Planned Corrective Actions – The County agrees with the recommendation. The County is also providing the needed training for the employee handling payroll, and all of its duties.

Item 2008-01 – Material Weakness - Financial Statements and Disclosures

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

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2008-01 – Material Weakness - 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 by issuance of SAS 115, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance.

Recommendation – The County should employ an individual to serve in the position of director of finance. This employee should have the ability to prepare financial statements in accordance with GAAP. Alternately, the County could 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 – The County understands and agrees with the need for additional staff to help with this issue, but we continue to have a very restrictive budget that does not allow for expanding staff. We are continuing our research for training existing staff until we can add additional staff.

Item 2008-02 – Material Weakness - Accounting Activity

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2008-02 – Material Weakness - Accounting Activity (continued)

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions – The County understands and agrees with the need for additional staff to help with this issue, but we continue to have a very restrictive budget that does not allow for expanding staff. We are continuing our research for training existing staff until we can add additional staff.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2009-04 – Compliance - Uniform Allowance

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

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions – Review of the County’s policy on uniform allowances predicated by the independent audit and a random IRS audit (of 2008 and 2009 1099s and W2s) demonstrated the need for change in how we handle the Uniform Allowance Plan. These changes have been initiated, effective July 1, 2011.

Item 2010-01 – Material Weakness - Cash Reconciliation to General Ledger

Statement of Condition – The County uses one bank account for all funds.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

Statement of Condition (continued) – While the County does a bank reconciliation, they do not reconcile the bank balance to the cash balances as listed in the general ledger per fund. The reconciled bank balance at June 30, 2011 was \$3,487,127 while the general ledger balance was \$3,487,429. The difference was \$302. It could not be determined what fund contained the error as the County pools its cash.

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

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

Cause – Unknown.

Recommendation – We recommend that the County officials expedite the establishment and maintenance of the appropriate internal controls concerning the reconciliation and recording of cash balances. These procedures must include proper reconciliation of differences in reconciled balances and the County Treasurer's balances. The Treasurer should work with the computer software provider to adjust the reports to reflect the correct reconciled bank balances per fund.

Views of Responsible Officials and Planned Corrective Actions – The Treasurer will continue to work with the software provider once an accurate reconciliation per fund is complete. We feel we should be able to clear this deficiency shortly.

Item 2010-02 – Compliance - Independent Contractor vs. Employee

Statement of Condition – The County contracts with several individual for emergency medical services (EMS). These EMS individuals are treated as independent contractors by the County and have been issued a 1099-MSIC for tax purposes. In May 2010, the Internal Revenue Service (IRS) conducted a determination of worker classification audit in which they concluded these individuals are employees for tax purposes and not independent contractors. The IRS examined the years 2008 and 2009. Per the IRS, their compensation for their services is subject to all employment taxes and reportable on W2's. The proposed wage adjustments for 2008 and 2009 are \$39,590 and \$42,279 respectively, which is \$3,635 and \$3,881 in taxes. The County had filed a formal appeal with the IRS; however, in September 2011, the County agreed to the IRS worker classification and the assessment and collection of additional tax.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

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

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

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

Recommendation – Since a final determination has been reached that the County is in agreement with, we recommend the County establish appropriate policies and procedures to ensure future compliance with federal regulations. Further, since the IRS audit was for 2008 and 2009, it is also recommended that the years 2010 and 2011 be re-evaluated for possible adjustments to properly reflect correct treatment of independent contractor classifications.

Views of Responsible Officials and Planned Corrective Actions – The County is in the process of updating the personnel policy to account for these changes with employee status for EMS individuals. Procedures are being developed in the County's payroll department to address the payroll issues involved. Implementation of employment status will take place January 1, 2012.

Item 2010-03 – Compliance - Anti-Donation Clause - PERA

Statement of Condition - The County discovered that it had not been withholding and paying retirement contributions to PERA for certain part-time employees dating back to 2007.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2010-03 – Compliance - Anti-Donation Clause - PERA (continued)

Statement of Condition (continued) –In January 2010, the County remitted \$10,295 in both employer and employee contributions. As of June 15, 2011, the County had not made formal arrangements for the repayment of the employee’s portion from the effected employees. Since the County had not made formal repayment arrangements, it has either gifted or loaned these retirements contributions, which is in violation of the New Mexico Constitution.

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

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

Cause – Unknown.

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

Views of Responsible Officials and Planned Corrective Actions – We concur with recommendations and are addressing the individual PERA discrepancies with employees. Additional training is being scheduled on PERA to verify the County is up to date on all accounting issues.

Item 2011-01 – Compliance - Board of Commissioners Official Minutes

Statement of Condition – During the review of the County’s Board of Commissioners’ board minutes, we discovered ten instances where a draft copy of the Board of Commissioners minutes were not prepared and ready for approval at the subsequent Board of Commissioners regular meeting. Furthermore, the County held a Commission meeting in September 2010 that they deemed to be an *emergency meeting* which discussed solid waste workshop issues; however, the meeting did not meet the requirements of an emergency meeting. Finally, there seems to be no consistency in the amount of detail used in the preparation of the board minutes within the County Clerk’s office.

Criteria – Section 10-15-1G NMSA 1978 (Open Meetings Act) requires that draft minutes be prepared within ten working days after the meeting and be approved, amended or disapproved at the next meeting where a quorum is present. Furthermore, the requirements to have an emergency meeting state the agenda for the meeting must be posted twenty-four hours in and the topic is related to health and human services.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2011-01 – Compliance - Board of Commissioners Official Minutes (continued)

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

Cause – As per the County Clerk, the Clerk’s office was “*too busy*” to prepare minutes timely for the subsequent Commission meeting. The Board of Commissioners and County staff were unaware of the requirements to have an emergency meeting and informed the County Clerk to advertise the meeting as an emergency meeting.

Recommendation – We recommend the County implement administrative procedures to ensure compliance with New Mexico state statutes. Furthermore, we recommend the County Attorney provide training to the County Board of Commissioners and County staff concerning the requirements of the Open Meetings Act.

Views of Responsible Officials and Planned Corrective Actions – The County has had a management change and is reviewing all administrative procedures. The County fully intends to be in compliance with the state statutes.

Item 2011-02 – Compliance - Procurement Code

Statement of Condition – During our review of the Board of Commissioner minutes and testing of the County’s procurement process, we discovered the following deviations of the New Mexico Procurement Code:

- The County paid an outside consulting firm for natural resource planning and management projects without an approved and executed contract from July 2010 through December 2010. The County paid the consulting firm for 287.20 hours of work performed and out of pocket expenses totaling \$18,623.
- The contract between the County and the consulting firm was for the period January 2011 through June 2011 and was signed by the then County Manager and the consulting firm; however, the contract was not approved or signed by the County Attorney or the County Board of Commissioners.
- The County paid an outside consulting firm for natural resource planning and management projects, in excess of the contract amounts, from January 2011 through June 2011. The contract stated the maximum amount to be \$25,000 excluding gross receipts tax and out of pocket expenses. The County paid the consulting firm \$26,587 for a deviation of \$1,587.
- The consulting firm requested payment for services rendered sixteen times during the fiscal year. On four occasions, the number of hours listed as back up documentation, in the invoice, did not tie to the number of hours paid. On one occasion, the consulting firm failed to identify the number of hours worked in conjunction with the invoice. The County overpaid the consulting firm \$841 plus applicable gross receipt taxes.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2011-02 – Compliance - Procurement Code (continued)

Statement of Condition (continued) -

- The contract between the County and the consulting firm expired on June 30, 2011; however, the County continues to pay the consulting firm for services rendered after the expiration date. The County has failed to renew the consulting firm's contract.
- The County continued to pay for investigative services after the contract had expired during the prior fiscal year. The County paid a total of \$17,282 during the fiscal year.
- The County approved a quote from a local construction company for repairs (installation of new windows and doors) at the Pie Town Community Center without following the New Mexico Procurement Code for small purchases of construction items.

Criteria – The contract between the County and the consulting firm states, “...such compensation not to exceed \$25,000, excluding gross receipts tax. Payment will include stat of New Mexico mileage and per diem. The New Mexico gross receipts tax levied on the amounts payable under this Agreement totaling (\$25,000) shall be paid by the County to the Contractor.” Furthermore, the contract states, “Contractor is responsible for notifying the County when the services provided under this Agreement reach the total compensation amount.” Finally, the contract states, “This Agreement shall terminate on **June 30, 2011**, unless terminated pursuant to paragraph 4 (termination) or paragraph 5 (appropriations).” New Mexico Procurement Code Section 1.4.1.51A states, “Quotation to be obtained. In so far as it is practical for small purchases of nonprofessional services, construction or items of tangible personal property having a value exceeding five thousand dollars (\$5,000) but not exceeding twenty thousand dollars (\$20,000), no fewer than three businesses shall be solicited to submit written quotations that are recorded and placed in the procurement file. If three written quotes cannot be obtained, the agency shall document the reasons and include the document in the procurement file. Such notation as “does not carry” or “did not return my phone call” do not qualify as a valid quotation.”

Effect – The County is currently not in compliance with the New Mexico Procurement Code concerning the selecting and hiring of outside contractors for professional services. By not requesting approving contracts, or periodically reviewing the contracts, excess unauthorized expenditures can be paid by the County and negatively affect the County's budget.

The County is currently not in compliance with New Mexico Procurement Code concerning the bidding of small purchase construction contracts. By not requesting at least three quotes for the construction at the Pie Town Community Center, the County may not have received the best quote for the construction services required.

Cause – Unknown.

Recommendation - We recommend County staff to review all professional service contracts for completeness for signatures, approval by the County Board of Commissioners in a public meeting, approval of contracts for legal conformity by the County Attorney, and the contract's effective terms, conditions, and dates.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2011-02 – Compliance - Procurement Code (continued)

Recommendation (continued) – We recommend County staff maintain a listing of all professional service contracts and their respective termination dates to ensure new requests for proposals are created timely or a renewal of the contract prior to the termination date.

We recommend County staff and the Board of Commissioners expedite the establishment and maintenance of the appropriate internal controls to provide assurance of compliance with laws and regulations. Finally, we recommend County staff review the New Mexico Procurement Code and establish processes to ensure compliance with the Code.

Views of Responsible Officials and Planned Corrective Actions – The County has had a management change and is reviewing all administrative procedures. The County fully intends to be in compliance with the state statutes.

Item 2011-03 – Compliance - Anti-Donation Clause

Statement of Condition – During our review of the Board of Commissioner minutes, we discovered the County Board of Commissioners instructed the County Manager to issue a solid waste punch card to the Reserve Cemetery Committee at no charge. The County Fire Marshal paid for meals for volunteer fire fighters during a meeting. Both instances are a violation of the anti-donation clause, New Mexico Constitution Article IX, Section 14.

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

Effect – The County is currently not in compliance with New Mexico Constitution concerning donations. By recusing the Reserve Cemetery Committee from the applicable solid waste dump fees, the County has set a precedent that could allow other individuals or community organizations to request the same donation and not allow the collect the fees authorized by the County’s Solid Waste Ordinance. Furthermore, unallowed expenditures paid by the County, could cause budget violations to occur.

Cause – The County Board of Commissioners and the County staff was unaware of the rules regarding of the New Mexico Constitution concerning the anti-donation clause.

Recommendation – We recommend 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 – Invoices will be reviewed closely for possible anti-donation violations prior to payment. The County is in the process of updating the solid waste ordinance. Clarification of issues such as this will be addressed and corrected.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2011-04 – Compliance - Per Diem and Mileage Act

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

- There were twenty-three instances which required mileage (actual or per diem) reimbursement. Of those twenty-three instances, three instances had the mileage reimbursement rate calculated incorrectly, due to changes to the Travel and Per Diem Act, instituted by the New Mexico Department of Finance and Administration via a memorandum issued to all governmental entities throughout New Mexico. Two of those instances, the employees were overpaid in the amount of \$48. For one instance the employee was underpaid in the amount of \$17.
- There were three instances where the employee failed to certify their mileage and per diem form, upon return from their trip, in order to receive the remaining portion of their travel expenses.
- There were two instances where the employee was paid 100% in advance, of their travel, instead of the maximum limit of 80%.
- There were two instances where the employee's travel was not approved by an authorized supervisor or approved at a Board of Commissioners meeting.
- There was one instance where the employee's per diem request was calculated incorrectly prior to payment.

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 County's Travel Voucher Per Diem Advances/Reimbursement Request form states, *"The remaining 20% of the per diem amount will be reimbursed to the employee or official upon their return to duty and submission of below request (must be within 5 working days of return)."*

Section 2.42.2.10(A) of the Travel and Per Diem regulations states, *"Employee's (travel) request to be advanced up to 80 percent of per diem rates and mileage cost or for the actual cost of lodging and meals."*

Section 2.42.2.11(B)(1) of the Travel and Per Diem regulations states, *"80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle."*

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2011-04 – Compliance - Travel Per Diem and Mileage Act (continued)

Cause – The County misunderstood the DFA memorandum. Travel requests were not reviewed properly prior to payment.

Recommendation – We recommend the County review the Travel and Per Diem Act. We recommend County staff reevaluate their internal control procedures over the calculation and reimbursement amounts for employee travel and per diem. Furthermore, we recommend the County amend their travel and per diem policy to reflect the correct allowable mileage reimbursement rates. Finally, we recommend management meet with the departments within the County to ensure all employees understand the procedures concerning travel and per diem.

Views of Responsible Officials and Planned Corrective Actions – The County has had a management change and is reviewing all administrative procedures and office policies, and will be making corrections as needed.

Item 2011-05 – Compliance - Annual Budget Process

Statement of Condition – During the review of the County's Board of Commissioners' board minutes, we discovered the County did not perform the necessary steps to create, review, approve and submit the preliminary annual budget to the New Mexico Department of Finance and Administration Local Government Division by June 1, 2011. The following is a list of deviations concerning the budget preparation process:

- The County failed to hold public hearing on the proposed preliminary budget for the fiscal year ending June 30, 2012.
- The previous County Manager failed to provide the Board of Commissioners a copy of the preliminary budget, for approval, by resolution, prior to submitting the preliminary budget to the Local Government Division, which was subsequently rejected.
- The County failed to approve and submit the preliminary copy of the budget to the Local Government Division by June 1, 2011.
- The County approved, by resolution, the preliminary copy of the budget for the fiscal year ended June 30, 2012 on July 5, 2011. The budget was mailed to the Local Government Division the following day.

Criteria – Section 6-6-2A NMSA 1978 requires each local public body to furnish and file with the Local Government Division, on or before June 1 of each year, a proposed budget for next fiscal year. Section 6-6-2C NMSA 1978 requires local public bodies to hold public hearing on proposed budget.

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2011-05 – Compliance - Annual Budget Process (continued)

Cause – Unknown.

Recommendation – We recommend the County implement administrative procedures to ensure compliance with New Mexico state statutes concerning the budget approval process. Furthermore, we recommend the County to create an internal timeline to ensure the preliminary budget is submitted by June 1st.

Views of Responsible Officials and Planned Corrective Actions – This occurred with the past administration. New management is reviewing County procedures and state statutes relating to the budget process and will make corrections to ensure timely and correct budget process.

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

None.

SECTION IV – PRIOR YEAR’S AUDIT FINDINGS

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

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

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

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

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION IV – PRIOR YEAR’S AUDIT FINDINGS (continued)

Item 2006-08 – Tax Roll Reconciliation – The prior year’s audit noted that the County Treasurer did not have an accounting system set up to gather and report by agency, the amount of taxes levied; collected in the current year; collected to-date; distributed in the current year; distributed to-date; the amount determined to be uncollectible in the current year; the uncollectible amount to-date; and the outstanding receivable balance at the end of the fiscal year. This finding is not considered resolved and is repeated as item 2006-08.

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

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

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

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

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

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

Item 2009-05 – Submission of Audit Report – The audit report for the fiscal year ended June 30, 2010, was due to the New Mexico State Auditor’s office by November 15, 2010. The audit report was submitted July 12, 2011. The finding has been resolved.

Item 2010-01 – Cash Reconciliation to General Ledger – While the County does reconcile the bank account, they do not reconcile the bank balance to the cash balance as recorded in the general ledger. The finding is not considered resolved and is repeated as 2010-01.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION IV – PRIOR YEAR’S AUDIT FINDINGS (continued)

Item 2010-02 – Independent Contractor vs. Employee – The County misclassified several individuals for emergency medical services. The finding is not considered resolved and is repeated as 2010-02.

Item 2010-03 – Anti-Donation Clause – The County made retirement contributions to PERA for certain part-time employees dating back to 2007. No arrangements for the repayment of the employee’s portion from the effected employees have been established. The finding is not considered resolved and is repeated as 2010-03.

Item 2010-04 – Submission of the Reporting Package to the Federal Government – The County was late in the submission of the audit report along with the data collection form. The finding is considered resolved.

STATE OF NEW MEXICO
CATRON COUNTY
EXIT CONFERENCE AND
PREPARATION OF FINANCIAL STATEMENTS
JUNE 30, 2011

Exit Conference

The audit report for the fiscal year ended June 30, 2011, was discussed during the exit conference held on November 10, 2011 in Reserve, New Mexico. Present for the County was Richard McGuire, county commissioner; and Sarah Merklein, 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, 2011. 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.