

**STATE OF NEW MEXICO
CATRON COUNTY**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2012

**STATE OF NEW MEXICO
CATRON COUNTY
TABLE OF CONTENTS
JUNE 30, 2012**

	<u>PAGE</u>
Directory of Officials.....	1
Independent Auditors' Report.....	2-3
 BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets.....	4
Statement of Activities.....	5
 Governmental Fund Financial Statements:	
Balance Sheet.....	6
Reconciliation of the Balance Sheet to the Statement of Net Assets.....	7
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	9
Statement of Revenues, Expenditures and Changes in Cash Balance Budget (Non-GAAP Budgetary Basis) and Actual on Budgetary Basis- General Fund	10
 Proprietary Fund Financial Statements:	
Statement of Net Assets.....	11
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	12
Statement of Cash Flows	13
 Fiduciary Financial Statement:	
Statement of Fiduciary Assets and Liabilities	14
Notes to the Financial Statements.....	15-44
 SUPPLEMENTARY INFORMATION	
Combining and Individual Other Governmental Fund Financial Statements:	
Combining Balance Sheets.....	45-47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	48-50

STATE OF NEW MEXICO
CATRON COUNTY
TABLE OF CONTENTS
JUNE 30, 2012

PAGE

Other Special Revenue Funds Budgetary Comparison Statements:

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

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

**STATE OF NEW MEXICO
CATRON COUNTY
TABLE OF CONTENTS
JUNE 30, 2012**

	<u>PAGE</u>
Other Capital Projects Budgetary Comparison Statement Fund:	
Statement of Revenues, Expenditures and Changes in Cash Balance Budget (Non-GAAP Budgetary Basis) and Actual on Budgetary Basis.....	78
Combining and Individual Other Enterprise Funds:	
Combining Statement of Net Assets.....	79
Combining Statement of Revenues, Expenses and Changes In Net Assets.....	80
Combining Statement of Cash Flows	81
Major Enterprise Fund Budgetary Comparison Statement:	
Statement of Revenues, Expenditures and Changes in Cash Balance Budget (Non-GAAP Budgetary Basis) and Actual on Budgetary Basis: Landfill Fund	82
Other Enterprise Fund Budgetary Comparison Statements:	
Statement of Revenues, Expenditures and Changes in Cash Balance Budget (Non-GAAP Budgetary Basis) and Actual on Budgetary Basis: Ambulance Fund.....	83
Airport Fund	84
OTHER SUPPLEMENTAL FINANCIAL INFORMATION	
Combining Schedule of Changes in Assets and Liabilities for the Agency Funds.....	85
Schedule of Cash Accounts	86
Schedule of Collateral Pledged	87
Tax Roll Reconciliation - Changes in Property Taxes Receivables.....	88
Schedule Tax Collections and Distributions	89
County Treasurer's - Property Tax Schedule	90
Schedule of Joint Powers Agreements.....	91-92

**STATE OF NEW MEXICO
CATRON COUNTY
TABLE OF CONTENTS
JUNE 30, 2012**

	<u>PAGE</u>
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	
Schedule of Expenditures of Federal Awards.....	93
Notes to Schedule of Expenditures of Federal Awards.....	94
ADDITIONAL INDEPENDENT AUDITORS' REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	95-96
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	97-98
Schedule of Findings and Questioned Costs.....	99-119
Exit Conference and Preparation of Financial Statements	120

**STATE OF NEW MEXICO
CATRON COUNTY
OFFICIAL ROSTER
JUNE 30, 2012**

Elected Officials

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

Administrative Staff

Sarah Merklein.....	County Manager
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Ed Fierro, CPA • Rose Fierro, CPA527 Brown Road • Las Cruces, NM 88005
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, 2012, 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 enterprise 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, 2012, 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 1E7 and note 6 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, 2012. 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, 2012.

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, 2012. 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, 2012.

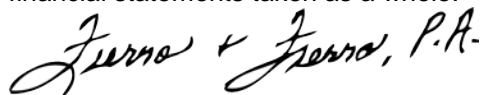
The County Attorney's response to the letter of audit inquiry is not clear regarding a probable or remote outcome concerning pending or threatened litigation, claims, and assessments. We were unable to obtain sufficient, competent evidence concerning the County's obligation to make financial statements disclosures of unasserted possible claims or assessments for the year ended June 30, 2012.

In our opinion, because of the effects of the matter discussed in the third paragraph, the governmental activities 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, 2012, or the changes in financial position thereof for the year then ended. In our opinion, except for the effects of such adjustments as discussed in the fourth, fifth, and sixth paragraphs, if any, the business-type activities, each major fund and the aggregate remaining fund information 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, 2012, 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, 2012, 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, 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, 2012, 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 November 7, 2012, on our consideration of Catron County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the 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 financial statements and other opinion units listed above. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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

November 7, 2012

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 6,073,588	\$ 413,844	\$ 6,487,432
Investments	49,878	-	49,878
Receivables, net	441,149	291,127	732,276
Prepaid expenses	44,795	850	45,645
Internal balances	580,699	(580,699)	-
Restricted investments	297,169	-	297,169
Capital assets:			
Land and construction in progress	760,924	6,000	766,924
Other capital assets, net of depreciation	19,310,257	802,502	20,112,759
Total capital assets	<u>20,071,181</u>	<u>808,502</u>	<u>20,879,683</u>
Total assets	27,558,459	933,624	28,492,083
LIABILITIES			
Accounts payable	650,409	28,456	678,865
Accrued salaries	13,837	1,816	15,653
Accrued interest payable	1,418	-	1,418
Long-term liabilities:			
Due within one year	132,058	20,876	152,934
Due in more than one year	763,605	635,883	1,399,488
Total liabilities	<u>1,561,327</u>	<u>687,031</u>	<u>2,248,358</u>
NET ASSETS			
Invested in capital assets, net of related debt	19,225,056	808,502	20,033,558
Restricted:			
Debt service	297,169	-	297,169
Federal mandated	2,859,799	-	2,859,799
State mandated per statutes	572,530	-	572,530
Unrestricted	3,042,578	(561,909)	2,480,669
Total net assets	<u>\$ 25,997,132</u>	<u>\$ 246,593</u>	<u>\$ 26,243,725</u>

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, 2012**

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	\$ 1,286,588	\$ 101,575	\$ 1,048,845	\$ -	\$ (136,168)	\$ -	\$ (136,168)
Public safety	1,624,203	414,421	1,046,643	23,600	(139,539)	-	(139,539)
Public works	1,232,041	-	1,590,322	-	358,281	-	358,281
Culture and recreation	72,920	22,758	14,072	-	(36,090)	-	(36,090)
Health and welfare	289,341	-	97,026	24,396	(167,919)	-	(167,919)
Interest on long-term debt	9,859	-	-	-	(9,859)	-	(9,859)
Total governmental activities	4,514,952	538,754	3,796,908	47,996	(131,294)	-	(131,294)
Business-type activities:							
Landfill	641,347	297,399	80,000	-	-	(263,948)	(263,948)
Ambulance	175,426	54,707	-	-	-	(120,719)	(120,719)
Airport	3,733	-	-	-	-	(3,733)	(3,733)
Total business-type activities	820,506	352,106	80,000	-	-	(388,400)	(388,400)
Total primary government	\$ 5,335,458	\$ 890,860	\$ 3,876,908	\$ 47,996	(131,294)	(388,400)	(519,694)
General Revenues:							
Gross receipts taxes					130,837	90,024	220,861
Property taxes, levied for general purposes					1,287,662	-	1,287,662
Public service taxes					512,435	-	512,435
Interest income					26,949	162	27,111
Insurance recoveries					6,569	-	6,569
Donations					4,699	-	4,699
Special Item - Gain on sale of assets					111,364	83	111,447
Transfers					(513,500)	513,500	-
Total general revenues, special items, and transfers					1,567,015	603,769	2,170,784
Change in net assets					1,435,721	215,369	1,651,090
Net assets, beginning of year					24,561,411	31,224	24,592,635
Net assets, end of year					\$ 25,997,132	\$ 246,593	\$ 26,243,725

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, 2012**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 4,720,711	\$ 1,352,877	\$ 6,073,588
Investments	49,878	-	49,878
Receivables, net	309,709	131,440	441,149
Due from other funds	745,271	-	745,271
Prepaid expenses	22,454	22,341	44,795
Restricted:			
Investments	-	297,169	297,169
Total assets	\$ 5,848,023	\$ 1,803,827	\$ 7,651,850
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 578,814	\$ 71,595	\$ 650,409
Accrued salaries	13,837	-	13,837
Due to other funds	-	164,572	164,572
Deferred revenues	123,401	1,854	125,255
Total liabilities	716,052	238,021	954,073
Fund Balances:			
Nonspendable	22,454	22,341	44,795
Restricted for:			
Debt service	-	297,169	297,169
Federal mandate	2,859,799	-	2,859,799
State mandated per statutes	-	572,530	572,530
Committed for:			
One twelfth budget reserve	1,259,264	-	1,259,264
Subsequent years' expenditures	1,288,500	651,645	1,940,145
Assigned	-	105,498	105,498
Unassigned	(298,046)	(83,377)	(381,423)
Total fund balances	5,131,971	1,565,806	6,697,777
Total liabilities and fund balances	\$ 5,848,023	\$ 1,803,827	\$ 7,651,850

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, 2012

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

Total fund balances governmental funds (page six)	\$	6,697,777
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		20,071,181
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.		125,255
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(895,663)
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>(1,418)</u>
Net assets of governmental activities (page four)	\$	<u><u>25,997,132</u></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 - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Gross receipts taxes	\$ 85,825	\$ 45,012	\$ 130,837
Property taxes	1,243,952	18,663	1,262,615
Public service taxes	512,435	-	512,435
Intergovernmental - federal	2,504,389	97,026	2,601,415
Intergovernmental - state	429,000	846,776	1,275,776
Charges for services	127,540	264,756	392,296
Licenses and permits	31,510	-	31,510
Fines and forfeitures	-	22,199	22,199
Interest	25,826	1,123	26,949
Miscellaneous	48,104	23,626	71,730
	<hr/>	<hr/>	<hr/>
Total revenues	5,008,581	1,319,181	6,327,762
Expenditures:			
Current:			
General government	1,258,095	26,512	1,284,607
Public safety	1,018,467	609,443	1,627,910
Public works	1,235,777	-	1,235,777
Health and welfare	57,925	231,416	289,341
Culture and recreation	60,516	12,404	72,920
Capital outlay	2,414,673	131,183	2,545,856
Debt service:			
Principal	-	164,638	164,638
Interest	-	10,171	10,171
	<hr/>	<hr/>	<hr/>
Total expenditures	6,045,453	1,185,767	7,231,220
Excess (deficiency) of revenues over expenditures	(1,036,872)	133,414	(903,458)
Other Financing Sources (Uses):			
Transfers in	49,177	158,442	207,619
Transfers (out)	(671,942)	(49,177)	(721,119)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(622,765)	109,265	(513,500)
Special Item:			
Sale of assets	92,805	18,559	111,364
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(1,566,832)	261,238	(1,305,594)
Fund balances, beginning of year	6,698,803	1,304,568	8,003,371
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 5,131,971</u>	<u>\$ 1,565,806</u>	<u>\$ 6,697,777</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, 2012**

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

Net change in fund balances total governmental funds (page eight)	\$	(1,305,594)
<p>Governmental funds report capital outlay as expenditures in the amount of \$2,545,856; 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 \$2,545,856.</p>		
		2,545,856
<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, 2011, deferred property taxes amounted to \$100,208. The deferred property taxes for the current fiscal year amounted to \$125,255; therefore, the net adjustment is \$25,047.</p>		
		25,047
<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>		
		312
<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>		
		164,638
<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>		
		5,462
Net change in governmental activities net assets - government-wide financial statements (page five)	\$	1,435,721

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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Property taxes	\$ 1,245,714	\$ 1,245,714	\$ 1,270,244	\$ (26,292)	\$ 1,243,952	\$ 24,530
Public service taxes	459,000	459,000	497,099	15,336	512,435	38,099
Gross receipts taxes	74,000	74,000	85,825	-	85,825	11,825
Intergovernmental	3,185,603	3,185,603	2,926,870	6,519	2,933,389	(258,733)
Licenses and permits	28,500	28,500	31,510	-	31,510	3,010
Charges for services	51,500	51,500	44,335	83,205	127,540	(7,165)
Interest	40,500	40,500	28,782	(2,956)	25,826	(11,718)
Miscellaneous	87,750	87,750	44,552	3,552	48,104	(43,198)
Total revenues	5,172,567	5,172,567	4,929,217	79,364	5,008,581	(243,350)
Expenditures:						
Current:						
General government	1,444,804	1,434,004	1,279,403	(21,308)	1,258,095	154,601
Public works	1,775,553	1,775,553	1,241,402	(5,625)	1,235,777	534,151
Public safety	1,333,300	1,471,040	1,032,959	(14,492)	1,018,467	438,081
Health and welfare	144,444	146,352	57,895	30	57,925	88,457
Culture and recreation	65,680	65,680	60,871	(355)	60,516	4,809
Capital outlay	3,005,500	3,005,500	1,914,098	500,575	2,414,673	1,091,402
Total expenditures	7,769,281	7,898,129	5,586,628	458,825	6,045,453	2,311,501
Excess (deficiency) of revenues over expenditures	(2,596,714)	(2,725,562)	(657,411)	(379,461)	(1,036,872)	2,068,151
Other Financing Sources (Uses):						
Transfers in	-	49,999	49,177	-	49,177	(822)
Transfers (out)	(607,955)	(607,955)	(609,074)	(62,868)	(671,942)	(1,119)
Total other financing sources (uses)	(607,955)	(557,956)	(559,897)	(62,868)	(622,765)	(1,941)
Special Item:						
Proceeds from sale of capital assets	-	-	92,805	-	92,805	92,805
Net change	(3,204,669)	(3,283,518)	(1,124,503)	\$ (442,329)	\$ (1,566,832)	2,159,015
Cash balance, beginning of year	5,108,160	5,108,160	5,108,160			-
Interfund Loan:						
Capital projects fund	-	-	737,054			737,054
Cash balance, end of year	\$ 1,903,491	\$ 1,824,642	\$ 4,720,711			\$ 2,896,069
Explanation of Differences:						
Change in receivables				\$ 54,675		
Change in prepaid expenses				(379)		
Investment loss				(122)		
Change in payables				(454,035)		
Change in accrued salaries				(4,289)		
Change in deferred revenues				24,689		
Change in transfers				(62,868)		
				\$ (442,329)		

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, 2012

	Landfill Fund	Non-Major Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Current assets:			
Cash	\$ 320,920	\$ 92,924	\$ 413,844
Receivables, net	122,855	168,272	291,127
Prepaid expenses	-	850	850
	<u> </u>	<u> </u>	<u> </u>
Total current assets	443,775	262,046	705,821
Noncurrent assets:			
Capital assets:			
Land	6,000	-	6,000
Buildings	-	51,129	51,129
Distribution and collection systems	567,084	-	567,084
Vehicles, equipment and other assets	584,645	41,167	625,812
Less accumulated depreciation	<u>(432,524)</u>	<u>(8,999)</u>	<u>(441,523)</u>
Total capital assets, net	<u>725,205</u>	<u>83,297</u>	<u>808,502</u>
Total assets	1,168,980	345,343	1,514,323
Liabilities:			
Current liabilities:			
Accounts payable	22,477	5,979	28,456
Accrued salaries	1,687	129	1,816
Due to other funds	496,793	83,906	580,699
Current maturities of:			
Compensated absences	5,876	-	5,876
Landfill closure and post-closure	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total current liabilities	541,833	90,014	631,847
Noncurrent liabilities:			
Compensated absences	3,238	-	3,238
Landfill closure and post-closure	<u>632,645</u>	<u>-</u>	<u>632,645</u>
Total noncurrent liabilities	<u>635,883</u>	<u>-</u>	<u>635,883</u>
Total liabilities	1,177,716	90,014	1,267,730
Net Assets:			
Invested in capital assets	725,205	83,297	808,502
Unrestricted (deficit)	<u>(733,941)</u>	<u>172,032</u>	<u>(561,909)</u>
Total net assets	<u>\$ (8,736)</u>	<u>\$ 255,329</u>	<u>\$ 246,593</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, 2012

	<u>Landfill Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 297,399	\$ 54,707	\$ 352,106
Operating Expenses:			
Personnel services	369,998	23,317	393,315
Utilities	-	15,993	15,993
Contractual services	162,622	29,896	192,518
Repairs and maintenance	-	9,258	9,258
Insurance premiums	11,735	4,867	16,602
Other operating expenses	60,260	91,732	151,992
Depreciation	36,732	4,096	40,828
Total operating expenses	<u>641,347</u>	<u>179,159</u>	<u>820,506</u>
Operating (loss)	(343,948)	(124,452)	(468,400)
Non-Operating Revenues (Expenses):			
Gross receipts taxes	45,012	45,012	90,024
Intergovernmental	80,000	-	80,000
Interest income	-	162	162
Total non-operating revenues (expenses)	<u>125,012</u>	<u>45,174</u>	<u>170,269</u>
Loss before special item and transfers	(218,936)	(79,278)	(298,131)
Special Item:			
Gain on sale of assets	83	-	83
Transfers:			
Transfers in	<u>510,000</u>	<u>3,500</u>	<u>513,500</u>
Change in net assets	291,147	(75,778)	215,369
Net assets, beginning of year	<u>(299,883)</u>	<u>331,107</u>	<u>31,224</u>
Net assets, end of year	<u>\$ (8,736)</u>	<u>\$ 255,329</u>	<u>\$ 246,593</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, 2012

	<u>Landfill Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers	\$ 293,612	\$ 82,112	\$ 375,724
Cash payments to suppliers for goods and services	(319,753)	(150,515)	(470,268)
Cash payments to employees for services	(372,443)	(23,188)	(395,631)
Net cash (used) by operating activities	(398,584)	(91,591)	(490,175)
Cash Flows From Non-Capital and Related Financing Activities:			
Cash received from intergovernmental grants	188,887	-	188,887
Cash received from gross receipts taxes	43,517	43,517	87,034
Transfers in	510,000	3,500	513,500
Net cash provided by non-capital and related financing activities	742,404	47,017	789,421
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	(22,983)	(76,035)	(99,018)
Proceeds from sale of assets	83	-	83
Net cash (used) by capital and related financing activities	(22,900)	(76,035)	(98,935)
Cash Flows From Investing Activities:			
Interest income	-	210	210
Net increase (decrease) in cash	320,920	(120,399)	200,521
Cash and cash equivalents, beginning of year	-	138,323	138,323
Cash and cash equivalents, end of year	<u>\$ 320,920</u>	<u>\$ 17,924</u>	<u>\$ 338,844</u>
Displayed as:			
Cash	\$ 320,920	\$ 92,924	\$ 413,844
Time deposits not considered cash equivalents	-	(75,000)	(75,000)
	<u>\$ 320,920</u>	<u>\$ 17,924</u>	<u>\$ 338,844</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating (loss)	\$ (343,948)	\$ (124,452)	\$ (468,400)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	36,732	4,096	40,828
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(3,787)	27,405	23,618
(Decrease) in prepaid expenses	265	3,181	3,446
Increase (decrease) in accounts payable	1,334	(1,950)	(616)
Increase (decrease) in accrued salaries	(1,877)	129	(1,748)
(Decrease) in compensated absences	(86,735)	-	(86,735)
(Decrease) in landfill post-closure payable	(568)	-	(568)
Total adjustments	(54,636)	32,861	(21,775)
Net cash (used) by operating activities	<u>\$ (398,584)</u>	<u>\$ (91,591)</u>	<u>\$ (490,175)</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, 2012

	Agency Funds
Assets:	
Cash	\$ 3,447
Taxes receivable	77,672
Total assets	81,119
 Liabilities:	
Deposits held for others	3,447
Due to other taxing units - future collections	77,672
Total liabilities	81,119
 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, 2012

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.

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been eliminated from these statements.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial 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 Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a function category (general government, public safety, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

The net cost (by function of governmental activity) is normally covered by general revenues (property, sales, intergovernmental revenues, interest income, etc.). The County does not allocate indirect costs. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term is considered an indirect expense and is reported separately on the Statement of Activities.

Separate financial statements are provided for the governmental funds, 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 combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the County considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Generally, intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures, generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

The principal operating revenue of the County's landfill fund is charges to customers for services. 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.

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 one major governmental fund 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 *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 nonmajor funds; twenty-seven are classified as special revenue funds, and one is classified as capital projects fund. A description of each nonmajor governmental fund is as follows:

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The *farm and range fund* accounts for the maintenance, improvements and animal control of federal land under Section 10 of the Taylor Grazing Act of 6-28-34. The Taylor Grazing Co-Op Agreement provides funds that are to be used strictly for the maintenance, improvements, and animal control of this federal land. The authority for the fund is given by Section 6-11-6 NMSA 1978.

The *recreation fund* accounts for the operations and maintenance of county owned recreation facilities. Financing is provided by the County's share of cigarette tax. State law requires the use of these cigarette taxes be used for recreation purposes. The authority for the fund is given by Section 7-12-15 NMSA 1978.

The *county clerk's equipment fund* accounts for funds collected to be used for purchase of special equipment. The authority for the fund is given by Section 14-8-12.2A, NMSA 1978.

The *reappraisal fund* is for recipients of revenue produced through ad valorem levies required to pay counties an administrative charge to offset collection costs. Expenditures are made pursuant to a property valuation program approved by the County commissioners. The authority for the fund is given by Section 7-38-38.1, NMSA 1978.

The *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 Sections 24-10A-1 to 24-10A-10, NMSA 1978.

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 Section 7-20E-9, NMSA 1978.

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 Sections 63-9D-1 to 63-9D-9, NMSA 1978.

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 Section 35-3-25, NMSA 1978.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The *law enforcement fund* accounts for the County's state distribution of Law Enforcement Protection funds to be used for the repair and /or replacement of law enforcement equipment. The authority for the fund is given by Section 29-13-1, NMSA 1978.

The *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.

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 Sections 59A-53-5 and 59A-53-8, NMSA 1978.

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 Sections 59A-53-5 and 59A-53-8, NMSA 1978.

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 Sections 59A-53-5 and 59A--53-8, NMSA 1978.

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 Sections 59A-53-5 and 59A-53-8, NMSA 1978.

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 Sections 59A-53-5 and 59A-53-8, NMSA 1978.

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 Sections 59A-53-5 and 59A-53-8, NMSA 1978.

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 Sections 59A-53-5 and 59A-53-8, NMSA 1978.

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 Sections 59A-53-5 and 59A-53-8, NMSA 1978.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting,

C. and Financial Statement Presentation (continued)

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 Sections 59A-53-5 and 59A-53-8, NMSA 1978.

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 Sections 59A-53-5 and 59A-53-8, NMSA 1978.

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 Sections 59A-53-5 and 59A-53-8, NMSA 1978.

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 Sections 59A-53-5 and 59A-53-8, 1978.

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 County maintains two individual proprietary funds that are considered nonmajor funds. A description of the nonmajor 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 Section 3-39-1, NMSA 1978.

The *ambulance fund* accounts for the operations and maintenance of the County ambulances. The authority for the fund is given by Section 5-1-1, NMSA 1978.

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets (continued)

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

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

E. Assets, Liabilities, and Net Assets or Equity

5. 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 nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Prepaid Items

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

5. Restricted Assets

Certain long-term assets are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purposes such as *deposits held in trust for others*.

6. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund 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.

7. 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. 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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Capital Assets (continued)

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 are depreciated using the straight line method over the following estimated useful lives:

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

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

8. Compensated Absences

County employees may accumulate limited amounts of vacation. 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.

Employees accrue vacation (annual leave) days as follows:

1. Eighty (80) hours per year from the date of hire to the end of the fourth year of employment for full-time (40 hour/week) employees.
2. Forty (40) hours per year from the date of hire to the end of the fourth year of employment for part-time employees.
3. One hundred twenty (120) hours per year beginning on the fifth year to end of ninth year of employment for full-time employees.
4. Sixty (6) hours per year beginning on the fifth year to end of ninth year of employment for part-time employees.
5. One hundred fifty-eight (158) hours per year beginning of the tenth year to end of the fifteenth year of employment for full-time employees.
6. Eight-four hours (84) hours a year beginning of the tenth year to end of the fifteenth year of employment for part-time employees.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Compensated Absences (continued)

Beginning the sixteenth year of employment, and until termination of employment, full-time employees will receive four (4) more hours of annual leave for every additional two (2) hours of service. Likewise, part-time employees will receive two (2) more hours of annual leave for every additional two (2) years of service.

Casual, temporary or part-time employees working less than twenty (20) hours per week do not accrue annual leave. Unused annual leave may accumulate a maximum of 240 hours. Accumulated annual leave over the 240 hour maximum will be forfeited on a monthly basis.

Qualified employees accrue sick leave days as follows:

1. Full-time regular employees accrue at the rate of eight (8) hours per month.
2. Part-time regular employees accrue at the rate of four (4) hours per month.
3. Casual, temporary or part-time employees working less than twenty (2) hours per week do not accrue sick leave.

The County does not pay for unused accumulated sick leave upon termination.

9. Deferred Revenues

Within the government-wide financial statements, deferred revenues represent unearned revenues advanced to the County. Such advances are reported as deferred revenue until the earnings process is complete. Deferred revenues may include grant awards reflected as a receivable, but not recognized as revenues since all criteria have not been met.

Within the governmental funds, revenues must be available in order to be recognized. Revenues, such as property taxes that are not available, are recorded as deferred revenues and reflected as a liability within the balance sheet.

10. Short-Term Obligations

No short-term debt occurred during the current fiscal year.

11. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Long-Term Obligations (continued)

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.

12. 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.

13. Fund Equity

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

13. Fund Equity (continued)

Committed fund balance (continued) – 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 – The fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use externally restricted resources first, then unrestricted resources-committed, assigned, and unassigned-in order as needed.

F. Other Matters

1. 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.

2. 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.

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	Per Institution	Reconciling Items	Per Financial Statements
First State Bank	\$ 6,587,704	\$ (96,825)	\$ 6,490,879

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

Statement of Net Assets:	
Cash	\$ 6,487,432
Statement of fiduciary assets and liabilities - agency funds	3,447
Total cash reported on financial statements	\$ 6,490,879

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

2. CASH DEPOSITS (continued)

Cash Deposited With Financial Institutions (continued)

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.

	<u>First State Bank</u>
Total deposit in bank	\$ 6,587,704
Less FDIC insurance	(500,000)
Uninsured public funds	6,087,704
Pledged collateral held by pledging bank's agent, but not in the County's name	<u>6,000,252</u>
Uninsured and uncollateralized public funds	<u>\$ 87,452</u>
Total pledged collateral	\$ 6,000,252
50% pledged collateral requirement per state statute	<u>(3,043,852)</u>
Pledged collateral (under) over the requirement	<u>\$ 2,956,400</u>

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

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$6,087,704 of the County's bank balances of \$6,587,704 was exposed to custodial credit risk as follows:

	<u>First State Bank</u>
Uninsured and collateral held by pledging bank's trust department or agent not in the County's name.	<u>\$ 6,087,704</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 49,878
Bank of Albuquerque	US Gov't Investment Pool	N/A	52
Bank of NY Mellon Tr. Co.	US Gov't Investment Pool	N/A	297,117
			<u>\$ 347,047</u>

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

Statement of Net Assets:	
Investments	\$ 49,878
Restricted investments	<u>297,169</u>
	<u>\$ 347,047</u>

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, 2012, the restricted investments are composed of the following:

Program receipts	\$ 246,070
Debt reserve	<u>51,099</u>
	<u>\$ 297,169</u>

Cash Deposited With The New Mexico State Treasurer

As of June 30, 2012, the combined balance of the County's investment within the State Treasurer's Office *New MexiGROW* Local Government Investment Pool fund was \$49,878. The cost basis of the deposit was equal to \$50,000 (amount of investment); however, based on the information available from the State of New Mexico Treasurer's Office, the investment has recognized a pro-rata loss of \$122. As a result, the County's investment is reflected at its fair market value of \$49,878. 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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

3. INVESTMENTS (continued)

Cash Deposited With the New Mexico State Treasurer (continued)

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 final weighted average maturity is 83-day WAM at June 30, 2012.

Bank of Albuquerque, N.A.

The County has cash in the amount of \$52 invested at the Bank of Albuquerque, N.A., Trust Department, Albuquerque, New Mexico. The cash is invested as part of note agreements and covenants the County has with the New Mexico Finance Authority. The cash is invested in an Invesco premier U.S. Government Money Portfolio fund. The fund is composed of 64.4% government agency debt; 34.9% other repurchase agreements; .6% Treasury debt; and .1% variable rate demand notes. The market value at June 30, 2012, reflected by the trust department is \$52. The investments are valued at fair market value based on quoted market prices, as of the valuation date. The fund is rated AAA_m by Standard and Poor's.

Interest Rate Risk – Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline 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 Invesco Premier U.S. Government Money Portfolio fund weighted average maturity is 42.83-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.

The County's reserve funds, in the amount of \$51,047, are invested at the trust company in a fund that is composed of eighty percent of U.S. Treasury notes and twenty percent in Federated Government Obligation Fund Number 5.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

3. INVESTMENTS (continued)

Bank of New York Mellon Trust Company (continued)

The County's program funds in the amount of \$246,070, are invested in a fund that is composed of sixty-one percent in U.S. Treasury notes and thirty-nine percent in Federated Government Obligations Fund Number 5.

The investments are valued at fair value based on quoted market prices as of the valuation date. The Federated Government Obligations Fund No. 5 is rated AAA_m by Standard and Poor's.

Interest Rate Risk - Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline 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 No. 5's weighted average maturity is 49-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. RECEIVABLES, NET

Receivables, net of allowance for doubtful accounts, at June 30, 2012, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts receivable:		
Charges for services	\$ -	\$ 467,277
Miscellaneous	3,552	-
Allowance for doubtful accounts	-	(252,574)
Total	<u>3,552</u>	<u>214,703</u>
Taxes receivable:		
Gross receipts taxes	8,167	16,334
Property taxes	157,433	-
Public service taxes	57,959	-
Allowance for doubtful accounts	-	-
Total	<u>223,559</u>	<u>16,334</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

4. RECEIVABLES, NET (continued)

	Governmental Activities	Business-Type Activities
Intergovernmental receivables:		
Solid waste grant	-	60,000
Forestry payments	122,144	-
Sheriff over-time reimbursements	30,848	-
20 Communities grant	28,439	-
Senior citizens grant	24,396	-
Correction fees	5,214	-
Allowance for doubtful accounts	-	-
Total	211,041	60,000
Interest receivable	2,997	90
Receivables, net	\$ 441,149	\$ 291,127

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

5. PROPERTY TAX

A tax is imposed upon all property located within 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, 2012

5. PROPERTY TAX (continued)

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

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

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

The County's operating tax rate to finance general government services for 2011 was \$9.892 per \$1,000 for non-residential property and \$11.993 per \$1,000 for residential property.

6. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2012 is as follows:

	Balance 06/30/11	Increases	Decreases	Balance 06/30/12
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 718,873	\$ -	\$ -	\$ 718,873
Construction in progress	-	42,051	-	42,051
Total capital assets, not being depreciated	718,873	42,051	-	760,924
Other capital assets:				
Buildings	4,051,181	-	-	4,051,181
Other improvements	5,505,954	5,750	-	5,511,704
Machinery and equipment	7,249,317	2,498,055	-	9,747,372
Total other capital assets,	16,806,452	2,503,805	-	19,310,257
Less accumulated depreciation for:				
Buildings	-	-	-	-
Other improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	-	-	-	-
Other capital assets, net	16,806,452	2,503,805	-	19,310,257
Governmental activities capital assets, net	<u>\$ 17,525,325</u>	<u>\$ 2,545,856</u>	<u>\$ -</u>	<u>\$ 20,071,181</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

6. CAPITAL ASSETS (continued)

The County did not record depreciation expense for the year ended June 30, 2012.

	Balance 06/30/11	Increases	Decreases	Balance 06/30/12
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Other capital assets:				
Buildings	-	51,129	-	51,129
Other improvements	567,084	-	-	567,084
Machinery and equipment	577,923	47,889	-	625,812
Total other capital assets	1,145,007	99,018	-	1,244,025
Less accumulated depreciation for:				
Other improvements	(19,377)	(15,855)	-	(35,232)
Machinery and equipment	(381,318)	(24,973)	-	(406,291)
Total accumulated depreciation	(400,695)	(40,828)	-	(441,523)
Other capital assets, net	744,312	58,190	-	802,502
Business-type activities capital assets, net	\$ 750,312	\$ 58,190	\$ -	\$ 808,502

7. LONG-TERM OBLIGATIONS

Changes in governmental activities obligations during the year ended June 30, 2012, were as follows:

	Balance 06/30/11	Additions	Deletions	Balance 06/30/12	Amounts Due Within One Year
Governmental Activities:					
Notes payable	\$ 1,010,763	\$ -	\$ (164,638)	\$ 846,125	\$ 104,646
Compensated absences	55,000	56,912	(62,374)	49,538	27,412
	\$ 1,065,763	\$ 56,912	\$ (227,012)	\$ 895,663	\$ 132,058

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. LONG-TERM OBLIGATIONS (continued)

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

Due in Fiscal Year Ending June 30:	Principal	Interest	Total
2013	\$ 7,061	\$ -	\$ 7,061
2014	7,079	-	7,079
	<u>\$ 14,140</u>	<u>\$ -</u>	<u>\$ 14,140</u>

Note Payable – New Mexico Finance Authority #2

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
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>\$ 151,878</u>	<u>\$ 13,220</u>	<u>\$ 165,098</u>

Note Payable – New Mexico Finance Authority #3

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
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>\$ 65,243</u>	<u>\$ 3,867</u>	<u>\$ 69,110</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. LONG-TERM OBLIGATIONS (continued)

Note Payable – New Mexico Finance Authority #4

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
2013	\$ 8,152	\$ 18	\$ 8,170

Note Payable – New Mexico Finance Authority #5

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
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>\$ 37,735</u>	<u>\$ -</u>	<u>\$ 37,735</u>

Note Payable – New Mexico Finance Authority #6

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, 2012

7. LONG-TERM OBLIGATIONS (continued)

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2012	\$ 7,612	\$ -	\$ 7,612
2014	7,612	-	7,612
2015	7,612	-	7,612
2016	7,612	-	7,612
2017	7,612	-	7,612
2018-2019	15,229	-	15,229
	<u>\$ 53,289</u>	<u>\$ -</u>	<u>\$ 53,289</u>

Note Payable – New Mexico Finance Authority #7

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
2013	\$ 9,139	\$ -	\$ 9,139
2014	9,139	-	9,139
2015	9,139	-	9,139
2016	9,139	-	9,139
2017	9,139	-	9,139
2018-2022	45,695	-	45,695
2023-2027	45,695	-	45,695
2028-2029	18,278	-	18,278
	<u>\$ 155,363</u>	<u>\$ -</u>	<u>\$ 155,363</u>

Note Payable – New Mexico Finance Authority #8

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, 2012**

7. LONG-TERM OBLIGATIONS (continued)

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

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2013	\$ 10,150	\$ -	\$ 10,150
2014	10,150	-	10,150
2015	10,150	-	10,150
2016	10,150	-	10,150
2017	10,150	-	10,150
2018-2019	20,300	-	20,300
	<u>\$ 71,050</u>	<u>\$ -</u>	<u>\$ 71,050</u>

Note Payable – New Mexico Finance Authority #9

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. During the fiscal year, the County received conditional authorization for up to an additional \$101,500 of loan proceeds. The County has not drawn down any of these additional loan proceeds. 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
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	14,870	2,642	17,512
2018-2022	74,350	11,214	85,564
2023-2027	80,726	7,142	87,868
2028-2031	62,849	2,122	64,971
	<u>\$ 289,275</u>	<u>\$ 34,575</u>	<u>\$ 323,850</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:

**STATE OF NEW MEXICO
CATRON COUNTY**
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. LONG-TERM OBLIGATIONS (continued)

Compensated Absences (continued)

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

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

In the past, approximately 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, 2012, were as follows:

	Balance 06/30/11	Additions	Deletions	Balance 06/30/12	Amounts Due Within One Year
Business-Type Activities:					
Landfill closure	\$ 734,380	\$ -	\$ (86,735)	\$ 647,645	\$ 15,000
Compensated absences	9,682	7,829	(8,397)	9,114	5,876
	<u>\$ 744,062</u>	<u>\$ 7,829</u>	<u>\$ (95,132)</u>	<u>\$ 656,759</u>	<u>\$ 20,876</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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. LONG-TERM OBLIGATIONS (continued)

Landfill Closure and Post-Closure Costs (continued)

The estimated liability for the landfill closure and post-closure costs sites located in Glenwood and Reserve, New Mexico, has been recorded at \$163,460 and \$484,185, respectively, which is based on one hundred percent (100%) usage (filled) of the landfills.

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.

8. DEFERRED REVENUES

The County has recorded deferred revenues of \$123,401 and \$1,854 within the governmental general and re-appraisal funds respectively. These amounts represent non-current property taxes.

9. OPERATING LEASES

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, 2012, the County expended \$43,046 for the computer agreement.

The County leases eight motor graders from a third party under a governmental operating lease, which expired on June 30, 2012. The lease expense was \$141,805 for the year ended June 30, 2012.

10. BAD DEBT EXPENSE

Business-Type Activities:

Landfill fund - The County's gross landfill charges for services of \$306,399 were reduced by \$9,000 of bad debt expense for the year ended June 30, 2012.

Ambulance fund - The County's gross ambulance charges for services of \$96,938 were reduced by \$42,231 of bad debt expense for the year ended June 30, 2012.

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

11. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

The composition of interfund balances as of June 30, 2012, 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	24,396
General Fund	Ambulance Enterprise Fund	57,611
General Fund	Airport Enterprise Fund	26,295
General Fund	Landfill Fund	496,793
	Total	<u>\$ 745,271</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	\$ -	\$ 158,442	\$ 510,000	\$ 3,500	\$ 671,942
20 Communities Fund	49,177	-	-	-	49,177
	<u>\$ 49,177</u>	<u>\$ 158,442</u>	<u>\$ 510,000</u>	<u>\$ 3,500</u>	<u>\$ 721,119</u>

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

12. DEFICIT BALANCES

The Coyote Creek Fire fund and the Enhanced 911 fund had deficit fund balances of \$54,369 and \$17,677, respectively, at June 30, 2012. The Airport fund had deficit net assets of \$23,150 at June 30, 2012.

STATE OF NEW MEXICO
CATRON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

12. DEFICIT BALANCES (continued)

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

13. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2012, the County incurred expenditures over appropriations of the following amounts and funds:

Fund	Amount
Coyote Fire Fund	\$ 6,766
Wild Horse Fire Fund	4,296
Capital Projects Fund	30,219
Landfill Enterprise Fund	191,438

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

14. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

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

Funding Policy

Plan members are required to contribute from 9.15% to 12.35% (ranges from 3.83% to 16.65% depending upon the plan, i.e., state general, state hazardous duty, state police, and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The County is required to contribute 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, 2012, 2011, and 2010 were \$131,435, \$131,457, \$103,293, respectively, equal to the amount of the required contributions for each year.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

15. POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978) provides comprehensive group health insurance for persons who have retired from certain public service in New Mexico. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into Retiree Health Care Fund and by co-payments or out-of-pocket payments to eligible retirees. The County has elected not to participate in the post-employment health insurance plan.

16. 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.

17. CONTINGENT LIABILITIES

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

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.

18. SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds										
	Farm and Range Fund	Recreation Fund	Co. Clerk's Equipment Fund	Reappraisal Fund	County Fairgrounds Fund	Emergency Med Srvc Fund	Indigent Fund	Medicaid Fund	Enhanced 911 Fund	20 Communities Fund	Corrections Fund
<u>ASSETS</u>											
Cash	\$ 1,629	\$ 2,611	\$ 17,196	\$ 76,966	\$ 20,819	\$ 80,472	\$ 139,400	\$ -	\$ 20,202	\$ 5,298	\$ 61,606
Receivables, net	-	3	7	2,397	41,850	48	8,218	-	18	28,045	5,240
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Restricted:											
Investments	-	-	-	-	-	-	-	-	-	-	9,181
Total assets	<u>\$ 1,629</u>	<u>\$ 2,614</u>	<u>\$ 17,203</u>	<u>\$ 79,363</u>	<u>\$ 62,669</u>	<u>\$ 80,520</u>	<u>\$ 147,618</u>	<u>\$ -</u>	<u>\$ 20,220</u>	<u>\$ 33,343</u>	<u>\$ 76,027</u>
<u>LIABILITIES AND FUND BALANCES</u>											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 1,825	\$ 137	\$ 623	\$ 1,496	\$ -	\$ -	\$ -	\$ 33,343	\$ 3,030
Due to other funds	-	-	7,487	-	1,085	-	-	-	74,589	-	-
Deferrred revenues	-	-	-	1,854	-	-	-	-	-	-	-
Total liabilities	-	-	9,312	1,991	1,708	1,496	-	-	74,589	33,343	3,030
Fund Balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted for:											
Debt service	-	-	-	-	-	-	-	-	-	-	9,181
State mandated per statutes	119	-	-	-	-	54,765	51,443	-	-	-	29,177
Committed for:											
Subsequent years' expenditures	1,510	2,300	3,000	20,150	18,150	24,259	96,175	-	-	-	34,639
Assigned	-	314	4,891	57,222	42,811	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(54,369)	-	-
Total fund balances	<u>1,629</u>	<u>2,614</u>	<u>7,891</u>	<u>77,372</u>	<u>60,961</u>	<u>79,024</u>	<u>147,618</u>	<u>-</u>	<u>(54,369)</u>	<u>-</u>	<u>72,997</u>
Total liabilities and fund balances	<u>\$ 1,629</u>	<u>\$ 2,614</u>	<u>\$ 17,203</u>	<u>\$ 79,363</u>	<u>\$ 62,669</u>	<u>\$ 80,520</u>	<u>\$ 147,618</u>	<u>\$ -</u>	<u>\$ 20,220</u>	<u>\$ 33,343</u>	<u>\$ 76,027</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, 2012**

	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	\$ 11,494	\$ 903	\$ 2,600	\$ 2,393	\$ 19,465	\$ 100,137	\$ 194,535	\$ 91,041	\$ 80,819	\$ 39,395
Receivables, net	-	1	1	2	2,308	20	17,000	12	18	1,802
Prepaid expenses	-	-	-	-	2,031	2,031	2,031	2,031	2,031	2,031
Restricted:										
Investments	-	-	-	-	1	1	2	-	246,073	-
Total assets	<u>\$ 11,494</u>	<u>\$ 904</u>	<u>\$ 2,601</u>	<u>\$ 2,395</u>	<u>\$ 23,805</u>	<u>\$ 102,189</u>	<u>\$ 213,568</u>	<u>\$ 93,084</u>	<u>\$ 328,941</u>	<u>\$ 43,228</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 924	\$ 1,957	\$ 2,626	\$ 119	\$ 13,016	\$ 1,238
Due to other funds	-	40	-	-	272	16,084	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	40	-	-	1,196	18,041	2,626	119	13,016	1,238
Fund Balances:										
Nonspendable	-	-	-	-	2,031	2,031	2,031	2,031	2,031	2,031
Restricted for:										
Debt service	-	-	-	-	1	1	2	-	246,073	-
State mandated per statutes	94	-	-	-	20,577	61,340	89,272	15,149	45,823	21,650
Committed for:										
Subsequent years' expenditures	11,400	800	2,500	2,300	-	20,776	119,637	75,785	21,998	18,309
Assigned	-	64	101	95	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>11,494</u>	<u>864</u>	<u>2,601</u>	<u>2,395</u>	<u>22,609</u>	<u>84,148</u>	<u>210,942</u>	<u>92,965</u>	<u>315,925</u>	<u>41,990</u>
Total liabilities and fund balances	<u>\$ 11,494</u>	<u>\$ 904</u>	<u>\$ 2,601</u>	<u>\$ 2,395</u>	<u>\$ 23,805</u>	<u>\$ 102,189</u>	<u>\$ 213,568</u>	<u>\$ 93,084</u>	<u>\$ 328,941</u>	<u>\$ 43,228</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, 2012**

Special Revenue 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	Total Special Revenue Funds	Capital Projects Fund	Total Other Government Funds
<u>ASSETS</u>									
Cash	\$ 243,884	\$ 50,438	\$ 37,785	\$ 10,707	\$ 16,637	\$ 24,445	\$ 1,352,877	\$ -	\$ 1,352,877
Receivables, net	24	9	13	6	2	-	107,044	24,396	131,440
Prepaid expenses	2,031	2,031	2,031	2,031	2,031	-	22,341	-	22,341
Restricted:									
Investments	27,938	3	3	-	13,967	-	297,169	-	297,169
Total assets	<u>\$ 273,877</u>	<u>\$ 52,481</u>	<u>\$ 39,832</u>	<u>\$ 12,744</u>	<u>\$ 32,637</u>	<u>\$ 24,445</u>	<u>\$ 1,779,431</u>	<u>\$ 24,396</u>	<u>\$ 1,803,827</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ 1,518	\$ 108	\$ 542	\$ 994	\$ 4,264	\$ 3,835	\$ 71,595	\$ -	\$ 71,595
Due to other funds	-	-	-	29,427	11,192	-	140,176	24,396	164,572
Deferred revenues	-	-	-	-	-	-	1,854	-	1,854
Total liabilities	1,518	108	542	30,421	15,456	3,835	213,625	24,396	238,021
Fund Balances:									
Nonspendable	2,031	2,031	2,031	2,031	2,031	-	22,341	-	22,341
Restricted for:									
Debt service	27,938	3	3	-	13,967	-	297,169	-	297,169
State mandated per statutes	99,598	38,922	37,256	-	1,183	6,162	572,530	-	572,530
Committed for:									
Subsequent years' expenditures	142,792	11,417	-	9,300	-	14,448	651,645	-	651,645
Assigned	-	-	-	-	-	-	105,498	-	105,498
Unassigned	-	-	-	(29,008)	-	-	(83,377)	-	(83,377)
Total fund balances	<u>272,359</u>	<u>52,373</u>	<u>39,290</u>	<u>(17,677)</u>	<u>17,181</u>	<u>20,610</u>	<u>1,565,806</u>	<u>-</u>	<u>1,565,806</u>
Total liabilities and fund balances	<u>\$ 273,877</u>	<u>\$ 52,481</u>	<u>\$ 39,832</u>	<u>\$ 12,744</u>	<u>\$ 32,637</u>	<u>\$ 24,445</u>	<u>\$ 1,779,431</u>	<u>\$ 24,396</u>	<u>\$ 1,803,827</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, 2012

	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:											
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,012	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	18,663	-	-	-	-	-	-	-
Intergovernmental - federal	15,790	-	-	-	-	-	-	-	-	81,236	-
Intergovernmental - state	-	-	-	-	-	74,679	-	-	-	-	-
Charges for services	-	-	11,544	1,512	52,250	-	-	-	99,426	-	34,217
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	22,199
Interest	-	5	8	92	-	48	96	-	32	-	87
Miscellaneous	-	-	-	-	12,358	-	-	-	-	-	-
Total revenues	15,790	5	11,552	20,267	64,608	74,727	45,108	-	99,458	81,236	56,503
Expenditures:											
Current:											
General government	-	-	18,342	8,170	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	72,423	-	-	-	-	67,630
Health and welfare	18,800	-	-	-	-	-	600	15,808	99,526	89,099	-
Culture and recreation	-	526	-	-	4,685	-	-	-	-	-	-
Capital outlay	-	-	5,750	-	-	7,000	-	-	5,173	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	9,139
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	18,800	526	24,092	8,170	4,685	79,423	600	15,808	104,699	89,099	76,769
Excess (deficiency) of revenues over expenditures	(3,010)	(521)	(12,540)	12,097	59,923	(4,696)	44,508	(15,808)	(5,241)	(7,863)	(20,266)
Other Financing Sources (Uses):											
Transfers in	-	-	-	-	-	-	-	15,807	-	5,312	-
Transfers (out)	-	-	-	-	-	-	-	-	-	(49,177)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	15,807	-	(43,865)	-
Special Item:											
Sale of assets	-	-	1,870	-	121	581	-	-	-	-	-
Net change in fund balances	(3,010)	(521)	(10,670)	12,097	60,044	(4,115)	44,508	(1)	(5,241)	(51,728)	(20,266)
Fund balance, beginning of year	4,639	3,135	18,561	65,275	917	83,139	103,110	1	(49,128)	51,728	93,263
Fund balance, end of year	\$ 1,629	\$ 2,614	\$ 7,891	\$ 77,372	\$ 60,961	\$ 79,024	\$ 147,618	\$ -	\$ (54,369)	\$ -	\$ 72,997

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, 2012

	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	Apache Creek Fire Fund
Revenues:											
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental - federal	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental - state	23,600	-	-	-	49,326	49,326	68,806	73,985	49,326	49,326	155,758
Charges for services	-	-	-	-	3,990	592	16,946	-	784	31,326	6,752
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-
Interest	-	2	2	4	1	42	107	22	258	11	169
Miscellaneous	-	-	-	-	2,023	-	-	-	-	6,569	-
Total revenues	23,600	2	2	4	55,340	49,960	85,859	74,007	50,368	87,232	162,679
Expenditures:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	1,163	100	-	-	35,344	30,012	46,113	41,940	45,649	54,280	53,987
Health and welfare	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	26,956	-	-	-	1,000	1,000	1,000	1,000	51,301	1,000	-
Debt service:											
Principal	-	-	-	-	6,586	7,490	15,727	-	15,536	-	34,894
Interest and other charges	-	-	-	-	-	-	35	-	3,537	-	4,946
Total expenditures	28,119	100	-	-	42,930	38,502	62,875	42,940	116,023	55,280	93,827
Excess (deficiency) of revenues over expenditures	(4,519)	(98)	2	4	12,410	11,458	22,984	31,067	(65,655)	31,952	68,852
Other Financing Sources (Uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Special Item:											
Sale of assets	3,747	-	-	-	1,069	120	1,737	787	2,934	-	59
Net change in fund balances	(772)	(98)	2	4	13,479	11,578	24,721	31,854	(62,721)	31,952	68,911
Fund balance, beginning of year	12,266	962	2,599	2,391	9,130	72,570	186,221	61,111	378,646	10,038	203,448
Fund balance, end of year	\$ 11,494	\$ 864	\$ 2,601	\$ 2,395	\$ 22,609	\$ 84,148	\$ 210,942	\$ 92,965	\$ 315,925	\$ 41,990	\$ 272,359

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, 2012

	Special Revenue Funds							
	Horse Mountain Fire Fund	Quemado Lake Fire Fund	Coyote Creek Fire Fund	Wild Horse Fire Fund	Catron County Fire Fund	Total Special Revenue Funds	Capital Projects Fund	Total Other Government Funds
Revenues:								
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,012	\$ -	\$ 45,012
Property taxes	-	-	-	-	-	18,663	-	18,663
Intergovernmental - federal	-	-	-	-	-	97,026	-	97,026
Intergovernmental - state	49,326	49,326	-	49,326	66,198	808,308	38,468	846,776
Charges for services	3,751	-	-	-	1,666	264,756	-	264,756
Fines and forfeitures	-	-	-	-	-	22,199	-	22,199
Interest	18	27	27	65	-	1,123	-	1,123
Miscellaneous	-	-	-	2,676	-	23,626	-	23,626
Total revenues	53,095	49,353	27	52,067	67,864	1,280,713	38,468	1,319,181
Expenditures:								
Current:								
General government	-	-	-	-	-	26,512	-	26,512
Public safety	39,761	22,033	9,966	34,553	54,489	609,443	-	609,443
Health and welfare	-	-	-	-	-	223,833	7,583	231,416
Culture and recreation	-	-	-	-	-	5,211	7,193	12,404
Capital outlay	1,000	1,000	-	1,000	2,607	106,787	24,396	131,183
Debt service:								
Principal	12,974	15,712	34,274	12,306	-	164,638	-	164,638
Interest and other charges	233	-	-	1,420	-	10,171	-	10,171
Total expenditures	53,968	38,745	44,240	49,279	57,096	1,146,595	39,172	1,185,767
Excess (deficiency) of revenues over expenditures	(873)	10,608	(44,213)	2,788	10,768	134,118	(704)	133,414
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	21,119	137,323	158,442
Transfers (out)	-	-	-	-	-	(49,177)	-	(49,177)
Total other financing sources (uses)	-	-	-	-	-	(28,058)	137,323	109,265
Special Item:								
Sale of assets	3,226	182	85	2,041	-	18,559	-	18,559
Net change in fund balances	2,353	10,790	(44,128)	4,829	10,768	124,619	136,619	261,238
Fund balance, beginning of year	50,020	28,500	26,451	12,352	9,842	1,441,187	(136,619)	1,304,568
Fund balance, end of year	\$ 52,373	\$ 39,290	\$ (17,677)	\$ 17,181	\$ 20,610	\$ 1,565,806	\$ -	\$ 1,565,806

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

**OTHER SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON STATEMENTS**

STATE OF NEW MEXICO
CATRON COUNTY
FARM AND RANGE 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, 2012

	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>				
Revenues:						
Intergovernmental	\$ 15,549	\$ 15,549	\$ 15,790	\$ -	\$ 15,790	\$ 241
Expenditures:						
Current:						
Health and welfare	<u>20,000</u>	<u>20,000</u>	<u>18,800</u>	<u>-</u>	<u>18,800</u>	<u>1,200</u>
Net change	(4,451)	(4,451)	(3,010)	<u>\$ -</u>	<u>\$ (3,010)</u>	1,441
Cash balance, beginning of year	<u>4,639</u>	<u>4,639</u>	<u>4,639</u>			<u>-</u>
Cash balance, end of year	<u>\$ 188</u>	<u>\$ 188</u>	<u>\$ 1,629</u>			<u>\$ 1,441</u>

Explanation of Differences:

None.

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

STATE OF NEW MEXICO
CATRON COUNTY
RECREATION 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, 2012

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>				
Revenues:						
Interest	\$ -	\$ -	\$ 7	\$ (2)	\$ 5	\$ 7
Expenditures:						
Current:						
Culture and recreation	<u>3,000</u>	<u>3,000</u>	<u>526</u>	<u>-</u>	<u>526</u>	<u>2,474</u>
Net change	<u>(3,000)</u>	<u>(3,000)</u>	<u>(519)</u>	<u>\$ (2)</u>	<u>\$ (521)</u>	<u>2,481</u>
Cash balance, beginning of year	<u>3,130</u>	<u>3,130</u>	<u>3,130</u>			<u>-</u>
Cash balance, end of year	<u>\$ 130</u>	<u>\$ 130</u>	<u>\$ 2,611</u>			<u>\$ 2,481</u>
Explanation of Differences:						
Changes in receivables				<u>\$ (2)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
COUNTY CLERK'S EQUIPMENT 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Charges for services	\$ 9,000	\$ 9,000	\$ 11,544	\$ -	\$ 11,544	\$ 2,544
Interest	100	100	49	(41)	8	(51)
Total revenues	9,100	9,100	11,593	(41)	11,552	2,493
Expenditures:						
Current:						
General government	-	-	16,517	1,825	18,342	(16,517)
Capital outlay	16,000	25,200	5,750	-	5,750	19,450
Total expenditures	16,000	25,200	22,267	1,825	24,092	2,933
Excess (deficiency) of revenues over expenditures	(6,900)	(16,100)	(10,674)	(1,866)	(12,540)	5,426
Special Item:						
Proceeds from sale of capital assets	-	-	1,870	-	1,870	1,870
Net change	(6,900)	(16,100)	(8,804)	<u>\$ (1,866)</u>	<u>\$ (10,670)</u>	7,296
Cash balance, beginning of year	26,000	26,000	26,000			-
Cash balance, end of year	<u>\$ 19,100</u>	<u>\$ 9,900</u>	<u>\$ 17,196</u>			<u>\$ 7,296</u>
Explanation of Differences:						
Change in receivables				\$ (41)		
Change in accounts payable				<u>(1,825)</u>		
				<u>\$ (1,866)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
RE-APPRAISAL 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Property taxes	\$ 16,000	\$ 16,000	\$ 19,045	\$ -	\$ 18,663	\$ 3,045
Charges for services	5,000	5,000	1,512	-	1,512	(3,488)
Interest	150	150	128	(36)	92	(22)
Total revenues	21,150	21,150	20,685	(36)	20,267	(465)
Expenditures:						
Current:						
General government	21,300	21,300	8,556	(386)	8,170	12,744
Capital outlay	20,000	20,000	-	-	-	20,000
Total expenditures	41,300	41,300	8,556	(386)	8,170	32,744
Net change	(20,150)	(20,150)	12,129	\$ 350	\$ 12,097	32,279
Cash balance, beginning of year	64,837	64,837	64,837			-
Cash balance, end of year	\$ 44,687	\$ 44,687	\$ 76,966			\$ 32,279
Explanation of Differences:						
Change in receivables				\$ (36)		
Change in accounts payable				386		
				\$ 350		

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

STATE OF NEW MEXICO
CATRON COUNTY
COUNTY FAIRGROUNDS 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Charges for services	\$ -	\$ -	\$ 10,400	\$ 41,850	\$ 52,250	\$ 10,400
Miscellaneous	-	-	12,358	-	12,358	12,358
Total revenues	-	-	22,758	41,850	64,608	22,758
Expenditures:						
Current:						
Culture and recreation	5,500	5,500	4,717	(32)	4,685	783
Excess (deficiency) of revenues over expenditures	(5,500)	(5,500)	18,041	41,818	59,923	23,541
Other Financing Sources (Uses):						
Transfers in	3,500	3,500	-	-	-	(3,500)
Special Item:						
Proceeds from sale of capital assets	-	-	121	-	121	121
Net change	(2,000)	(2,000)	18,162	\$ 41,818	\$ 60,044	20,162
Cash balance, beginning of year	2,657	2,657	2,657			-
Cash balance, end of year	\$ 657	\$ 657	\$ 20,819			\$ 20,162
Explanation of Differences:						
Change in receivables				\$ 41,850		
Change in accounts payable				(32)		
				\$ 41,818		

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

STATE OF NEW MEXICO
CATRON COUNTY
EMERGENCY MEDICAL SERVICES 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 74,631	\$ 74,631	\$ 74,679	\$ -	\$ 74,679	\$ 48
Interest	-	-	-	48	48	-
Total revenues	74,631	74,631	74,679	48	74,727	48
Expenditures:						
Current:						
Public safety	102,000	104,000	71,099	1,324	72,423	32,901
Capital outlay	-	-	7,000	-	7,000	(7,000)
Total expenditures	102,000	104,000	78,099	1,324	79,423	25,901
Excess (deficiency) of revenues over expenditures	(27,369)	(29,369)	(3,420)	(1,276)	(4,696)	25,949
Special Item:						
Proceeds from sale of capital assets	-	-	581	-	581	581
Net change	(27,369)	(29,369)	(2,839)	<u>\$ (1,276)</u>	<u>\$ (4,115)</u>	26,530
Cash balance, beginning of year	83,311	83,311	83,311			-
Cash balance, end of year	<u>\$ 55,942</u>	<u>\$ 53,942</u>	<u>\$ 80,472</u>			<u>\$ 26,530</u>
Explanation of Differences:						
Change in receivables				\$ 48		
Change in accounts payable				<u>(1,324)</u>		
				<u>\$ (1,276)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
INDIGENT 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Gross receipts taxes	\$ 40,000	\$ 40,000	\$ 43,517	\$ 1,495	\$ 45,012	\$ 3,517
Interest	25	25	87	9	96	62
Total revenues	40,025	40,025	43,604	1,504	45,108	3,579
Expenditures:						
Current:						
Health and welfare	71,000	71,000	600	-	600	70,400
Net change	(30,975)	(30,975)	43,004	\$ 1,504	\$ 44,508	73,979
Cash balance, beginning of year	96,396	96,396	96,396			-
Cash balance, end of year	\$ 65,421	\$ 65,421	\$ 139,400			\$ 73,979
Explanation of Differences:						
Change in receivables				\$ 1,504		

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

STATE OF NEW MEXICO
CATRON COUNTY
MEDICAID 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, 2012

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>				
Expenditures:						
Current:						
Health and welfare	\$ 20,000	\$ 20,000	\$ 15,808	\$ -	\$ 15,808	\$ 4,192
Other Financing Sources:						
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>15,807</u>	<u>-</u>	<u>15,807</u>	<u>(4,193)</u>
Net change	-	-	(1)	<u>\$ -</u>	<u>\$ (1)</u>	(1)
Cash balance, beginning of year	<u>1</u>	<u>1</u>	<u>1</u>			<u>-</u>
Cash balance, end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>			<u>\$ (1)</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
 ENHANCED 911 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ 99,426	\$ 99,426	\$ -
Interest	50	50	42	(10)	32	(8)
Total revenues	50	50	42	99,416	99,458	(8)
Expenditures:						
Current:						
Health and welfare	12,500	12,500	100	99,426	99,526	12,400
Capital outlay	12,500	12,500	5,173	-	5,173	7,327
Total expenditures	25,000	25,000	5,273	99,426	104,699	19,727
Net change	(24,950)	(24,950)	(5,231)	<u>\$ (10)</u>	<u>\$ (5,241)</u>	19,719
Cash balance, beginning of year	25,433	25,433	25,433			-
Cash balance, end of year	<u>\$ 483</u>	<u>\$ 483</u>	<u>\$ 20,202</u>			<u>\$ 19,719</u>
Explanation of Differences:						
Change in receivables				\$ (10)		
Non-cash grant revenues				99,426		
Non-cash grant expenses				<u>(99,426)</u>		
				<u>\$ (10)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
20 COMMUNITIES 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, 2012

	Budgeted Amounts		Actual on Original Budget	Budget to GAAP Differences	Actual on GAAP Budget	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 122,915	\$ 122,915	\$ 61,053	\$ 20,183	\$ 81,236	\$ (61,862)
Expenditures:						
Current:						
Health and welfare	122,915	122,915	55,756	33,343	89,099	67,159
Excess (deficiency) of revenues over expenditures	-	-	5,297	(13,160)	(7,863)	5,297
Other Financing Sources (Uses):						
Transfers in	-	-	5,312	-	5,312	5,312
Transfers out	-	(49,999)	(49,177)	-	(49,177)	822
Net change	-	(49,999)	(38,568)	<u>\$ (13,160)</u>	<u>\$ (51,728)</u>	11,431
Cash balance, beginning of year	43,866	43,866	43,866			-
Cash balance, end of year	<u>\$ 43,866</u>	<u>\$ (6,133)</u>	<u>\$ 5,298</u>			<u>\$ 11,431</u>
Explanation of Differences:						
Change in receivables				\$ 20,183		
Change in accounts payable				(33,343)		
				<u>\$ (13,160)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
CORRECTIONS 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Charges for services	\$ 25,000	\$ 25,000	\$ 34,217	\$ -	\$ 34,217	\$ 9,217
Fines and forfeitures	39,000	39,000	24,897	(2,698)	22,199	(14,103)
Interest	50	50	102	(15)	87	52
Total revenues	64,050	64,050	59,216	(2,713)	56,503	(4,834)
Expenditures:						
Current:						
Public safety	83,500	83,500	73,075	(5,445)	67,630	10,425
Capital outlay	1,000	1,000	-	-	-	1,000
Debt service:						
Principal	9,139	9,139	9,139	-	9,139	-
Total expenditures	93,639	93,639	82,214	(5,445)	76,769	11,425
Net change	(29,589)	(29,589)	(22,998)	\$ 2,732	\$ (20,266)	6,591
Cash balance, beginning of year	76,329	76,329	76,329			-
Transfer from restricted cash	-	-	8,275			8,275
Cash balance, end of year	\$ 46,740	\$ 46,740	\$ 61,606			\$ 14,866
Explanation of Differences:						
Changes in receivables				\$ (2,713)		
Change in accounts payable				5,445		
				\$ 2,732		

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

STATE OF NEW MEXICO
CATRON COUNTY
LAW ENFORCEMENT 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, 2012

	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>				
Revenues:						
Intergovernmental	\$ 23,600	\$ 23,600	\$ 23,600	\$ -	\$ 23,600	\$ -
Expenditures:						
Current:						
Public safety	-	-	1,163	-	1,163	(1,163)
Capital outlay	33,284	33,284	26,956	-	26,956	6,328
Total expenditures	<u>33,284</u>	<u>33,284</u>	<u>28,119</u>	<u>-</u>	<u>28,119</u>	<u>5,165</u>
Excess (deficiency) of revenues over expenditures	(9,684)	(9,684)	(4,519)	-	(4,519)	5,165
Special Item:						
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>3,747</u>	<u>-</u>	<u>3,747</u>	<u>3,747</u>
Net change	(9,684)	(9,684)	(772)	<u>\$ -</u>	<u>\$ (772)</u>	8,912
Cash balance, beginning of year	<u>12,266</u>	<u>12,266</u>	<u>12,266</u>			<u>-</u>
Cash balance, end of year	<u>\$ 2,582</u>	<u>\$ 2,582</u>	<u>\$ 11,494</u>			<u>\$ 8,912</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
CONFISCATED DRUGS 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, 2012

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>				
Revenues:						
Interest	\$ -	\$ -	\$ 3	\$ (1)	\$ 2	\$ 3
Expenditures:						
Current:						
Public safety	<u>900</u>	<u>900</u>	<u>100</u>	<u>-</u>	<u>100</u>	<u>800</u>
Net change	(900)	(900)	(97)	<u>\$ (1)</u>	<u>\$ (98)</u>	803
Cash balance, beginning of year	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>			<u>-</u>
Cash balance, end of year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 903</u>			<u>\$ 803</u>
Explanation of Differences:						
Change in receivables				<u>\$ (1)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
COPS GRANT 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Interest	\$ -	\$ -	\$ 1	\$ 1	\$ 2	\$ 1
Expenditures:						
Capital outlay	2,500	2,500	-	-	-	2,500
Net change	(2,500)	(2,500)	1	<u>\$ 1</u>	<u>\$ 2</u>	2,501
Cash balance, beginning of year	2,599	2,599	2,599			-
Cash balance, end of year	<u>\$ 99</u>	<u>\$ 99</u>	<u>\$ 2,600</u>			<u>\$ 2,501</u>
Explanation of Differences:						
Change in receivables				<u>\$ 1</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
LEGAL 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Interest	\$ 20	\$ 20	\$ 4	\$ -	\$ 4	\$ (16)
Expenditures:						
Current:						
Public safety	2,300	2,300	-	-	-	2,300
Net change	(2,280)	(2,280)	4	<u>\$ -</u>	<u>\$ 4</u>	2,284
Cash balance, beginning of year	2,389	2,389	2,389			-
Cash balance, end of year	<u>\$ 109</u>	<u>\$ 109</u>	<u>\$ 2,393</u>			<u>\$ 2,284</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
QUEMADO FIRE 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 42,734	\$ 42,734	\$ 49,326	\$ -	\$ 49,326	\$ 6,592
Charges for services	-	-	1,682	2,308	3,990	1,682
Interest	-	-	1	-	1	1
Miscellaneous	-	-	2,023	-	2,023	2,023
Total revenues	<u>42,734</u>	<u>42,734</u>	<u>53,032</u>	<u>2,308</u>	<u>55,340</u>	<u>10,298</u>
Expenditures:						
Current:						
Public safety	40,773	48,015	32,103	3,241	35,344	15,912
Capital outlay	5,000	3,527	1,000	-	1,000	2,527
Debt service:						
Principal	-	-	6,586	-	6,586	(6,586)
Total expenditures	<u>45,773</u>	<u>51,542</u>	<u>39,689</u>	<u>3,241</u>	<u>42,930</u>	<u>11,853</u>
Excess (deficiency) of revenues over expenditures	(3,039)	(8,808)	13,343	(933)	12,410	22,151
Special Item:						
Proceeds from sale of capital assets	-	-	1,069	-	1,069	1,069
Net change	(3,039)	(8,808)	14,412	<u>\$ (933)</u>	<u>\$ 13,479</u>	23,220
Cash balance, beginning of year	5,043	5,043	5,043			-
Transfer from restricted cash	-	-	10			10
Cash balance, end of year	<u>\$ 2,004</u>	<u>\$ (3,765)</u>	<u>\$ 19,465</u>			<u>\$ 23,230</u>
Explanation of Differences:						
Change in receivables				\$ 2,308		
Change in accounts payable				(3,241)		
				<u>\$ (933)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
DATIL FIRE 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 41,736	\$ 41,736	\$ 49,326	\$ -	\$ 49,326	\$ 7,590
Charges for services	-	-	592	-	592	592
Interest	-	-	58	(16)	42	58
Total revenues	<u>41,736</u>	<u>41,736</u>	<u>49,976</u>	<u>(16)</u>	<u>49,960</u>	<u>8,240</u>
Expenditures:						
Current:						
Public safety	44,688	44,688	25,637	4,375	30,012	19,051
Capital outlay	25,000	25,000	1,000	-	1,000	24,000
Debt service:						
Principal	-	-	7,490	-	7,490	(7,490)
Total expenditures	<u>69,688</u>	<u>69,688</u>	<u>34,127</u>	<u>4,375</u>	<u>38,502</u>	<u>35,561</u>
Excess (deficiency) of revenues over expenditures	(27,952)	(27,952)	15,849	(4,391)	11,458	43,801
Special Item:						
Proceeds from sale of capital assets	-	-	120	-	120	120
Net change	(27,952)	(27,952)	15,969	<u>\$ (4,391)</u>	<u>\$ 11,578</u>	43,921
Cash balance, beginning of year	84,094	84,094	84,094			-
Transfer from restricted cash	-	-	74			74
Cash balance, end of year	<u>\$ 56,142</u>	<u>\$ 56,142</u>	<u>\$ 100,137</u>			<u>\$ 43,995</u>
Explanation of Differences:						
Change in receivables				\$ (16)		
Change in accounts payable				<u>(4,375)</u>		
				<u>\$ (4,391)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
GLENWOOD FIRE 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 53,032	\$ 53,032	\$ 68,806	\$ -	\$ 68,806	\$ 15,774
Charges for services	-	-	-	16,946	16,946	-
Interest	-	-	144	(37)	107	144
Total revenues	<u>53,032</u>	<u>53,032</u>	<u>68,950</u>	<u>16,909</u>	<u>85,859</u>	<u>15,918</u>
Expenditures:						
Current:						
Public safety	66,205	66,205	38,465	7,648	46,113	27,740
Capital outlay	65,000	65,000	1,000	-	1,000	64,000
Debt service:						
Principal	-	-	15,727	-	-	(15,727)
Interest	-	-	35	-	-	(35)
Total expenditures	<u>131,205</u>	<u>131,205</u>	<u>55,227</u>	<u>7,648</u>	<u>47,113</u>	<u>75,978</u>
Excess (deficiency) of revenues over expenditures	(78,173)	(78,173)	13,723	9,261	38,746	91,896
Special Item:						
Proceeds from sale of capital assets	-	-	1,737	-	1,737	1,737
Net change	(78,173)	(78,173)	15,460	<u>\$ 9,261</u>	<u>\$ 40,483</u>	93,633
Cash balance, beginning of year	179,050	179,050	179,050			-
Transfer from restricted cash	-	-	25			25
Cash balance, end of year	<u>\$ 100,877</u>	<u>\$ 100,877</u>	<u>\$ 194,535</u>			<u>\$ 93,658</u>
Explanation of Differences:						
Change in receivables				\$ 16,909		
Change in accounts payable				(7,648)		
				<u>\$ 9,261</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
PIE TOWN FIRE 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, 2012

	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>				
Revenues:						
Intergovernmental	\$ 73,985	\$ 73,985	\$ 73,985	\$ -	\$ 73,985	\$ -
Interest	-	-	28	(6)	22	28
Total revenues	<u>73,985</u>	<u>73,985</u>	74,013	(6)	74,007	28
Expenditures:						
Current:						
Public safety	50,369	50,369	39,209	2,731	41,940	11,160
Capital outlay	56,030	56,030	1,000	-	1,000	55,030
Total expenditures	<u>106,399</u>	<u>106,399</u>	40,209	2,731	42,940	66,190
Excess (deficiency) of revenues over expenditures	(32,414)	(32,414)	33,804	(2,737)	31,067	66,218
Special Item:						
Proceeds from sale of capital assets	-	-	787	-	787	787
Net change	(32,414)	(32,414)	34,591	<u>\$ (2,737)</u>	<u>\$ 31,854</u>	67,005
Cash balance, beginning of year	<u>56,450</u>	<u>56,450</u>	<u>56,450</u>			-
Cash balance, end of year	<u>\$ 24,036</u>	<u>\$ 24,036</u>	<u>\$ 91,041</u>			<u>\$ 67,005</u>
Explanation of Differences:						
Change in receivables				\$ (6)		
Change in accounts payable				<u>(2,731)</u>		
				<u>\$ (2,737)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
RANCHO GRANDE FIRE 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 30,240	\$ 30,240	\$ 49,326	\$ -	\$ 49,326	\$ 19,086
Charges for services	-	-	784	-	784	784
Interest	-	-	268	(10)	258	268
Total revenues	30,240	30,240	50,378	(10)	50,368	20,138
Expenditures:						
Current:						
Public safety	70,814	70,814	29,942	15,707	45,649	40,872
Capital outlay	10,000	299,275	51,301	-	51,301	247,974
Debt service:						
Principal	-	-	15,536	-	15,536	(15,536)
Interest and other charges	-	-	3,537	-	3,537	(3,537)
Total expenditures	80,814	370,089	100,316	15,707	116,023	269,773
Excess (deficiency) of revenues over expenditures	(50,574)	(339,849)	(49,938)	(15,717)	(65,655)	289,911
Other Financing Sources:						
Loan proceeds	-	289,275	-	-	-	(289,275)
Special Item:						
Proceeds from sale of capital assets	-	-	2,934	-	2,934	2,934
Net change	(50,574)	(50,574)	(47,004)	<u>\$ (15,717)</u>	<u>\$ (62,721)</u>	3,570
Cash balance, beginning of year	88,854	88,854	88,854			-
Transfer from restricted cash	-	-	38,969			38,969
Cash balance, end of year	<u>\$ 38,280</u>	<u>\$ 38,280</u>	<u>\$ 80,819</u>			<u>\$ 42,539</u>
Explanation of Differences:						
Change in receivables				\$ (10)		
Change in accounts payable				<u>(15,707)</u>		
				<u>\$ (15,717)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
LUNA FIRE 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 49,326	\$ 49,326	\$ 49,326	\$ -	\$ 49,326	\$ -
Charges for services	-	-	29,530	1,796	31,326	29,530
Interest	-	-	14	(3)	11	14
Miscellaneous	-	-	6,569	-	6,569	6,569
Total revenues	<u>49,326</u>	<u>49,326</u>	<u>85,439</u>	<u>1,793</u>	<u>87,232</u>	<u>36,113</u>
Expenditures:						
Current:						
Public safety	31,436	85,410	51,751	2,529	54,280	33,659
Capital outlay	8,000	-	1,000	-	1,000	(1,000)
Total expenditures	<u>39,436</u>	<u>85,410</u>	<u>52,751</u>	<u>2,529</u>	<u>55,280</u>	<u>32,659</u>
Excess (deficiency) of revenues over expenditures	9,890	(36,084)	32,688	(736)	31,952	68,772
Other Financing Sources:						
Transfers in	5,000	5,000	-	-	-	(5,000)
Net change	14,890	(31,084)	32,688	<u>\$ (736)</u>	<u>\$ 31,952</u>	63,772
Cash balance, beginning of year	<u>6,707</u>	<u>6,707</u>	<u>6,707</u>			<u>-</u>
Cash balance, end of year	<u>\$ 21,597</u>	<u>\$ (24,377)</u>	<u>\$ 39,395</u>			<u>\$ 63,772</u>
Explanation of Differences:						
Change in receivables				\$ 1,793		
Change in accounts payable				<u>(2,529)</u>		
				<u>\$ (736)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
APACHE CREEK FIRE 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 115,546	\$ 115,546	\$ 155,758	\$ -	\$ 155,758	\$ 40,212
Charges for services	-	-	6,752	-	6,752	6,752
Interest	250	250	181	(12)	169	(69)
Total revenues	115,796	115,796	162,691	(12)	162,679	46,895
Expenditures:						
Current:						
Public safety	142,382	142,382	50,086	3,901	53,987	92,296
Capital outlay	50,000	50,000	-	-	-	50,000
Debt service:						
Principal	-	-	34,894	-	34,894	(34,894)
Interest and other charges	-	-	4,946	-	4,946	(4,946)
Total expenditures	192,382	192,382	89,926	3,901	93,827	102,456
Excess (deficiency) of revenues over expenditures	(76,586)	(76,586)	72,765	(3,913)	68,852	149,351
Special Item:						
Proceeds from sale of capital assets	-	-	59	-	59	59
Net change	(76,586)	(76,586)	72,824	<u>\$ (3,913)</u>	<u>\$ 68,911</u>	149,410
Cash balance, beginning of year	171,055	171,055	171,055			-
Transfer from restricted cash	-	-	5			5
Cash balance, end of year	<u>\$ 94,469</u>	<u>\$ 94,469</u>	<u>\$ 243,884</u>			<u>\$ 149,415</u>
Explanation of Differences:						
Change in receivables				\$ (12)		
Change in accounts payable				(3,901)		
				<u>\$ (3,913)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
HORSE MOUNTAIN FIRE 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Actual on GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 40,415	\$ 40,415	\$ 49,326	\$ -	\$ 49,326	\$ 8,911
Charges for services	-	-	3,751	-	3,751	3,751
Interest	250	250	22	(4)	18	(228)
Total revenues	40,665	40,665	53,099	(4)	53,095	12,434
Expenditures:						
Current:						
Public safety	62,753	62,753	41,660	(1,899)	39,761	21,093
Capital outlay	5,000	5,000	1,000	-	1,000	4,000
Debt service:						
Principal	-	-	12,974	-	12,974	(12,974)
Interest and other charges	-	-	233	-	233	(233)
Total expenditures	67,753	67,753	55,867	(1,899)	53,968	11,886
Excess (deficiency) of revenues over expenditures	(27,088)	(27,088)	(2,768)	1,895	(873)	24,320
Special Item:						
Proceeds from sale of capital assets	-	-	3,226	-	3,226	3,226
Net change	(27,088)	(27,088)	458	\$ 1,895	\$ 2,353	27,546
Cash balance, beginning of year	45,653	45,653	45,653			-
Transfer from restricted cash	-	-	4,327			4,327
Cash balance, end of year	\$ 18,565	\$ 18,565	\$ 50,438			\$ 31,873
Explanation of Differences:						
Change in receivables				\$ (4)		
Change in accounts payable				1,899		
				\$ 1,895		

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

STATE OF NEW MEXICO
CATRON COUNTY
QUEMADO LAKE FIRE 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Actual on GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 33,626	\$ 33,626	\$ 49,326	\$ -	\$ 49,326	\$ 15,700
Interest	-	-	34	(7)	27	34
Total revenues	33,626	33,626	49,360	(7)	49,353	15,734
Expenditures:						
Current:						
Public safety	45,216	45,216	18,955	3,078	22,033	26,261
Capital outlay	2,000	2,000	1,000	-	1,000	1,000
Debt service:						
Principal	-	-	15,712	-	15,712	(15,712)
Total expenditures	47,216	47,216	35,667	3,078	38,745	11,549
Excess (deficiency) of revenues over expenditures	(13,590)	(13,590)	13,693	(3,085)	10,608	27,283
Special Item:						
Proceeds from sale of capital assets	-	-	182	-	182	182
Net change	(13,590)	(13,590)	13,875	<u>\$ (3,085)</u>	<u>\$ 10,790</u>	27,465
Cash balance, beginning of year	23,887	23,887	23,887			-
Transfer from restricted cash	-	-	23			23
Cash balance, end of year	<u>\$ 10,297</u>	<u>\$ 10,297</u>	<u>\$ 37,785</u>			<u>\$ 27,488</u>
Explanation of Differences:						
Change in receivables				\$ (7)		
Change in accounts payable				<u>(3,078)</u>		
				<u>\$ (3,085)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
COYOTE CREEK FIRE 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, 2012

	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>				
Revenues:						
Interest	\$ -	\$ -	\$ 30	\$ (3)	\$ 27	\$ 30
Expenditures:						
Current:						
Public safety	17,600	17,600	7,351	2,615	9,966	10,249
Debt service:						
Principal	<u>17,259</u>	<u>17,259</u>	<u>34,274</u>	<u>-</u>	<u>34,274</u>	<u>(17,015)</u>
Total expenditures	<u>34,859</u>	<u>34,859</u>	<u>41,625</u>	<u>2,615</u>	<u>44,240</u>	<u>(6,766)</u>
(Deficiency) of revenues over expenditures	(34,859)	(34,859)	(41,595)	(2,618)	(44,213)	(6,736)
Special Item:						
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>85</u>	<u>-</u>	<u>85</u>	<u>85</u>
Net change	(34,859)	(34,859)	(41,510)	<u>\$ (2,618)</u>	<u>\$ (44,128)</u>	(6,651)
Cash balance, beginning of year	35,180	35,180	35,180			-
Transfer to restricted cash	<u>-</u>	<u>-</u>	<u>17,037</u>			<u>17,037</u>
Cash balance, end of year	<u>\$ 321</u>	<u>\$ 321</u>	<u>\$ 10,707</u>			<u>\$ 10,386</u>
Explanation of Differences:						
Change in receivables				\$ (3)		
Change in accounts payable				<u>(2,615)</u>		
				<u>\$ (2,618)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
WILD HORSE FIRE 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 35,462	\$ 35,462	\$ 49,326	\$ -	\$ 49,326	\$ 13,864
Interest	-	-	67	(2)	65	67
Miscellaneous	-	-	2,676	-	2,676	2,676
Total revenues	<u>35,462</u>	<u>35,462</u>	<u>52,069</u>	<u>(2)</u>	<u>52,067</u>	<u>16,607</u>
Expenditures:						
Current:						
Public safety	38,103	38,103	28,673	5,880	34,553	9,430
Capital outlay	1,000	1,000	1,000	-	1,000	-
Debt service:						
Principal	-	-	12,306	-	12,306	(12,306)
Interest and other charges	-	-	1,420	-	1,420	(1,420)
Total expenditures	<u>39,103</u>	<u>39,103</u>	<u>43,399</u>	<u>5,880</u>	<u>49,279</u>	<u>(4,296)</u>
Excess (deficiency) of revenues over expenditures	(3,641)	(3,641)	8,670	(5,882)	2,788	12,311
Special Item:						
Proceeds from sale of capital assets	-	-	2,041	-	2,041	2,041
Net change	(3,641)	(3,641)	10,711	<u>\$ (5,882)</u>	<u>\$ 4,829</u>	14,352
Cash balance, beginning of year	5,931	5,931	5,931			-
Transfer to restricted cash	-	-	(5)			(5)
Cash balance, end of year	<u>\$ 2,290</u>	<u>\$ 2,290</u>	<u>\$ 16,637</u>			<u>\$ 14,347</u>
Explanation of Differences:						
Change in receivables				\$ (2)		
Change in accounts payable				(5,880)		
				<u>\$ (5,882)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
CATRON COUNTY FIRE DEPARTMENT 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 66,198	\$ 66,198	\$ 66,198	\$ -	\$ 66,198	\$ -
Charges for services	-	-	1,666	-	1,666	1,666
Total revenues	66,198	66,198	67,864	-	67,864	1,666
Expenditures:						
Current:						
Public safety	66,800	66,800	51,220	3,269	54,489	15,580
Capital outlay	-	-	2,607	-	2,607	(2,607)
Total expenditures	66,800	66,800	53,827	3,269	57,096	12,973
Excess (deficiency) of revenues over expenditures	(602)	(602)	14,037	<u>\$ (3,269)</u>	<u>\$ 10,768</u>	14,639
Cash balance, beginning of year	10,408	10,408	10,408			-
Cash balance, end of year	<u>\$ 9,806</u>	<u>\$ 9,806</u>	<u>\$ 24,445</u>			<u>\$ 14,639</u>
Explanation of Differences:						
Change in accounts payable				<u>\$ (3,269)</u>		

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

**OTHER CAPITAL PROJECTS FUND
BUDGETARY COMPARISON STATEMENT**

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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variances With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 153,924	\$ 153,924	\$ 161,806	\$ (123,338)	\$ 38,468	\$ 7,882
Expenditures:						
Current:						
Health and welfare	11,369	11,369	15,918	(8,335)	7,583	(4,549)
Culture and recreation	5,919	5,919	7,193	-	7,193	(1,274)
Capital outlay	-	-	24,396	-	24,396	(24,396)
Total expenditures	<u>17,288</u>	<u>17,288</u>	<u>47,507</u>	<u>(8,335)</u>	<u>39,172</u>	<u>(30,219)</u>
Excess (deficiency) of revenues over expenditures	136,636	136,636	114,299	(115,003)	(704)	(22,337)
Other Financing Sources:						
Transfer in	<u>74,455</u>	<u>74,455</u>	<u>74,455</u>	<u>62,868</u>	<u>137,323</u>	<u>-</u>
Net change	211,091	211,091	188,754	<u>\$ (52,135)</u>	<u>\$ 136,619</u>	(22,337)
Cash balance, beginning of year	548,300	548,300	548,300			-
Interfund loan	<u>-</u>	<u>-</u>	<u>(737,054)</u>			<u>(737,054)</u>
Cash balance, end of year	<u>\$ 759,391</u>	<u>\$ 759,391</u>	<u>\$ -</u>			<u>\$ (759,391)</u>
Explanation of Differences:						
Change in receivables				\$ (123,338)		
Change in payables				8,335		
Change in transfers in				<u>62,868</u>		
				<u>\$ (52,135)</u>		

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

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS
JUNE 30, 2012

	Ambulance Fund	Airport Fund	Total
Assets:			
Current assets:			
Cash	\$ 90,535	\$ 2,389	\$ 92,924
Receivables, net	168,272	-	168,272
Prepaid expenses	-	850	850
Total current assets	258,807	3,239	262,046
Noncurrent assets:			
Capital assets:			
Buildings	51,129	-	51,129
Equipment	41,167	-	41,167
Less accumulated depreciation	(8,999)	-	(8,999)
Total capital assets, net	83,297	-	83,297
Total assets	342,104	3,239	345,343
Liabilities:			
Current liabilities:			
Accounts payable	5,885	94	5,979
Accrued salaries	129	-	129
Due to other funds	57,611	26,295	83,906
Total current liabilities	63,625	26,389	90,014
Net assets:			
Invested in capital assets	83,297	-	83,297
Unrestricted (deficit)	195,182	(23,150)	172,032
Total net assets	\$ 278,479	\$ (23,150)	\$ 255,329

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
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Ambulance Fund	Airport Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Charges for services	\$ 54,707	\$ -	\$ 54,707
Operating Expenses:			
Personnel services	23,317	-	23,317
Utilities	15,993	-	15,993
Contractual services	29,896	-	29,896
Repairs and maintenance	7,204	2,054	9,258
Insurance premiums	3,188	1,679	4,867
Other operating expenses	91,732	-	91,732
Depreciation	4,096	-	4,096
	<u>175,426</u>	<u>3,733</u>	<u>179,159</u>
Total operating expenses			
Operating (loss)	(120,719)	(3,733)	(124,452)
Non-Operating Revenues (Expenses):			
State shared taxes	45,012	-	45,012
Interest income	162	-	162
	<u>45,174</u>	<u>-</u>	<u>45,174</u>
Total non-operating revenues (expenses)			
(Loss) before transfers	(75,545)	(3,733)	(79,278)
Transfers:			
Transfers in	-	3,500	3,500
	<u> </u>	<u> </u>	<u> </u>
Change in net assets	(75,545)	(233)	(75,778)
Net assets, beginning of year	<u>354,024</u>	<u>(22,917)</u>	<u>331,107</u>
Net assets, end of year	<u>\$ 278,479</u>	<u>\$ (23,150)</u>	<u>\$ 255,329</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Ambulance Fund	Airport Fund	Total Non-Major Funds
Cash Flows From Operating Activities:			
Cash received from customers	\$ 82,112	\$ -	\$ 82,112
Cash payments to suppliers for goods and services	(146,800)	(3,715)	(150,515)
Cash payments to employees for services	(23,188)	-	(23,188)
Net cash (used) by operating activities	(87,876)	(3,715)	(91,591)
Cash Flows From Non-Capital and Related Financing Activities:			
State shared taxes	43,517	-	43,517
Transfers in	-	3,500	3,500
Net cash provided by non-capital and related financing activities	43,517	3,500	47,017
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	(76,035)	-	(76,035)
Cash Flows From Investing Activities:			
Interest income	210	-	210
Net (decrease) in cash	(120,184)	(215)	(120,399)
Cash and cash equivalents, beginning of year	135,719	2,604	138,323
Cash and cash equivalents, end of year	<u>\$ 15,535</u>	<u>\$ 2,389</u>	<u>\$ 17,924</u>
Displayed as:			
Cash	\$ 90,535	\$ 2,389	\$ 92,924
Time deposits not considered cash equivalents	(75,000)	-	(75,000)
	<u>\$ 15,535</u>	<u>\$ 2,389</u>	<u>\$ 17,924</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating (loss)	\$ (120,719)	\$ (3,733)	\$ (124,452)
Adjustment to Reconcile Operating Income to Cash Provided by Operating Activities:			
Depreciation	4,096	-	4,096
Changes in Assets and Liabilities:			
(Decrease) in accounts receivable	27,405	-	27,405
(Decrease) Increase in prepaid expenses	3,188	(7)	3,181
Decrease (Increase) in accounts payable	(1,975)	25	(1,950)
Decrease in accrued salaries	129	-	129
Total adjustments	32,843	18	32,861
Net cash (used) by operating activities	<u>\$ (87,876)</u>	<u>\$ (3,715)</u>	<u>\$ (91,591)</u>

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

**MAJOR ENTERPRISE FUND
BUDGETARY COMPARISON STATEMENT**

STATE OF NEW MEXICO
CATRON COUNTY
LANDFILL 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variances With Final Budget Over (Under)
	Original Budget	Final Budget				
Operating Revenues:						
Charges for services	\$ 291,836	\$ 291,836	\$ 293,612	\$ 3,787	\$ 297,399	\$ 1,776
Operating Expenses:						
Personnel services	259,212	259,212	372,443	(2,445)	369,998	(113,231)
Contractual services	66,000	66,000	168,626	(6,004)	162,622	(102,626)
Insurance premiums	21,000	21,000	11,470	265	11,735	9,530
Post-closure costs	131,196	131,196	86,735	(86,735)	-	44,461
Other operating expenses	23,350	23,350	52,922	7,338	60,260	(29,572)
Depreciation	-	-	-	36,732	36,732	-
Total operating expenses	<u>500,758</u>	<u>500,758</u>	<u>692,196</u>	<u>(50,849)</u>	<u>641,347</u>	<u>(191,438)</u>
Operating (loss)	(208,922)	(208,922)	(398,584)	54,636	(343,948)	(189,662)
Non-Operating Revenues (Expenses):						
Gross receipts taxes	43,517	43,517	43,517	1,495	45,012	-
Intergovernmental	188,887	188,887	188,887	(108,887)	80,000	-
Interest income	1,859	1,859	-	-	-	(1,859)
Capital outlay	<u>(111,380)</u>	<u>(111,380)</u>	<u>(22,983)</u>	<u>22,983</u>	<u>-</u>	<u>88,397</u>
Total non-operating revenues (expenses)	122,883	122,883	209,421	(84,409)	125,012	86,538
Special Item:						
Gain on sale of capital assets	500	500	83	-	83	(417)
Transfers:						
Transfers in	<u>510,000</u>	<u>510,000</u>	<u>510,000</u>	<u>-</u>	<u>510,000</u>	<u>-</u>
Net change	424,461	424,461	320,920	<u>\$ (29,773)</u>	<u>\$ 291,147</u>	(103,541)
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>
Cash balance, end of year	<u>\$ 424,461</u>	<u>\$ 424,461</u>	<u>\$ 320,920</u>			<u>\$ (103,541)</u>
Explanation of Differences:						
Change in receivables				\$ (103,605)		
Additions to capital assets				22,983		
Change in prepaid expenses				(265)		
Change in accounts payable				(1,334)		
Change in accrued salaries				1,877		
Change on compensated absences				568		
Change in post-closure costs				86,735		
Depreciation				<u>(36,732)</u>		
				<u>\$ (29,773)</u>		

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

**OTHER ENTERPRISE FUNDS
BUDGETARY COMPARISON STATEMENTS**

STATE OF NEW MEXICO
CATRON COUNTY
AMBULANCE 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variances With Final Budget Over (Under)
	Original Budget	Final Budget				
Operating Revenues:						
Charges for services	\$ 140,000	\$ 140,000	\$ 82,112	\$ (27,405)	\$ 54,707	\$ (57,888)
Operating Expenses:						
Personnel services	-	19,300	23,188	129	23,317	(3,888)
Contractual services	64,000	64,000	33,462	(3,566)	29,896	30,538
Utilities	16,000	16,450	16,000	(7)	15,993	450
Repairs and maintenance	17,500	19,200	7,318	(114)	7,204	11,882
Insurance premiums	6,000	6,000	-	3,188	3,188	6,000
Other operating expenses	98,650	110,250	90,020	1,712	91,732	20,230
Depreciation	-	-	-	4,096	4,096	-
Total operating expenses	202,150	235,200	169,988	5,438	175,426	65,212
Operating (loss)	(62,150)	(95,200)	(87,876)	(32,843)	(120,719)	7,324
Non-Operating Revenues (Expenses):						
State shared taxes	42,000	42,000	43,517	1,495	45,012	1,517
Interest income	200	200	210	(48)	162	10
Capital outlay	(75,000)	(96,000)	(76,035)	76,035	-	19,965
Total non-operating revenues (expenses)	(32,800)	(53,800)	(32,308)	77,482	45,174	21,492
Net change	(94,950)	(149,000)	(120,184)	\$ 44,639	\$ (75,545)	28,816
Cash balance, beginning of year	210,719	210,719	210,719			-
Cash balance, end of year	\$ 115,769	\$ 61,719	\$ 90,535			\$ 28,816
Explanation of Differences:						
Change in receivables				\$ (25,958)		
Change in prepaid expenses				(3,188)		
Additions to capital assets				76,035		
Change in accounts payable				1,975		
Change in accrued salaries				(129)		
Depreciation				(4,096)		
				\$ 44,639		

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

STATE OF NEW MEXICO
CATRON COUNTY
AIRPORT 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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Actual on Budgetary Basis	Actual on Budgetary Basis	Budgetary Basis Variances With Final Budget Over (Under)
	Original Budget	Final Budget				
Operating Expenses:						
Repairs and maintenance	\$ 4,200	\$ 4,200	\$ 2,029	\$ 25	\$ 2,054	\$ 2,171
Insurance premiums	-	-	1,686	(7)	1,679	(1,686)
Total operating expenses	<u>4,200</u>	<u>4,200</u>	<u>3,715</u>	<u>18</u>	<u>3,733</u>	<u>485</u>
Operating (loss)	(4,200)	(4,200)	(3,715)	18	(3,733)	(485)
Non-Operating (Expenses):						
Capital outlay	(1,000)	(1,000)	-	-	-	(1,000)
Transfers:						
Transfers in	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>-</u>
Net change	(1,700)	(1,700)	(215)	<u>\$ 18</u>	<u>\$ (233)</u>	1,485
Cash balance, beginning of year	<u>2,604</u>	<u>2,604</u>	<u>2,604</u>			<u>-</u>
Cash balance, end of year	<u>\$ 904</u>	<u>\$ 904</u>	<u>\$ 2,389</u>			<u>\$ 1,485</u>
Explanation of Differences:						
Change in prepaid expenses				\$ 7		
Change in accounts payable				<u>(25)</u>		
				<u>\$ (18)</u>		

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

OTHER 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, 2012

	Balance 06/30/11	Increases/ Receipts	Decreases/ Disbursements	Balance 06/30/12
Property Tax Fund				
Assets:				
Cash	\$ 10,164	\$ 670,150	\$ 676,882	\$ 3,432
Taxes receivable	78,475	-	803	77,672
Total assets	<u>\$ 88,639</u>	<u>\$ 670,150</u>	<u>\$ 677,685</u>	<u>\$ 81,104</u>
Liabilities:				
Deposits held for others	\$ 10,164	\$ 670,150	\$ 676,882	\$ 3,432
Due to other tax units - future collections	78,475	-	803	77,672
Total liabilities	<u>\$ 88,639</u>	<u>\$ 670,150</u>	<u>\$ 677,685</u>	<u>\$ 81,104</u>
Children's Trust Fund				
Assets:				
Cash	<u>\$ 15</u>	<u>\$ 240</u>	<u>\$ 240</u>	<u>\$ 15</u>
Liabilities:				
Deposits held for others	<u>\$ 15</u>	<u>\$ 285</u>	<u>\$ 240</u>	<u>\$ 15</u>
Total Agency Funds				
Assets:				
Cash	\$ 10,179	\$ 670,390	\$ 677,122	\$ 3,447
Taxes receivable	78,475	-	803	77,672
Total assets	<u>\$ 88,654</u>	<u>\$ 670,390</u>	<u>\$ 677,925</u>	<u>\$ 81,119</u>
Liabilities:				
Deposits held for others	\$ 10,179	\$ 670,390	\$ 677,122	\$ 3,447
Due to other tax units - future collections	78,475	-	803	77,672
Total liabilities	<u>\$ 88,654</u>	<u>\$ 670,390</u>	<u>\$ 677,925</u>	<u>\$ 81,119</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2012

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	\$ 3,037,704	\$ (96,825)	\$ 2,940,879
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>\$ 6,587,704</u>	<u>\$ (96,825)</u>	<u>\$ 6,490,879</u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2012

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

<u>Security</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Market Value</u>
FFCB Non CBL	31331X5Z1	10/01/15	\$ 1,140,300
FHLB Non CBL	3133XN4B2	12/01/22	2,966,002
US Treasury Notes	912810DW5	05/01/16	1,254,000
FHLB Non CBL	31331VKU9	04/01/25	639,950
		Total	<u>\$ 6,000,252</u>

The holder of the collateral pledged by First State Bank is the Federal Reserve Bank of Boston, 600 Atlantic Avenue, Boston, Massachusetts.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF TAX ROLL RECONCILIATION -
CHANGES IN PROPERTY TAXES RECEIVABLES
FOR THE YEAR ENDED JUNE 30, 2012

Property taxes receivable, beginning of year	\$ 237,535
Changes to Tax Roll:	
Net taxes charged to treasurer for fiscal year	1,891,184
Adjustments:	
Net adjustments and charge offs-prior years	<u>12,180</u>
Total receivables prior to collections	2,140,899
Collections for fiscal year ended June 30, 2012	<u>(1,905,794)</u>
Property taxes receivable, end of the year	<u><u>\$ 235,105</u></u>
Property taxes receivable by years:	
2001	\$ 2,403
2002	453
2003	9,716
2004	7,257
2005	-
2006	1,899
2007	6,503
2008	11,195
2009	22,312
2010	46,490
2011	<u>126,877</u>
	<u><u>\$ 235,105</u></u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2012

Agency	Undistributed Taxes 06/30/11	Collections	Distributions	Undistributed Taxes 06/30/12
Catron County:				
Current advalorem	\$ -	\$ 1,174,742	\$ 1,174,742	\$ -
Delinquent advalorem	-	95,502	95,502	-
Administration fee	-	1,338	1,338	-
Re-appraisal	-	19,044	19,044	-
Total	-	1,290,626	1,290,626	-
Special Districts:				
Sierra Soil & Water District	-	252	252	-
Municipalities:				
Village of Reserve	-	12,102	12,102	-
State of New Mexico:				
State levy	-	168,427	168,427	-
Cattle levy	-	43,715	43,715	-
Sheep/goat levy	-	37	37	-
Equine/horse levy	-	1,925	1,925	-
Dairy cattle levy	-	1	1	-
State P & I	-	7,277	7,277	-
Costs to State	55	6,500	6,500	55
Total	55	227,882	227,882	55
Reserve Schools:				
Operational	-	22,020	22,020	-
Quemado Schools:				
Operational	-	30,862	30,862	-
Debt service	-	179,879	179,879	-
Capital improvements	-	155,988	155,988	-
Total	-	366,729	366,729	-
Subtotal	55	1,919,611	1,919,611	55
Miscellaneous:				
Overpayments	4,150	4,505	7,819	836
Taxes paid in advance	5,959	5,004	8,422	2,541
Total	10,109	9,509	16,241	3,377
Subtotal	10,164	1,929,120	1,935,852	3,432
Children's Trust Fund	15	240	240	15
Grand Total	\$ 10,179	\$ 1,929,360	\$ 1,936,092	\$ 3,447

STATE OF NEW MEXICO
CATRON COUNTY
COUNTY TREASURER'S - PROPERTY TAX SCHEDULE
JUNE 30, 2012

Year	Net Property Taxes Levied	Collected Current Year	Collected To Date	Distributed Current Year	Distributed To Date	County Receivable at Year End
Advalorem						
2000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2001	953,030	-	950,627	-	950,627	2,403
2002	1,093,911	-	1,093,458	-	1,093,458	453
2003	1,135,839	83	1,126,123	83	1,126,123	9,716
2004	993,436	11	986,179	11	986,179	7,257
2005	1,157,749	50	1,157,749	50	1,157,749	-
2006	1,249,552	51	1,247,653	51	1,247,653	1,899
2007	1,421,823	1,688	1,415,320	1,688	1,415,320	6,503
2008	1,623,518	7,195	1,612,323	7,195	1,612,323	11,195
2009	1,740,202	25,868	1,717,890	25,868	1,717,890	22,312
2010	1,826,551	113,956	1,780,061	113,956	1,780,061	46,490
2011	1,883,769	1,756,892	1,756,892	1,756,892	1,756,892	126,877
	<u>\$ 15,079,380</u>	<u>\$ 1,905,794</u>	<u>\$ 14,844,275</u>	<u>\$ 1,905,794</u>	<u>\$ 14,844,275</u>	<u>\$ 235,105</u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2012

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, 2011 through June 30, 2012. 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, 2012

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.

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

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	11-03-942	\$ 150,000	\$ 83,941
Schools and Roads - Grants to States	10.665	FY2009 - Title I	2,984,118	355,700
Schools and Roads - Grants to States	10.665	FY2010 - Title I	300,670	2,806,139
Schools and Roads - Grants to States	10.665	FY2010 - Title III	494,228	362,428
Schools and Roads - Grants to States	10.665	FY2011 - Title III	323,665	55,396
Forest Service Patrol	10.670	11-LE-11030600-003	22,000	21,999
Forest Service Patrol	10.670	12-LE-11030600-003	20,000	<u>7,121</u>
Total U.S. Department of Agriculture				3,692,724
U.S. Department of the Interior/ Bureau of Land Management				
Distribution of Receipts to State and Local Governments	15.227	Taylor Grazing Act	18,800	<u>18,800</u>
Total Expenditures of Federal Awards				<u><u>\$ 3,711,524</u></u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

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 \$3,711,524. The amounts of expenditures within the funds are reflected within the financial statements as follows:

General Fund	
Public safety	\$ 29,120
Public works	622,092
Health and welfare	417,824
Capital outlay	2,539,747
 Special Revenue Funds	
<u>Farm and Range Fund</u>	
Health and welfare	18,800
 <u>20 Communities Fund</u>	
Health and welfare	83,941
	\$ 3,711,524
	\$ 3,711,524

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, 2012, and have issued our report thereon dated November 7, 2012, 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 and major funds 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 nonmajor governmental and nonmajor enterprise funds and the related budgetary comparisons presented as supplemental information in the accompanying combining and individual fund financial statements. Our opinion on the nonmajor 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, 2010-03, 2011-01, 2011-04, 2012-01, 2012-02, and 2012-03.

We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* 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.

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

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

November 7, 2012

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 Compliance with Requirements That Could Have a Direct and
Material Effect on Each Major Program and on 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, 2012. 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, 2012.

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

November 7, 2012

**STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012**

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, 2012

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 twelve credit card payments that totaled \$23,036. We noted fourteen instances where there were no receipts attached. The missing receipts are for fuel and vehicle maintenance. The total dollar amount of the missing receipts was \$768.

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 – 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. The County is expecting full compliance regarding this issue.

*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 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, 2012

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 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, 2012

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. We plan to be in compliance with this issue very soon.

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 nine 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 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. We plan to be in compliance regarding this issue very soon.

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, 2012.

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 an 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, 2012

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 recommend 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. We plan to be in compliance regarding this issue very soon.

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, 2012

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 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 affect 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, 2012

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

Recommendation – We recommend 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. We will continue to seek a resolution regarding 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
Coyote Fire Fund	\$ 34,859	\$ 41,625	\$ 6,766
Wild Horse Fire Fund	39,103	43,399	4,296
Capital Projects Fund	17,288	47,507	30,219
Landfill Enterprise Fund	500,758	692,196	191,438

Criteria – Sections 6-6-6 through 6-6-11 NMSA 1978 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 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, 2012

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. We continue to make an effort to comply with this requirement.

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

Statement of Condition – The County budgeted a deficit ending cash balance of \$3,765 in the Quemado Fire Special Revenue fund, \$24,377 in the Luna Fire Special Revenue fund, and \$6,133 in the 20 Communities special revenue fund.

Criteria – Sections 6-6-6 through 6-6-11 NMSA 1978 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 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. We continue to make an effort to comply with this concern.

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 12.00 hours of sick leave available but was paid for 30.00 hours.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

Statement of Condition (continued) –

- One employee had 13.25 hours of vacation leave available but was paid for 20.00 hours, thus leaving the employee with a negative balance of 6.75 hours of vacation leave.
- One employee had 18.00 hours of sick leave available but was paid for 20.00 hours, thus leaving the employee with a negative balance of 4.00 hours of sick leave. The following pay period the employee was paid for 10.00 hours, thus continuing a negative balance of 10.00 hours. This employee had enough vacation available to absorb the hours used; however, the County did not use vacation hours to absorb the necessary hours.

Criteria – New Mexico State Statutes Section 6-6-3 NMSA 1978 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 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 and correctly reflect in the accounting records.

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. County department heads will be required to review requested vacation and sick leave for their employees.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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.

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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

Cause (continued) – 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, due to budget constraints, 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, 2012

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 efforts to comply with this consideration.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

Statement of Condition – The County uses one bank account for all funds. While the County prepares the monthly 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, 2012 was \$2,941,030; while, the general ledger balance was \$2,940,879. The difference was \$151. 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 NMSA 1978 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 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 plan to be able to clear this deficiency shortly.

Item 2010-03 – Compliance – Anti-Donation Clause

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

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 the 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 October 19, 2011 of which those minutes have yet to be presented for approval. 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.

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, 2012

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

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 intends to be in full compliance with the state statutes.

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 fifteen instances which required mileage (actual or per diem) reimbursement. Of those fifteen instances, six 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. Five of those instances, the employees were overpaid in the amount of \$156. For one instance the employee was underpaid in the amount of \$3.
- There were two instances where the employee failed to enter departure date on their mileage and per diem form.
- There was one instance where the employee’s per diem request was calculated incorrectly prior to payment. The employee was overpaid by \$165.

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).*”

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

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

Criteria – 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.

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 continue making corrections as needed.

Item 2012-01 – Compliance – Independent Contractor vs. Employee

Statement of Condition – The County contracts with individuals for the positions of County Fire Chief and the Firewise Communities Program and Biomass Director. The County Fire Chief and the Biomass Director reports to the County Manager, who has retained the right to control the services performed by the Fire Chief and the Biomass Director. The County Fire Chief and the Biomass Director are treated as independent contractors and as such are issued a 1099-MISC for tax purposes at the end of the year

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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2012-01 – Compliance – Independent Contractor vs. Employee (continued)

Criteria (continued) – 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 County Fire Chief and the Biomass Director as independent contractors.

Recommendation – We recommend the County review code section 3121(d)(2) and the job description of the County Fire Chief and Biomass Director positions for proper employment classification. The decision of either employee or independent contractor should be in full compliance with federal regulations.

Views of Responsible Officials and Planned Corrective Actions – The County will examine this issue and make a decision which will be in full compliance with the Internal Revenue Code.

Item 2012-02 – 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 deviation of the New Mexico Procurement Code:

- The County prepared a sealed bid request that specified attaching a separate sheet listing four commercial references. There were five bidders; two who did not submit references. The board of commissioners awarded the bid to the lowest bidder, even though the bidder had not submitted commercial references.

Criteria –New Mexico Procurement Code Section 13-1-164 states, “All specifications shall be drafted so as to ensure maximum practicable competition and fulfill the requirements of state agencies and local public bodies.”

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2012-02 – Compliance – Procurement Code (continued)

Effect – The County is currently not in compliance with the New Mexico Procurement Code concerning the selecting the low bidder since they had not met all the requirements of the bid. Any person, firm, or corporation that knowingly violates any provision of the Procurement Code is subject to a civil penalty of not more than one thousand dollars (\$1,000) for each procurement in violation of any provision of the Procurement Code [13-1-28 to 13-1-117 and 13-1-118 to 13-1-199].

Cause – The Board of Commissioners awarded the bid because they were familiar with the work of the bidder.

Recommendation – We recommend County Commissioners and management review the provisions of the New Mexico Procurement Code to ensure compliance in future awarding processes.

Views of Responsible Officials and Planned Corrective Actions – The County agrees with the recommendation and is working to ensure that we move toward full compliance with the New Mexico Procurement Code in all future awarding processes.

Item 2012-03 – 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 (LGD) by June 1, 2012. The County approved, by resolution, the final budget for the fiscal year ended June 30, 2013 on August 1, 2012. As of November 7, 2012, the budget has not been approved by LGD.

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

Effect – The governing public bodies that do not have an approved operating budget in place by July 1, 2012, do not have any statutory authority to expend funds or incur liabilities for the 2012-2013 fiscal year including any proposed raises or expenditures. Until such time budgetary authority is granted for the ensuing fiscal year, the entity must operate under its approved 2011-2012 fiscal year operating budget.

Cause – There were many factors that occurred, which precluded accurate and timely submission of the preliminary annual budget to the New Mexico Department of Finance and Administration by June 1, 2012.

**STATE OF NEW MEXICO
CATRON COUNTY**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2012-03 – Compliance – Annual Budget Process (continued)

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

Views of Responsible Officials and Planned Corrective Actions – We concur with the statement of condition and recommendation. We have had a significant change in the management staff of the County. We feel we have made diligent efforts to provide an accurate budget that clearly reflects all County operations and will continue our goal to be in compliance with budget deadlines.

**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 and Datil. 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, 2012

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 two 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 County changed its policy and procedure related to the accounting for uniform allowances to ensure compliance with federal regulations. The finding is considered 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.

Item 2010-02 – Independent Contractor vs. Employee – The County misclassified several individuals for emergency medical services. The County changed its policy and procedure related the employment status of individuals performing emergency medical services to ensure compliance with federal regulations. The finding is considered resolved.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

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

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 2011-01 – Board of Commissioners Official Minutes – The County board minutes were not prepared and ready for approval at the subsequent Board of Commissioners regular meeting. The finding is not considered resolved and is repeated as 2011-01.

Item 2011-02 – Procurement Code – The deviations as previously reported were unique to the prior year reporting period. The current year violation is reported as item 2012-02.

Item 2011-03 – Anti-Donation Clause – The violations as previously reported were unique to the prior year reporting period. The finding is not repeated for the current year reporting period.

Item 2011-04 – Per Diem and Mileage Act – The County was not in compliance with the per diem and mileage act. The finding is not considered resolved and is repeated as 2011-04.

Item 2011-05 – Annual Budget Process – The County had not performed 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 2, 2011. The finding has been modified for the current year deviation listed as 2012-03.

STATE OF NEW MEXICO
CATRON COUNTY
EXIT CONFERENCE AND
PREPARATION OF FINANCIAL STATEMENTS
JUNE 30, 2012

Exit Conference

The audit report for the fiscal year ended June 30, 2012, was discussed during the exit conference held on November 13, 2012 in Reserve, New Mexico. Present for the County was Glyn Griffin, county commissioner; and Cathlyn Snyder, county treasurer. 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, 2012. 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.