

**STATE OF NEW MEXICO  
CATRON COUNTY**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2013**

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CATRON COUNTY  
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**STATE OF NEW MEXICO  
CATRON COUNTY  
DIRECTORY OF OFFICIALS  
JUNE 30, 2013**

***Elected Officials***

Glyn Griffin.....	Commission Chairman
Richard McGuire.....	Commission Member
Van J. "Bucky" Allred.....	Commission Member
Susan Griffin.....	Assessor
M. Keith Riddle.....	Clerk
Shawn C. Menges.....	Sheriff
Connie S. Shipley.....	Treasurer
Ed Wehrheim.....	Probate Judge

***Administrative Staff***

Cathlyn Snyder.....	County Manager
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www.fierrocpa.comIndependent Auditors' ReportHector H. Balderas, State Auditor  
and  
Board of County Commissioners  
Catron County  
Reserve, New Mexico**Report on Financial Statements**

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 for the general fund and major special revenue funds of Catron County, New Mexico (County), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental, nonmajor enterprise funds, and the budgetary comparisons for the nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Adverse Opinion on Governmental Activities**

As discussed in Note 1E7 and Note 7 to the financial statements, the County has not maintained adequate subsidiary records to enable the recording of all general infrastructure assets and other capital assets in governmental activities and, additionally, has not recorded depreciation expense on any capital assets. Accounting principles generally accepted in the United States of America require that capital assets, including, but not limited to, general infrastructure assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

Further, because of the lack of adequate subsidiary records that detail all capital assets owned by the County, we were unable to obtain sufficient, competent evidence supporting the amounts reflected as capital assets and included in the statement of net assets as of June 30, 2013.

### **Adverse Opinion**

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of Catron County as of June 30, 2013, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Adverse Opinion on the Business-Type Activities**

As discussed in Note 1E7 and to the financial statements, the County has not maintained adequate subsidiary records to support the recording of all capital assets, the related accumulated depreciation and current year depreciation in the business-type activities. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the business-type activities. The amount by which this departure would affect the assets, net position, and expenses of the business-type activities has not been determined.

As discussed in Note 8, the 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. Because the liability has not established, the current year’s expenses have not been included in the statement of activities for the year ended June 30, 2013.

### **Adverse Opinion**

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Business-Type Activities” paragraph, the financial statements referred to above do not present fairly the financial position of the business-type activities of Catron County as of June 30, 2013, or the changes in financial position or, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position each major fund and the aggregate remaining fund information of Catron County, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and nonmajor enterprise funds as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the general fund, major enterprise fund, major special revenue funds and all nonmajor funds referred to above present fairly, in all material respects, the budgetary comparisons for each fund of the County for the year ended June 30, 2013, 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.



## Other Matters

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the County's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the County's internal control over financial reporting and compliance.



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

November 8, 2013

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 5,982,078	\$ 212,481	\$ 6,194,559
Investments	49,878	-	49,878
Receivables, net	1,298,314	285,076	1,583,390
Prepaid expenses	44,787	850	45,637
Internal balances	580,699	(580,699)	-
Restricted investments	1,825,138	-	1,825,138
Capital assets:			
Land and construction in progress	737,196	6,000	743,196
Other capital assets, net of depreciation	21,992,185	857,483	22,849,668
Total capital assets	<u>22,729,381</u>	<u>863,483</u>	<u>23,592,864</u>
Total assets	32,510,275	781,191	33,291,466
<b>LIABILITIES</b>			
Accounts payable	1,301,172	17,095	1,318,267
Accrued salaries	21,384	1,409	22,793
Accrued interest payable	4,097	-	4,097
Long-term liabilities:			
Due within one year	150,378	17,350	167,728
Due in more than one year	1,854,162	634,418	2,488,580
Total liabilities	<u>3,331,193</u>	<u>670,272</u>	<u>4,001,465</u>
<b>NET POSITION</b>			
Net investment of capital assets	21,634,675	863,483	22,498,158
Restricted:			
Debt service	856,619	-	856,619
Federal mandated	4,027,625	-	4,027,625
State mandated per statutes	314,874	-	314,874
Unrestricted	2,345,289	(752,564)	1,592,725
Total net position	<u>\$ 29,179,082</u>	<u>\$ 110,919</u>	<u>\$ 29,290,001</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, 2013**

Functions/Programs	Expenses	Program Revenues			Primary Government Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 1,245,233	\$ 77,304	\$ 1,048,545	\$ -	\$ (119,384)	\$ -	\$ (119,384)
Public safety	1,573,873	290,929	1,028,963	23,654	(230,327)	-	(230,327)
Public works	1,028,523	-	1,283,859	1,675,039	1,930,375	-	1,930,375
Health and welfare	354,983	-	155,176	26,036	(173,771)	-	(173,771)
Culture and recreation	73,316	-	-	-	(73,316)	-	(73,316)
Interest on long-term debt	8,339	-	-	-	(8,339)	-	(8,339)
<b>Total governmental activities</b>	<b>4,284,267</b>	<b>368,233</b>	<b>3,516,543</b>	<b>1,724,729</b>	<b>1,325,238</b>	<b>-</b>	<b>1,325,238</b>
<b>Business-type activities:</b>							
Landfill	387,832	210,390	-	16,440	-	(161,002)	(161,002)
Ambulance	176,734	92,338	-	-	-	(84,396)	(84,396)
Airport	3,707	-	-	-	-	(3,707)	(3,707)
<b>Total business-type activities</b>	<b>568,273</b>	<b>302,728</b>	<b>-</b>	<b>16,440</b>	<b>-</b>	<b>(249,105)</b>	<b>(249,105)</b>
<b>Total primary government</b>	<b>\$ 4,852,540</b>	<b>\$ 670,961</b>	<b>\$ 3,516,543</b>	<b>\$ 1,741,169</b>	<b>1,325,238</b>	<b>(249,105)</b>	<b>1,076,133</b>
<b>General Revenues:</b>							
Sales taxes					154,337	104,360	258,697
Property taxes, levied for general purposes					1,183,755	-	1,183,755
Public service taxes					475,833	-	475,833
Interest income					23,993	33	24,026
Insurance recoveries					16,872	7,748	24,620
Donations					3,212	-	3,212
Transfers					(1,290)	1,290	-
<b>Total general revenues and transfers</b>					<b>1,856,712</b>	<b>113,431</b>	<b>1,970,143</b>
<b>Change in net position</b>					<b>3,181,950</b>	<b>(135,674)</b>	<b>3,046,276</b>
<b>Net position, beginning of year</b>					<b>25,997,132</b>	<b>246,593</b>	<b>26,243,725</b>
<b>Net position, end of year</b>					<b>\$ 29,179,082</b>	<b>\$ 110,919</b>	<b>\$ 29,290,001</b>

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, 2013**

	General Fund	Quemado Lake Fire Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 4,570,094	\$ 48,610	\$ 1,363,374	\$ 5,982,078
Investments	49,878	-	-	49,878
Receivables, net	1,187,544	-	110,770	1,298,314
Due from other funds	721,207	-	-	721,207
Prepaid expenses	22,182	2,055	20,550	44,787
Restricted:				-
Investments	779,096	189,423	856,619	1,825,138
Total assets	<u>\$ 7,330,001</u>	<u>\$ 240,088</u>	<u>\$ 2,351,313</u>	<u>\$ 9,921,402</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 967,110	\$ 201,130	\$ 132,932	\$ 1,301,172
Accrued salaries	21,384	-	-	21,384
Due to other funds	-	-	140,508	140,508
Deferred revenues	115,673	-	1,811	117,484
Total liabilities	1,104,167	201,130	275,251	1,580,548
Fund Balances:				
Nonspendable	22,182	2,055	20,550	44,787
Restricted for:				
Debt service	-	-	856,619	856,619
Federal mandate	4,024,704	-	2,921	4,027,625
State mandated per statutes	-	-	314,874	314,874
Committed for:				
One twelfth budget reserve	888,355	-	-	888,355
Subsequent years' expenditures	779,096	36,903	917,176	1,733,175
Assigned	-	-	46,292	46,292
Unassigned	511,497	-	(82,370)	429,127
Total fund balances	<u>6,225,834</u>	<u>38,958</u>	<u>2,076,062</u>	<u>8,340,854</u>
Total liabilities and fund balances	<u>\$ 7,330,001</u>	<u>\$ 240,088</u>	<u>\$ 2,351,313</u>	<u>\$ 9,921,402</u>

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

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
RECONCILIATION OF THE BALANCE SHEET  
GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013

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

Total fund balances governmental funds (page seven)	\$	8,340,854
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		22,729,381
Recognition of property tax revenue is reflected on full accrual basis within the statement of net position. Governmental funds recognize property tax on the modified accrual basis.		117,484
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(2,004,540)
Accrued interest payable on long-term debt as of year-end is reflected as such within the statement of net position. Governmental funds recognize the interest as it becomes due.		<u>(4,097)</u>
Net position of governmental activities (page five)	\$	<u><u>29,179,082</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, 2013**

	General Fund	Quemado Lake Fire Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Sales taxes	\$ 102,157	\$ -	\$ 52,180	\$ 154,337
Property taxes	1,174,258	-	17,268	1,191,526
Public service taxes	475,833	-	-	475,833
Intergovernmental - federal	2,096,835	-	171,273	2,268,108
Intergovernmental - state	2,114,039	48,476	810,595	2,973,110
Charges for services	142,623	-	164,067	306,690
Licenses and permits	29,081	-	-	29,081
Fines and forfeitures	-	-	21,280	21,280
Interest	23,226	77	690	23,993
Miscellaneous	28,492	83	2,745	31,320
<b>Total revenues</b>	<b>6,186,544</b>	<b>48,636</b>	<b>1,240,098</b>	<b>7,475,278</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,225,324	-	20,076	1,245,400
Public safety	946,092	27,897	590,227	1,564,216
Public works	1,022,101	-	-	1,022,101
Health and welfare	31,795	-	323,188	354,983
Culture and recreation	67,286	-	6,030	73,316
Capital outlay	1,788,770	197,250	672,180	2,658,200
<b>Debt service:</b>				
Principal	-	10,150	270,505	280,655
Interest and other charges	-	-	5,660	5,660
<b>Total expenditures</b>	<b>5,081,368</b>	<b>235,297</b>	<b>1,887,866</b>	<b>7,204,531</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,105,176</b>	<b>(186,661)</b>	<b>(647,768)</b>	<b>270,747</b>
<b>Other Financing Sources (Uses):</b>				
Loan proceeds	-	190,781	1,182,839	1,373,620
Transfers in	-	-	17,685	17,685
Transfers (out)	(11,313)	(4,452)	(3,210)	(18,975)
<b>Total other financing sources (uses)</b>	<b>(11,313)</b>	<b>186,329</b>	<b>1,197,314</b>	<b>1,372,330</b>
<b>Net change in fund balances</b>	<b>1,093,863</b>	<b>(332)</b>	<b>549,546</b>	<b>1,643,077</b>
Fund balances, beginning of year	5,131,971	39,290	1,526,516	6,697,777
<b>Fund balances, end of year</b>	<b>\$ 6,225,834</b>	<b>\$ 38,958</b>	<b>\$ 2,076,062</b>	<b>\$ 8,340,854</b>

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, 2013

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

Net change in fund balances total governmental funds (page nine)	\$ 1,643,077
Governmental funds report capital outlay as expenditures in the amount of \$2,658,200; 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 \$2,658,200.	2,658,200
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, 2012, deferred property taxes amounted to \$125,255. The deferred property taxes for the current fiscal year amounted to \$117,484; therefore, the net adjustment is \$7,771.	(7,771)
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.	(2,679)
The issuance of long-term debt provides current resources to the governmental funds; however, it is not recorded as income within the statement of activities.	(1,373,620)
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.	280,655
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.	<u>(15,912)</u>
Net change in governmental activities net position - government-wide financial statements (page six)	<u><u>\$ 3,181,950</u></u>

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

**STATE OF NEW MEXICO  
CATRON COUNTY  
GENERAL FUND**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	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				
<b>Revenues:</b>						
Sales taxes	\$ 85,000	\$ 85,000	\$ 94,101	\$ 8,056	\$ 102,157	\$ 9,101
Property taxes	1,287,118	1,287,118	1,175,559	(1,301)	1,174,258	(111,559)
Public service taxes	462,000	462,000	495,125	(19,292)	475,833	33,125
Intergovernmental - federal	3,238,845	2,439,845	2,095,887	948	2,096,835	(343,958)
Intergovernmental - state	1,674,000	1,674,000	1,218,096	895,943	2,114,039	(455,904)
Licenses and permits	32,000	32,000	29,081	-	29,081	(2,919)
Charges for services	110,000	110,000	140,239	2,384	142,623	30,239
Interest	41,500	41,500	23,849	(623)	23,226	(17,651)
Miscellaneous	40,850	40,850	32,044	(3,552)	28,492	(8,806)
<b>Total revenues</b>	<b>6,971,313</b>	<b>6,172,313</b>	<b>5,303,981</b>	<b>882,563</b>	<b>6,186,544</b>	<b>(868,332)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	1,461,262	1,452,262	1,212,153	13,171	1,225,324	240,109
Public works	3,915,660	2,712,072	1,053,282	(31,181)	1,022,101	1,658,790
Public safety	1,757,770	1,757,770	1,298,267	(352,175)	946,092	459,503
Health and welfare	148,622	148,622	31,508	287	31,795	117,114
Culture and recreation	67,680	67,680	51,004	16,282	67,286	16,676
Capital outlay	905,500	905,500	1,042,039	746,731	1,788,770	(136,539)
<b>Total expenditures</b>	<b>8,256,494</b>	<b>7,043,906</b>	<b>4,688,253</b>	<b>393,115</b>	<b>5,081,368</b>	<b>2,355,653</b>
Excess (deficiency) of revenues over expenditures	(1,285,181)	(871,593)	615,728	489,448	1,105,176	1,487,321
<b>Other Financing Sources (Uses):</b>						
Transfers in	20,252	20,252	-	-	-	(20,252)
Transfers (out)	(29,500)	(29,500)	(11,313)	-	(11,313)	18,187
<b>Total other financing sources (uses)</b>	<b>(9,248)</b>	<b>(9,248)</b>	<b>(11,313)</b>	<b>-</b>	<b>(11,313)</b>	<b>(2,065)</b>
<b>Net change</b>	<b>(1,294,429)</b>	<b>(880,841)</b>	<b>604,415</b>	<b>\$ 489,448</b>	<b>\$ 1,093,863</b>	<b>1,485,256</b>
Cash balance, beginning of year	4,720,711	4,720,711	4,720,711			-
Cash transferred to restricted investments	-	-	(779,096)			-
Repayment of cash advance from Capital Projects fund	-	-	24,064			24,064
<b>Cash balance, end of year</b>	<b>\$ 3,426,282</b>	<b>\$ 3,839,870</b>	<b>\$ 4,570,094</b>			<b>\$ 1,509,320</b>

**Explanation of Differences:**

Change in receivables	\$ 877,835
Change in prepaid expenses	(272)
Change in payables	(388,296)
Change in accrued salaries	(7,547)
Change in deferred revenues	7,728
	<u>\$ 489,448</u>

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 39,058	\$ 39,058	\$ 48,476	\$ -	\$ 48,476	\$ 9,418
Interest	-	-	90	(13)	77	90
Miscellaneous	-	-	83	-	83	83
<b>Total revenues</b>	<b>39,058</b>	<b>39,058</b>	<b>48,649</b>	<b>(13)</b>	<b>48,636</b>	<b>9,591</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	45,198	45,198	24,583	3,314	27,897	20,615
Capital outlay	2,000	192,781	-	197,250	197,250	192,781
<b>Debt service:</b>						
Principal	-	-	10,150	-	10,150	(10,150)
<b>Total expenditures</b>	<b>47,198</b>	<b>237,979</b>	<b>34,733</b>	<b>200,564</b>	<b>235,297</b>	<b>203,246</b>
Excess (deficiency) of revenues over expenditures	(8,140)	(198,921)	13,916	(200,577)	(186,661)	212,837
<b>Other Financing Sources (Uses):</b>						
Loan proceeds	-	190,781	190,781	-	190,781	-
Transfers (out)	-	-	(4,452)	-	(4,452)	(4,452)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>190,781</b>	<b>186,329</b>	<b>-</b>	<b>186,329</b>	<b>(4,452)</b>
<b>Net change</b>	<b>(8,140)</b>	<b>(8,140)</b>	<b>200,245</b>	<b>\$ (200,577)</b>	<b>\$ (332)</b>	<b>208,385</b>
Cash balance, beginning of year	37,785	37,785	37,785			-
Transfer from restricted cash	-	-	(189,420)			(189,420)
Cash balance, end of year	<u>\$ 29,645</u>	<u>\$ 29,645</u>	<u>\$ 48,610</u>			<u>\$ 18,965</u>

**Explanation of Differences:**

Change in receivables	\$ (13)
Change in prepaid expenses	24
Change in accounts payable	(200,588)
	<u>\$ (200,577)</u>

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

**PROPRIETARY FUND FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	Landfill Fund	Non-Major Funds	Total
<b>Assets:</b>			
Current assets:			
Cash	\$ 195,904	\$ 16,577	\$ 212,481
Receivables, net	86,053	199,023	285,076
Prepaid expenses	-	850	850
	281,957	216,450	498,407
Total current assets			
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	669,277	63,480	732,757
Less accumulated depreciation	(474,059)	(19,428)	(493,487)
	768,302	95,181	863,483
Total capital assets, net			
	768,302	95,181	863,483
Total assets	1,050,259	311,631	1,361,890
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	10,558	6,537	17,095
Accrued salaries	950	459	1,409
Due to other funds	496,793	83,906	580,699
Current maturities of:			
Compensated absences	2,350	-	2,350
Landfill closure and post-closure	15,000	-	15,000
	525,651	90,902	616,553
Total current liabilities			
	525,651	90,902	616,553
Noncurrent liabilities:			
Compensated absences	1,773	-	1,773
Landfill closure and post-closure	632,645	-	632,645
	634,418	-	634,418
Total noncurrent liabilities			
	634,418	-	634,418
Total liabilities	1,160,069	90,902	1,250,971
<b>Net Position:</b>			
Invested in capital assets	768,302	95,181	863,483
Unrestricted (deficit)	(878,112)	125,548	(752,564)
	(109,810)	220,729	110,919
Total net position	\$ (109,810)	\$ 220,729	\$ 110,919

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 POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Landfill Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 210,390	\$ 92,338	\$ 302,728
Operating Expenses:			
Personnel services	166,351	43,928	210,279
Utilities	-	13,812	13,812
Contractual services	74,421	8,850	83,271
Repairs and maintenance	14,801	32,939	47,740
Insurance premiums	17,205	1,686	18,891
Other operating expenses	73,519	68,797	142,316
Depreciation	41,535	10,429	51,964
	<u>387,832</u>	<u>180,441</u>	<u>568,273</u>
Total operating expenses			
Operating (loss)	(177,442)	(88,103)	(265,545)
Non-Operating Revenues (Expenses):			
Sales taxes	52,180	52,180	104,360
Insurance recoveries	7,748	-	7,748
Interest income	-	33	33
	<u>59,928</u>	<u>52,213</u>	<u>112,141</u>
Total non-operating revenues (expenses)			
(Loss) before contributions and transfers	(117,514)	(35,890)	(153,404)
Contributions	16,440	-	16,440
Transfers	-	1,290	1,290
	<u>-</u>	<u>1,290</u>	<u>1,290</u>
Change in net position	(101,074)	(34,600)	(135,674)
Net position, beginning of year	<u>(8,736)</u>	<u>255,329</u>	<u>246,593</u>
Net position, end of year	<u>\$ (109,810)</u>	<u>\$ 220,729</u>	<u>\$ 110,919</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, 2013**

	<u>Landfill Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers	\$ 203,521	\$ 61,386	\$ 264,907
Cash payments to suppliers for goods and services	(191,865)	(125,526)	(317,391)
Cash payments to employees for services	(172,079)	(43,598)	(215,677)
Net cash (used) by operating activities	(160,423)	(107,738)	(268,161)
<b>Cash Flows From Non-Capital and Related Financing Activities:</b>			
Cash received from gross receipts taxes	52,291	52,291	104,582
Cash received from insurance recoveries	7,748	-	7,748
Transfers in	-	1,290	1,290
Net cash provided by non-capital and related financing activities	60,039	53,581	113,620
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Capital contributions	60,000	-	60,000
Acquisition of capital assets	(84,632)	(22,313)	(106,945)
Net cash (used) by capital and related financing activities	(24,632)	(22,313)	(46,945)
<b>Cash Flows From Investing Activities:</b>			
Interest income	-	123	123
Net (decrease) in cash	(125,016)	(76,347)	(201,363)
Cash and cash equivalents, beginning of year	320,920	92,924	413,844
Cash and cash equivalents, end of year	<u>\$ 195,904</u>	<u>\$ 16,577</u>	<u>\$ 212,481</u>
Displayed as:			
Cash	<u>\$ 195,904</u>	<u>\$ 16,577</u>	<u>\$ 212,481</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating (loss)	\$ (177,442)	\$ (88,103)	\$ (265,545)
<b>Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities:</b>			
Depreciation	41,535	10,429	51,964
<b>Changes in Assets and Liabilities:</b>			
(Increase) decrease in accounts receivable	(6,869)	(30,952)	(37,821)
Increase (decrease) in accounts payable	(11,919)	558	(11,361)
Increase (decrease) in accrued salaries	(737)	330	(407)
(Decrease) in compensated absences	(4,991)	-	(4,991)
Total adjustments	17,019	(19,635)	(2,616)
Net cash (used) by operating activities	<u>\$ (160,423)</u>	<u>\$ (107,738)</u>	<u>\$ (268,161)</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, 2013

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash	\$ 8,804
Taxes receivable	<u>79,155</u>
Total assets	<u><u>\$ 87,959</u></u>
<b>Liabilities:</b>	
Deposits held for others	\$ 8,804
Due to other taxing units - future collections	<u>79,155</u>
Total liabilities	<u><u>\$ 87,959</u></u>

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, 2013

**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, 2013

**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 Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the 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, 2013

**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.

In addition to assets, the statement of financial position will, at times, report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future reporting period(s); therefore, is not recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will, at times, report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future reporting period(s); therefore, will not be recognized as an inflow of resources (revenue) until that time.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

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 two major governmental funds and one major proprietary fund as follows:

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

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

**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 *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-six other individual governmental funds that are considered nonmajor funds; twenty-five are classified as special revenue funds, and one is classified as capital projects fund. A description of each nonmajor governmental fund is as follows:

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

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.



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 1<sup>st</sup> to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a pending budget by July 1<sup>st</sup> with final certification of the budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding. Based on the final certified budget submitted, DFA certifies the allowable tax rates for property taxes in September. These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds are reappropriated in the budget of the subsequent fiscal year. The budget process in the state of New Mexico requires that the beginning cash balance be utilized to fund deficit budgets appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is, therefore presented as a reserved portion of fund balance.

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

**E. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

Investments in the County's cash and 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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**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.

**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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**7. Capital Assets (continued)**

Prior to June 17, 2005, the County defined capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Effective June 17, 2005, in accordance with state statutes, the County changed its capitalization threshold to include only assets with a cost of \$5,000 or more. All assets capitalized prior to June 17, 2005, 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. 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:

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

The County has not recorded all of its infrastructure assets. Currently, because of the lack of complete and accurate capital assets subsidiary records, no depreciation is being recorded within the governmental activities. The amounts recorded as depreciation expense in the business-type are not supported by capital assets subsidiary records.

**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:

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**8. Compensated Absences (continued)**

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.

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.

**STATE OF NEW MEXICO**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**9. Deferred Revenues (continued)**

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.

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 Position**

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

*Net investment of capital assets* – This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt.

*Restricted net position* – This category reflects the portion of net position that has third party limitations on their use.

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

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NOTES TO FINANCIAL STATEMENTS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**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. 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, and then unrestricted resources-committed, assigned, and unassigned-in order as needed.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**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, 2013, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:



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

**2. CASH DEPOSITS (continued)**

*Cash Deposited with Financial Institutions (continued)*

	Per Institution	Reconciling Items	Per Financial Statements
First State Bank	\$ 6,348,212	\$ (144,849)	\$ 6,203,363

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

Statement of Net Position:	
Cash	\$ 6,194,559
Statement of fiduciary assets and liabilities - agency funds	8,804
Total cash reported on financial statements	\$ 6,203,363

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

	First State Bank
Checking account	\$ 4,148,212
Certificates of deposit	2,200,000
Total cash deposits	6,348,212
Less: FDIC coverage	(500,000)
Total uninsured public funds	5,848,212
Pledged securities	4,971,849
Uninsured and uncollateralized public funds	\$ 876,363
Pledged securities	\$ 4,971,849
Collateral requirements (50% of uninsured public funds)	2,924,106
Pledged collateral (under) over the requirement	\$ 2,047,743

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

**2. CASH DEPOSITS (continued)**

*Cash Deposited with Financial Institutions (continued)*

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, 2013, \$5,848,212 of the County’s bank balances of \$6,348,212 was exposed to custodial credit risk as follows:

	<u>First State</u>	
	<u>Bank</u>	
Uninsured and collateral held by pledging bank's trust department or agent not in the County's name.	<u>\$ 5,848,212</u>	

**3. INVESTMENTS**

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

Statement of Net Position:	
Investments	\$ 49,878
Restricted investments	<u>1,825,138</u>
	<u>\$ 1,875,016</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, 2013, the restricted investments are composed of the following:

Program funds	\$ 1,801,953
Debt reserve	23,103
Debt service	<u>82</u>
	<u>\$ 1,825,138</u>

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

**3. INVESTMENTS (continued)**

*Cash Deposited with the New Mexico State Treasurer*

As of June 30, 2013, 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<sub>m</sub> by Standard and Poor's.

The Local Government Investment Pool does not have unit shares. Per section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the state treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the Local Government Investment Pool is voluntary.

*Interest Rate Risk* – Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The portfolio's final weighted average maturity is 59-day WAM at June 30, 2013.

*Investments Held by Fiscal Agent*

As required by note agreements with the New Mexico Finance Authority (NMFA), the County has cash held and invested with the NMFA. For the fiscal year ended June 30, 2013, the NMFA has invested the funds held in the debt service, debt reserve, and program funds pools. None of the cash invested can be specifically identified, as the County's investment as cash from local governments within the state of New Mexico are invested within the pooled accounts.

*NMFA - Debt Service Pool*

The County has \$82 invested within the NMFA debt service pool. At June 30, 2013, the pool was composed of money market funds.

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

**3. INVESTMENTS (continued)**

*NMFA - Debt Reserve Pool*

The County has \$23,103 invested within the NMFA debt reserve pool. At June 30, 2013, the pool was composed of 5.42% money market funds; 59.33% of fixed income agencies funds; and 35.25% fixed income U.S. Treasuries.

*NMFA – Program Funds*

The County has \$1,801,953 invested within the NMFA program funds pool. At June 30, 2013, the pool was composed of 44.49% money market funds and 55.51% fixed income U.S. Treasuries.

*Interest Rate Risk*

Interest rate 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 investment's to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The NMFA debt service pool fund weighted average maturity is 42.41-day WAM. The NMFA debt reserve pool fund weighted average maturity is 1.335 WAM. The NMFA program funds pool fund weighted average maturity is .089 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, 2013, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts receivable:		
Charges for services	\$ -	\$ 474,769
Miscellaneous	3,000	-
Allowance for doubtful accounts	-	(222,245)
Total	3,000	252,524
Taxes receivable:		
Sales taxes	16,112	16,112
Property taxes	148,328	-
Public service taxes	38,667	-
Allowance for doubtful accounts	-	-
Total	203,107	16,112

**STATE OF NEW MEXICO**  
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**4. RECEIVABLES, NET (continued)**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Intergovernmental receivables:		
State road projects	895,943	-
Homeland Security	85,259	-
20 Communities grants	74,504	-
Medical clinic improvement grant	20,632	-
Recycling grant	-	16,440
Sheriff over-time reimbursements	8,069	-
Correction fees	4,195	-
Forestry payments	991	-
GO Bond- Library	537	-
Allowance for doubtful accounts	-	-
Total	<u>1,090,130</u>	<u>16,440</u>
Interest receivable	<u>2,077</u>	<u>-</u>
Receivables, net	<u><u>\$ 1,298,314</u></u>	<u><u>\$ 285,076</u></u>

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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> of each tax year.

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

**6. PROPERTY TAX**

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. 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 2012 was \$11.850 per \$1,000 for non-residential property and \$8.398 per \$1,000 for residential property.

**7. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2013 is as follows:

	Balance 06/30/12	Increases	Decreases	Balance 06/30/13
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 718,873	\$ 11,000	\$ -	\$ 729,873
Construction in progress	42,051	7,323	(42,051)	7,323
Total capital assets, not being depreciated	760,924	18,323	(42,051)	737,196
Other capital assets, being depreciated:				
Buildings	4,051,181	339,800	-	4,390,981
Other improvements	5,511,704	-	-	5,511,704
Infrastructure	-	947,456	-	947,456
Machinery and equipment	9,747,372	1,394,672	-	11,142,044
Total other capital assets, being depreciation	19,310,257	2,681,928	-	21,992,185

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**7. CAPITAL ASSETS (continued)**

	Balance 06/30/12	Increases	Decreases	Balance 06/30/13
<b>Governmental Activities:</b>				
Less accumulated depreciation for:				
Buildings	-	-	-	-
Other improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	-	-	-	-
Other capital assets, net	19,310,257	2,681,928	-	21,992,185
Governmental activities capital assets, net	<u>\$ 20,071,181</u>	<u>\$ 2,700,251</u>	<u>\$ (42,051)</u>	<u>\$ 22,729,381</u>
<b>Business-Type Activity:</b>				
Landfill:				
Capital assets, not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Other capital assets, being depreciated:				
Buildings	51,129	-	-	51,129
Other improvements	567,084	-	-	567,084
Machinery and equipment	625,812	106,945	-	732,757
Total other capital assets, being depreciated	1,244,025	106,945	-	1,350,970
Less accumulated depreciation for:				
Other improvements	(35,232)	(15,856)	-	(51,088)
Machinery and equipment	(406,291)	(36,108)	-	(442,399)
Total accumulated depreciation	(441,523)	(51,964)	-	(493,487)
Other capital assets, net	802,502	54,981	-	857,483
Total capital assets, net	<u>\$ 808,502</u>	<u>\$ 54,981</u>	<u>\$ -</u>	<u>\$ 863,483</u>

**8. LONG-TERM OBLIGATIONS**

Changes in governmental activities obligations during the year ended June 30, 2013, were as follows:

	Balance 06/30/12	Additions	Deletions	Balance 06/30/13	Amounts Due Within One Year
Governmental Activities:					
Notes payable	\$ 846,125	\$ 1,373,620	\$ (280,655)	\$ 1,939,090	\$ 113,072
Compensated absences	49,538	59,045	(43,133)	65,450	37,306
	<u>\$ 895,663</u>	<u>\$ 1,432,665</u>	<u>\$ (323,788)</u>	<u>\$ 2,004,540</u>	<u>\$ 150,378</u>

**STATE OF NEW MEXICO**  
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**8. LONG-TERM OBLIGATIONS (continued)**

*Note Payable - New Mexico Finance Authority #CATRONCTY10*

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 \$13,840, with accrued interest at rates between .900% and 3.606% per annum and an .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
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>\$ 52,715</u>	<u>\$ 2,638</u>	<u>\$ 55,353</u>

*Note Payable - New Mexico Finance Authority #CATRONCTY11*

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 \$7,560 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
2014	\$ 7,528	\$ -	\$ 7,528
2015	7,547	-	7,547
2016	7,566	-	7,566
2017	7,585	-	7,585
	<u>\$ 30,226</u>	<u>\$ -</u>	<u>\$ 30,226</u>



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**8. LONG-TERM OBLIGATIONS (continued)**

*Note Payable – New Mexico Finance Authority #CATRONCTY13*

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. To loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2019. The annual payment is approximately \$10,150, and does not accrue interest.

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2014	\$ 10,150	\$ -	\$ 10,150
2015	10,150	-	10,150
2016	10,150	-	10,150
2017	10,150	-	10,150
2018	10,150	-	10,150
2019	10,150	-	10,150
	<u>\$ 60,900</u>	<u>\$ -</u>	<u>\$ 60,900</u>

*Note Payable – New Mexico Finance Authority #CATRONCTY15*

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
2014	\$ 9,139	\$ -	\$ 9,139
2015	9,139	-	9,139
2016	9,139	-	9,139
2017	9,139	-	9,139
2018	9,139	-	9,139
2019-2023	45,695	-	45,695
2024-2028	45,695	-	45,695
2029	9,139	-	9,139
	<u>\$ 146,224</u>	<u>\$ -</u>	<u>\$ 146,224</u>

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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**8. LONG-TERM OBLIGATIONS (continued)**

Note Payable – New Mexico Finance Authority #CATRONCTY16

On April 8, 2011, the County borrowed \$289,275 from the New Mexico Finance Authority for the purpose of constructing a new fire sub-station for the Rancho Grande volunteer fire department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2031. The annual payment is approximately \$17,000 and accrues interest at a blended rate of 1.147%.

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
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	14,870	2,529	17,399
2019-2023	74,350	10,472	84,822
2024-2028	82,320	6,200	88,520
2029-2031	46,385	1,288	47,673
	<u>\$ 275,405</u>	<u>\$ 31,567</u>	<u>\$ 306,972</u>

Note Payable – New Mexico Finance Authority #CATRONCTY17

On August 10, 2012, the County borrowed \$101,500 from the New Mexico Finance Authority for the purchase of constructing a new three-bay fire station for the Rancho Grande Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2033. The annual payment is \$5,075, 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
2014	\$ 5,075	\$ -	\$ 5,075
2015	5,075	-	5,075
2016	5,075	-	5,075
2017	5,075	-	5,075
2018	5,075	-	5,075
2019-2023	25,375	-	25,375
2024-2028	25,375	-	25,375
2029-2033	25,375	-	25,375
	<u>\$ 101,500</u>	<u>\$ -</u>	<u>\$ 101,500</u>

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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**8. LONG-TERM OBLIGATIONS (continued)**

Note Payable – New Mexico Finance Authority #CATRONCTY23

On June 14, 2013, the county borrowed \$74,998 from the New Mexico Finance Authority for the purpose of purchasing a water tender truck for the use by the 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, 2023. The annual payment is approximately \$7,500, and accrues interest at a blended rate of .1000%.

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2014	\$ 6,714	\$ 6	\$ 6,720
2015	7,503	128	7,631
2016	7,571	61	7,632
2017	7,579	53	7,632
2018	7,586	46	7,632
2019-2023	38,045	114	38,159
	<u>\$ 74,998</u>	<u>\$ 408</u>	<u>\$ 75,406</u>

Note Payable – New Mexico Finance Authority #CATRONCTY22

On April 12, 2013, the County borrowed \$189,421 from the New Mexico Finance Authority for the purpose of purchasing a 40,000 gallon water storage tank for use by the Horse Mountain Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2033. The annual payment is approximately \$9,570, and accrues interest at a blended rate of .1000%.

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2014	\$ 9,372	\$ 199	\$ 9,571
2015	9,391	180	9,571
2016	9,401	171	9,572
2017	9,410	161	9,571
2018	9,419	152	9,571
2019-2023	47,239	618	47,857
2024-2028	47,475	381	47,856
2029-2033	47,714	143	47,857
	<u>\$ 189,421</u>	<u>\$ 2,005</u>	<u>\$ 191,426</u>

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**8. LONG-TERM OBLIGATIONS (continued)**

*Note Payable – New Mexico Finance Authority #CATRONCTY20*

On December 28, 2012, the County borrowed \$313,141 from the New Mexico Finance Authority for the purpose of purchasing a class A fire pumper for use by the Luna 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, 2033. The annual payment is approximately \$18,470, and accrues interest at a blended rate of 1.541%.

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2014	\$ 11,689	\$ 6,591	\$ 18,280
2015	13,425	4,855	18,280
2016	13,505	4,775	18,280
2017	13,614	4,667	18,281
2018	13,746	4,535	18,281
2019-2023	72,028	19,373	91,401
2024-2028	80,904	10,497	91,401
2029-2033	94,230	917	95,147
	<u>\$ 313,141</u>	<u>\$ 56,210</u>	<u>\$ 369,351</u>

*Note Payable – New Mexico Finance Authority #CATRONCTY19*

On December 28, 2012, the County borrowed \$190,781 from the New Mexico Finance Authority for the purpose of purchasing a 2,000 gallon tanker for the use by the Quemado Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2026. The annual payment is approximately \$8,555 for the first four years, and \$18,896 thereafter until maturity. The loan accrues interest at a blended rate of .828%.

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
2014	\$ 6,109	\$ 2,446	\$ 8,555
2015	6,762	1,793	8,555
2016	6,802	1,753	8,555
2017	6,857	1,698	8,555
2018	17,056	1,632	18,688
2019-2023	89,376	4,063	93,439
2024-2026	57,819	116	57,935
	<u>\$ 190,781</u>	<u>\$ 13,501</u>	<u>\$ 204,282</u>

**STATE OF NEW MEXICO**  
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**8. LONG-TERM OBLIGATIONS (continued)**

*Note Payable – New Mexico Finance Authority #CATRONCTY18*

On December 28, 2012, the County borrowed \$503,779 from the New Mexico Finance Authority for the purpose of planning, designing and constructing a second main fire station for the Quemado Volunteer Fire Department. The loan is to be repaid from the annual distribution of fire protection funds received from the state of New Mexico. The note matures May 1, 2033. The annual payment is approximately \$27,750, and accrues interest at a blended rate of .896%.

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

Due in Fiscal Year Ended June 30	Principal	Interest	Total
2014	\$ 20,655	\$ 7,282	\$ 27,937
2015	22,414	5,326	27,740
2016	22,549	5,192	27,741
2017	22,729	5,011	27,740
2018	22,950	4,791	27,741
2019-2023	120,257	18,443	138,700
2024-2028	133,940	4,761	138,701
2029-2033	138,285	415	138,700
	<u>\$ 503,779</u>	<u>\$ 51,221</u>	<u>\$ 555,000</u>

*Compensated Absences*

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

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

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

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

**STATE OF NEW MEXICO  
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**8. LONG-TERM OBLIGATIONS (continued)**

*Business-Type Activities*

Changes in the business-type activities obligations during the year ended June 30, 2013, were as follows:

	Balance 06/30/12	Additions	Deletions	Balance 06/30/13	Amounts Due Within One Year
Landfill closure	\$ 647,645	\$ -	\$ -	\$ 647,645	\$ 15,000
Compensated absences	9,114	4,009	(9,000)	4,123	2,350
	<u>\$ 656,759</u>	<u>\$ 4,009</u>	<u>\$ (9,000)</u>	<u>\$ 651,768</u>	<u>\$ 17,350</u>

*Landfill Closure and Post-Closure Costs*

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

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

**9. DEFERRED REVENUES**

The County has recorded deferred revenues of \$115,673 and \$1,811 within the governmental general and re-appraisal funds respectively. These amounts represent non-current property taxes.

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**10. 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, 2013, the County expended \$43,590 for the computer agreement.

The County leases six motor graders from a third party under a governmental operating lease agreement. The lease term is for 60 months ending October 23, 2017. In the event no funds or insufficient funds are appropriated and budgeted, or otherwise not available in any fiscal year for rental payments; upon notification to the Lessor, the operating lease agreement will terminate on the last day of the fiscal year, for which appropriations were received without penalty or expense to the County. Future minimum operating lease commitments are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2014	\$ 117,769
2015	117,769
2016	117,769
2017	117,769
2018	29,442
	<u>\$ 500,518</u>

**11. INTERFUND BALANCES AND TRANSFERS**

*Interfund Balances*

The composition of interfund balances as of June 30, 2013, 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	332
General Fund	Ambulance Enterprise Fund	57,611
General Fund	Airport Enterprise Fund	26,295
General Fund	Landfill Fund	496,793
	Total	<u>\$ 721,207</u>

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

**11. INTERFUND BALANCES AND TRANSFERS (continued)**

*Interfund Balances (continued)*

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*

	Transfers In		
	Non-Major Funds	Airport Fund	Total
Transfers (out):			
General Fund	\$ 10,023	\$ 1,290	\$ 11,313
Horse Mountain	3,210	-	3,210
Quemado Lake	4,452	-	4,452
	\$ 17,685	\$ 1,290	\$ 18,975

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 \$16,997 and \$56,162, respectively, at June 30, 2013. The Airport fund had deficit net position of \$25,567 at June 30, 2013. 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, 2013, the County incurred expenditures over appropriations of the following amounts and funds:

Fund	Amount
20 Communities Fund	\$ 50,237
Wild Horse Fire Fund	18,117
Landfill Enterprise Fund	104,632

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



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**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](http://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, 2013, 2012, and 2011 were \$127,600, \$131,435, \$131,457, respectively, equal to the amount of the required contributions for each year.

**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.

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**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.

## **SUPPLEMENTARY INFORMATION**

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

**STATE OF NEW MEXICO  
CATRON COUNTY  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	Special Revenue Funds										
	Farm and Range Fund	Recreation Fund	Co. Clerk's Equipment Fund	Reappraisal Fund	County Fairgrounds Fund	Emergency Med Srvcs Fund	Indigent Fund	Medicaid Fund	Enhanced 911 Fund	20 Communities Fund	Corrections Fund
<b><u>ASSETS</u></b>											
Cash	\$ 1,026	\$ 2,615	\$ 15,778	\$ 79,236	\$ 46,348	\$ 104,674	\$ 176,926	\$ -	\$ 20,227	\$ -	\$ 50,853
Receivables, net	-	-	-	2,306	-	-	8,056	-	-	74,014	4,195
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Restricted:											
Investments	-	-	-	-	-	-	-	-	-	-	9,163
Total assets	<u>\$ 1,026</u>	<u>\$ 2,615</u>	<u>\$ 15,778</u>	<u>\$ 81,542</u>	<u>\$ 46,348</u>	<u>\$ 104,674</u>	<u>\$ 184,982</u>	<u>\$ -</u>	<u>\$ 20,227</u>	<u>\$ 74,014</u>	<u>\$ 64,211</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>											
Liabilities:											
Accounts payable	\$ 180	\$ -	\$ 1,862	\$ 584	\$ 231	\$ 724	\$ -	\$ -	\$ 1,800	\$ 74,014	\$ 4,546
Due to other funds	-	-	7,487	-	1,085	-	-	-	74,589	-	-
Deferred revenues	-	-	-	1,811	-	-	-	-	-	-	-
Total liabilities	180	-	9,349	2,395	1,316	724	-	-	76,389	74,014	4,546
Fund Balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted for:											
Debt service	-	-	-	-	-	-	-	-	-	-	9,163
Federal mandate	320	-	-	-	-	-	-	-	-	-	-
State mandated per statutes	-	-	3,429	-	-	103,950	184,982	-	-	-	22,513
Committed for:											
Subsequent years' expenditures	526	2,615	3,000	79,147	-	-	-	-	-	-	27,989
Assigned	-	-	-	-	45,032	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(56,162)	-	-
Total fund balances	<u>846</u>	<u>2,615</u>	<u>6,429</u>	<u>79,147</u>	<u>45,032</u>	<u>103,950</u>	<u>184,982</u>	<u>-</u>	<u>(56,162)</u>	<u>-</u>	<u>59,665</u>
Total liabilities and fund balances	<u>\$ 1,026</u>	<u>\$ 2,615</u>	<u>\$ 15,778</u>	<u>\$ 81,542</u>	<u>\$ 46,348</u>	<u>\$ 104,674</u>	<u>\$ 184,982</u>	<u>\$ -</u>	<u>\$ 20,227</u>	<u>\$ 74,014</u>	<u>\$ 64,211</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, 2013**

	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
<b>ASSETS</b>										
Cash	\$ 5,216	\$ 905	\$ 2,601	\$ 2,395	\$ 41,157	\$ 105,476	\$ 146,185	\$ 118,990	\$ 81,049	\$ 54,830
Receivables, net	-	-	-	-	-	16	23	-	-	622
Prepaid expenses	-	-	-	-	2,055	2,055	2,055	2,055	2,055	2,055
Restricted:										
Investments	-	-	-	-	500,192	1	-	-	5	73,989
Total assets	<u>\$ 5,216</u>	<u>\$ 905</u>	<u>\$ 2,601</u>	<u>\$ 2,395</u>	<u>\$ 543,404</u>	<u>\$ 107,548</u>	<u>\$ 148,263</u>	<u>\$ 121,045</u>	<u>\$ 83,109</u>	<u>\$ 131,496</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ 3,931	\$ -	\$ -	\$ -	\$ 785	\$ 1,957	\$ 2,832	\$ 2,150	\$ 258	\$ 10,133
Due to other funds	-	40	-	-	272	16,084	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-	-	-	-
Total liabilities	3,931	40	-	-	1,057	18,041	2,832	2,150	258	10,133
Fund Balances:										
Nonspendable	-	-	-	-	2,055	2,055	2,055	2,055	2,055	2,055
Restricted for:										
Debt service	-	-	-	-	500,192	1	-	-	5	73,989
Federal mandate	-	-	2,601	-	-	-	-	-	-	-
State mandated per statutes	-	-	-	-	-	-	-	-	-	-
Committed for:										
Subsequent years' expenditures	1,285	500	-	1,500	40,100	87,451	143,376	116,840	80,791	45,319
Assigned	-	365	-	895	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>1,285</u>	<u>865</u>	<u>2,601</u>	<u>2,395</u>	<u>542,347</u>	<u>89,507</u>	<u>145,431</u>	<u>118,895</u>	<u>82,851</u>	<u>121,363</u>
Total liabilities and fund balances	<u>\$ 5,216</u>	<u>\$ 905</u>	<u>\$ 2,601</u>	<u>\$ 2,395</u>	<u>\$ 543,404</u>	<u>\$ 107,548</u>	<u>\$ 148,263</u>	<u>\$ 121,045</u>	<u>\$ 83,109</u>	<u>\$ 131,496</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, 2013**

	Special Revenue Funds								
	Apache Creek Fire Fund	Horse Mountain Fire Fund	Coyote Creek Fire Fund	Wild Horse Fire Fund	Catron County Fire Fund	Total Special Revenue Funds	Capital Projects Fund	Total Other Governmental Funds	
<b><u>ASSETS</u></b>									
Cash	\$ 205,972	\$ 70,771	\$ 11,364	\$ 5,261	\$ 13,519	\$ 1,363,374	\$ -	\$ 1,363,374	
Receivables, net	-	369	-	-	-	89,601	21,169	110,770	
Prepaid expenses	2,055	2,055	2,055	2,055	-	20,550	-	20,550	
Restricted:									
Investments	74,435	184,818	-	14,016	-	856,619	-	856,619	
Total assets	<u>\$ 282,462</u>	<u>\$ 258,013</u>	<u>\$ 13,419</u>	<u>\$ 21,332</u>	<u>\$ 13,519</u>	<u>\$ 2,330,144</u>	<u>\$ 21,169</u>	<u>\$ 2,351,313</u>	
<b><u>LIABILITIES AND FUND BALANCES</u></b>									
Liabilities:									
Accounts payable	\$ 3,145	\$ 139	\$ 989	\$ 1,225	\$ 815	\$ 112,300	\$ 20,632	\$ 132,932	
Due to other funds	-	-	29,427	11,192	-	140,176	332	140,508	
Deferred revenues	-	-	-	-	-	1,811	-	1,811	
Total liabilities	3,145	139	30,416	12,417	815	254,287	20,964	275,251	
Fund Balances:									
Nonspendable	2,055	2,055	2,055	2,055	-	20,550	-	20,550	
Restricted for:									
Debt service	74,435	184,818	-	14,016	-	856,619	-	856,619	
Federal mandate	-	-	-	-	-	2,921	-	2,921	
State mandated per statutes	-	-	-	-	-	314,874	-	314,874	
Committed for:									
Subsequent years' expenditures	202,827	71,001	-	-	12,704	916,971	205	917,176	
Assigned	-	-	-	-	-	46,292	-	46,292	
Unassigned	-	-	(19,052)	(7,156)	-	(82,370)	-	(82,370)	
Total fund balances	<u>279,317</u>	<u>257,874</u>	<u>(16,997)</u>	<u>8,915</u>	<u>12,704</u>	<u>2,075,857</u>	<u>205</u>	<u>2,076,062</u>	
Total liabilities and fund balances	<u>\$ 282,462</u>	<u>\$ 258,013</u>	<u>\$ 13,419</u>	<u>\$ 21,332</u>	<u>\$ 13,519</u>	<u>\$ 2,330,144</u>	<u>\$ 21,169</u>	<u>\$ 2,351,313</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, 2013**

	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
<b>Revenues:</b>											
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,180	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	17,268	-	-	-	-	-	-	-
Intergovernmental - federal	16,097	-	-	-	-	-	-	-	-	155,176	-
Intergovernmental - state	-	-	-	-	-	71,391	-	-	-	-	-
Charges for services	-	-	10,494	2,465	-	-	-	-	121,195	-	27,124
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	21,280
Interest	-	1	36	52	-	17	-	-	7	-	42
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>16,097</b>	<b>1</b>	<b>10,530</b>	<b>19,785</b>	<b>-</b>	<b>71,408</b>	<b>52,180</b>	<b>-</b>	<b>121,202</b>	<b>155,176</b>	<b>48,446</b>
<b>Expenditures:</b>											
<b>Current:</b>											
General government	-	-	11,992	8,084	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	46,482	-	-	-	-	52,639
Health and welfare	16,880	-	-	-	-	-	14,816	10,023	122,995	155,176	-
Culture and recreation	-	-	-	-	4,129	-	-	-	-	-	-
Capital outlay	-	-	-	9,926	11,800	-	-	-	-	-	-
<b>Debt service:</b>											
Principal	-	-	-	-	-	-	-	-	-	-	9,139
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>16,880</b>	<b>-</b>	<b>11,992</b>	<b>18,010</b>	<b>15,929</b>	<b>46,482</b>	<b>14,816</b>	<b>10,023</b>	<b>122,995</b>	<b>155,176</b>	<b>61,778</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(783)</b>	<b>1</b>	<b>(1,462)</b>	<b>1,775</b>	<b>(15,929)</b>	<b>24,926</b>	<b>37,364</b>	<b>(10,023)</b>	<b>(1,793)</b>	<b>-</b>	<b>(13,332)</b>
<b>Other Financing Sources (Uses):</b>											
Loan proceeds	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	10,023	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,023</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(783)</b>	<b>1</b>	<b>(1,462)</b>	<b>1,775</b>	<b>(15,929)</b>	<b>24,926</b>	<b>37,364</b>	<b>-</b>	<b>(1,793)</b>	<b>-</b>	<b>(13,332)</b>
<b>Fund balance, beginning of year</b>	<b>1,629</b>	<b>2,614</b>	<b>7,891</b>	<b>77,372</b>	<b>60,961</b>	<b>79,024</b>	<b>147,618</b>	<b>-</b>	<b>(54,369)</b>	<b>-</b>	<b>72,997</b>
<b>Fund balance, end of year</b>	<b>\$ 846</b>	<b>\$ 2,615</b>	<b>\$ 6,429</b>	<b>\$ 79,147</b>	<b>\$ 45,032</b>	<b>\$ 103,950</b>	<b>\$ 184,982</b>	<b>\$ -</b>	<b>\$ (56,162)</b>	<b>\$ -</b>	<b>\$ 59,665</b>

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, 2013

	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
<b>Revenues:</b>											
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental - federal	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental - state	23,600	-	-	-	76,537	48,476	67,621	72,711	48,476	48,476	153,074
Charges for services	-	-	-	-	-	-	-	289	-	1,436	695
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-
Interest	-	1	-	-	190	26	46	4	101	48	33
Miscellaneous	-	-	-	-	1,178	83	83	84	83	83	137
<b>Total revenues</b>	<b>23,600</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>77,905</b>	<b>48,585</b>	<b>67,750</b>	<b>73,088</b>	<b>48,660</b>	<b>50,043</b>	<b>153,939</b>
<b>Expenditures:</b>											
<b>Current:</b>											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	3,931	-	-	-	60,163	35,717	62,416	47,158	26,559	50,066	54,547
Health and welfare	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	29,878	-	-	-	6,235	-	9,392	-	339,800	236,955	-
<b>Debt service:</b>											
Principal	-	-	-	-	-	7,509	61,441	-	13,870	-	166,018
Interest and other charges	-	-	-	-	-	-	12	-	3,005	-	1,414
<b>Total expenditures</b>	<b>33,809</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,398</b>	<b>43,226</b>	<b>133,261</b>	<b>47,158</b>	<b>383,234</b>	<b>287,021</b>	<b>221,979</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(10,209)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>11,507</b>	<b>5,359</b>	<b>(65,511)</b>	<b>25,930</b>	<b>(334,574)</b>	<b>(236,978)</b>	<b>(68,040)</b>
<b>Other Financing Sources (Uses):</b>											
Loan proceeds	-	-	-	-	503,779	-	-	-	101,500	313,141	74,998
Transfers in	-	-	-	-	4,452	-	-	-	-	3,210	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>508,231</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,500</b>	<b>316,351</b>	<b>74,998</b>
<b>Net change in fund balances</b>	<b>(10,209)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>519,738</b>	<b>5,359</b>	<b>(65,511)</b>	<b>25,930</b>	<b>(233,074)</b>	<b>79,373</b>	<b>6,958</b>
<b>Fund balance, beginning of year</b>	<b>11,494</b>	<b>864</b>	<b>2,601</b>	<b>2,395</b>	<b>22,609</b>	<b>84,148</b>	<b>210,942</b>	<b>92,965</b>	<b>315,925</b>	<b>41,990</b>	<b>272,359</b>
<b>Fund balance, end of year</b>	<b>\$ 1,285</b>	<b>\$ 865</b>	<b>\$ 2,601</b>	<b>\$ 2,395</b>	<b>\$ 542,347</b>	<b>\$ 89,507</b>	<b>\$ 145,431</b>	<b>\$ 118,895</b>	<b>\$ 82,851</b>	<b>\$ 121,363</b>	<b>\$ 279,317</b>

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, 2013

	Special Revenue Funds						Total Other Governmental Funds
	Horse Mountain Fire Fund	Coyote Creek Fire Fund	Wild Horse Fire Fund	Catron County Fire Fund	Total Special Revenue Funds	Capital Projects Fund	
Revenues:							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ 52,180	\$ -	\$ 52,180
Property taxes	-	-	-	-	17,268	-	17,268
Intergovernmental - federal	-	-	-	-	171,273	-	171,273
Intergovernmental - state	48,476	12,187	48,476	65,058	784,559	26,036	810,595
Charges for services	369	-	-	-	164,067	-	164,067
Fines and forfeitures	-	-	-	-	21,280	-	21,280
Interest	31	2	53	-	690	-	690
Miscellaneous	83	83	748	100	2,745	-	2,745
<b>Total revenues</b>	<b>48,959</b>	<b>12,272</b>	<b>49,277</b>	<b>65,158</b>	<b>1,214,062</b>	<b>26,036</b>	<b>1,240,098</b>
Expenditures:							
Current:							
General government	-	-	-	-	20,076	-	20,076
Public safety	29,669	11,592	36,224	73,064	590,227	-	590,227
Health and welfare	-	-	-	-	319,890	3,298	323,188
Culture and recreation	-	-	-	-	4,129	1,901	6,030
Capital outlay	-	-	7,562	-	651,548	20,632	672,180
Debt service:							
Principal	-	-	12,528	-	270,505	-	270,505
Interest and other charges	-	-	1,229	-	5,660	-	5,660
<b>Total expenditures</b>	<b>29,669</b>	<b>11,592</b>	<b>57,543</b>	<b>73,064</b>	<b>1,862,035</b>	<b>25,831</b>	<b>1,887,866</b>
Excess (deficiency) of revenues over expenditures	19,290	680	(8,266)	(7,906)	(647,973)	205	(647,768)
Other Financing Sources (Uses):							
Loan proceeds	189,421	-	-	-	1,182,839	-	1,182,839
Transfers in	-	-	-	-	17,685	-	17,685
Transfers (out)	(3,210)	-	-	-	(3,210)	-	(3,210)
<b>Total other financing sources (uses)</b>	<b>186,211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,197,314</b>	<b>-</b>	<b>1,197,314</b>
Net change in fund balances	205,501	680	(8,266)	(7,906)	549,341	205	549,546
Fund balance, beginning of year	52,373	(17,677)	17,181	20,610	1,526,516	-	1,526,516
Fund balance, end of year	\$ 257,874	\$ (16,997)	\$ 8,915	\$ 12,704	\$ 2,075,857	\$ 205	\$ 2,076,062

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<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:						
Intergovernmental - Federal	\$ 15,549	\$ 15,549	\$ 16,097	\$ -	\$ 16,097	\$ 548
Expenditures:						
Current:						
Health and welfare	<u>19,800</u>	<u>19,800</u>	<u>16,700</u>	<u>180</u>	<u>16,880</u>	<u>3,100</u>
Net change	(4,251)	(4,251)	(603)	<u>\$ 180</u>	<u>\$ (783)</u>	3,648
Cash balance, beginning of year	<u>1,629</u>	<u>1,629</u>	<u>1,629</u>			-
Cash balance, end of year	<u>\$ (2,622)</u>	<u>\$ (2,622)</u>	<u>\$ 1,026</u>			<u>\$ 3,648</u>
<b>Explanation of Differences:</b>						
None.				<u>\$ 180</u>		

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$ -	\$ -	\$ 4	\$ (3)	\$ 1	\$ 4
Expenditures:						
Current:						
Culture and recreation	2,500	2,500	-	-	-	2,500
Net change	(2,500)	(2,500)	4	<u>\$ (3)</u>	<u>\$ 1</u>	2,504
Cash balance, beginning of year	<u>2,611</u>	<u>2,611</u>	<u>2,611</u>			<u>-</u>
Cash balance, end of year	<u>\$ 111</u>	<u>\$ 111</u>	<u>\$ 2,615</u>			<u>\$ 2,504</u>
<b>Explanation of Differences:</b>						
Changes in receivables				<u>\$ (3)</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  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 13,000	\$ 13,000	\$ 10,494	\$ -	\$ 10,494	\$ (2,506)
Interest	-	-	43	(7)	36	43
Total revenues	13,000	13,000	10,537	(7)	10,530	(2,463)
Expenditures:						
Current:						
General government	-	-	11,955	37	11,992	(11,955)
Capital outlay	16,000	16,000	-	-	-	16,000
Total expenditures	16,000	16,000	11,955	37	11,992	4,045
Net change	(3,000)	(3,000)	(1,418)	<u>(44)</u>	<u>(1,462)</u>	1,582
Cash balance, beginning of year	17,196	17,196	17,196			-
Cash balance, end of year	<u>\$ 14,196</u>	<u>\$ 14,196</u>	<u>\$ 15,778</u>			<u>\$ 1,582</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (7)		
Change in accounts payable				<u>(37)</u>		
				<u>\$ (44)</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  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 17,301	\$ (33)	\$ 17,268	\$ 1,301
Charges for services	5,000	5,000	2,465	-	2,465	(2,535)
Interest	150	150	67	(15)	52	(83)
Total revenues	21,150	21,150	19,833	(48)	19,785	(1,317)
Expenditures:						
Current:						
General government	21,300	21,300	7,637	447	8,084	13,663
Capital outlay	20,000	20,000	9,926	-	9,926	10,074
Total expenditures	41,300	41,300	17,563	447	18,010	23,737
Net change	(20,150)	(20,150)	2,270	<u>\$ (495)</u>	<u>\$ 1,775</u>	22,420
Cash balance, beginning of year	76,966	76,966	76,966			-
Cash balance, end of year	<u>\$ 56,816</u>	<u>\$ 56,816</u>	<u>\$ 79,236</u>			<u>\$ 22,420</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (48)		
Change in accounts payable				<u>(447)</u>		
				<u>\$ (495)</u>		

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  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	<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:						
Charges for services	\$ 41,850	\$ 41,850	\$ 41,850	\$ (41,850)	\$ -	\$ -
Expenditures:						
Current:						
Culture and recreation	5,500	5,500	4,521	(392)	4,129	979
Current:	<u>60,000</u>	<u>60,000</u>	<u>11,800</u>	<u>-</u>	<u>11,800</u>	<u>48,200</u>
Total expenditures	<u>65,500</u>	<u>65,500</u>	<u>16,321</u>	<u>(392)</u>	<u>15,929</u>	<u>49,179</u>
Excess (deficiency) of revenues over expenditures	(23,650)	(23,650)	25,529	(42,242)	(15,929)	49,179
Other Financing Sources (Uses):						
Transfers in	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,500)</u>
Net change	(18,150)	(18,150)	25,529	<u>\$ (42,242)</u>	<u>\$ (15,929)</u>	43,679
Cash balance, beginning of year	<u>20,819</u>	<u>20,819</u>	<u>20,819</u>			<u>-</u>
Cash balance, end of year	<u>\$ 2,669</u>	<u>\$ 2,669</u>	<u>\$ 46,348</u>			<u>\$ 43,679</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (41,850)		
Change in accounts payable				<u>(392)</u>		
				<u>\$ (42,242)</u>		

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 70,741	\$ 70,741	\$ 71,391	\$ -	\$ 71,391	\$ 650
Interest	-	-	65	(48)	17	65
Total revenues	70,741	70,741	71,456	(48)	71,408	715
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	95,000	95,000	47,254	(772)	46,482	47,746
Net change	(24,259)	(24,259)	24,202	\$ 724	\$ 24,926	48,461
Cash balance, beginning of year	80,472	80,472	80,472			-
Cash balance, end of year	\$ 56,213	\$ 56,213	\$ 104,674			\$ 48,461
<b>Explanation of Differences:</b>						
Change in receivables				\$ (48)		
Change in accounts payable				772		
				\$ 724		

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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:						
Sales taxes	\$ 40,000	\$ 40,000	\$ 52,291	\$ (111)	\$ 52,180	\$ 12,291
Interest	25	25	37	(37)	-	12
Total revenues	40,025	40,025	52,328	(148)	52,180	12,303
Expenditures:						
Current:						
Health and welfare	136,500	136,500	14,802	14	14,816	121,698
Net change	(96,475)	(96,475)	37,526	<u>\$ (162)</u>	<u>\$ 37,364</u>	134,001
Cash balance, beginning of year	139,400	139,400	139,400			-
Cash balance, end of year	<u>\$ 42,925</u>	<u>\$ 42,925</u>	<u>\$ 176,926</u>			<u>\$ 134,001</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (148)		
Change in accounts payable				(14)		
				<u>\$ (162)</u>		

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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				
Expenditures:						
Current:						
Health and welfare	\$ 18,000	\$ 18,000	\$ 10,023	\$ -	\$ 10,023	\$ 7,977
Other Financing Sources:						
Transfers in	18,000	18,000	10,023	-	10,023	(7,977)
Net change	-	-	-	<u>\$ -</u>	<u>\$ -</u>	-
Cash balance, beginning of year	-	-	-			-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
<b>Explanation of Differences:</b>						
None.				<u>\$ -</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  
 WITH RECONCILIATION TO GAAP  
 FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ -	\$ -	\$ -	\$ 121,195	\$ 121,195	\$ -
Interest	-	-	25	(18)	7	25
Total revenues	-	-	25	121,177	121,202	25
Expenditures:						
Current:						
Health and welfare	-	-	-	122,995	122,995	-
Net change	-	-	25	<u>\$ (1,818)</u>	<u>\$ (1,793)</u>	25
Cash balance, beginning of year	<u>20,202</u>	<u>20,202</u>	<u>20,202</u>			-
Cash balance, end of year	<u>\$ 20,202</u>	<u>\$ 20,202</u>	<u>\$ 20,227</u>			<u>\$ 25</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (18)		
Non-cash grant revenues				121,195		
Change in payables				(1,800)		
Non-cash grant expenses				<u>(121,195)</u>		
				<u>\$ (1,818)</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  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	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 - federal	\$ 63,783	\$ 63,783	\$ 109,207	\$ 45,969	\$ 155,176	\$ 45,424
Expenditures:						
Current:						
Health and welfare	64,268	64,268	114,505	40,671	155,176	(50,237)
Net change	(485)	(485)	(5,298)	<u>\$ 5,298</u>	<u>\$ -</u>	(4,813)
Cash balance, beginning of year	5,298	5,298	5,298			-
Cash balance, end of year	<u>\$ 4,813</u>	<u>\$ 4,813</u>	<u>\$ -</u>			<u>\$ (4,813)</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ 45,969		
Change in accounts payable				<u>(40,671)</u>		
				<u>\$ 5,298</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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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				
<b>Revenues:</b>						
Charges for services	\$ 25,000	\$ 25,000	\$ 27,124	\$ -	\$ 27,124	\$ 2,124
Fines and forfeitures	39,000	39,000	22,299	(1,019)	21,280	(16,701)
Interest	50	50	68	(26)	42	18
Total revenues	64,050	64,050	49,491	(1,045)	48,446	(14,559)
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	88,500	88,500	51,123	1,516	52,639	37,377
Capital outlay	1,000	1,000	-	-	-	1,000
<b>Debt service:</b>						
Principal	9,139	9,139	9,139	-	9,139	-
Total expenditures	98,639	98,639	60,262	1,516	61,778	38,377
Net change	(34,589)	(34,589)	(10,771)	<u>\$ (2,561)</u>	<u>\$ (13,332)</u>	23,818
Cash balance, beginning of year	61,606	61,606	61,606			-
Transfer from restricted investments	-	-	18			18
Cash balance, end of year	<u>\$ 27,017</u>	<u>\$ 27,017</u>	<u>\$ 50,853</u>			<u>\$ 23,836</u>
<b>Explanation of Differences:</b>						
Changes in receivables				\$ (1,045)		
Change in accounts payable				<u>(1,516)</u>		
				<u>\$ (2,561)</u>		

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<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:						
Intergovernmental - state	\$ 23,600	\$ 23,600	\$ 23,600	\$ -	\$ 23,600	\$ -
Expenditures:						
Current:						
Public safety	-	-	-	3,931	3,931	-
Capital outlay	35,000	35,000	29,878	-	29,878	5,122
Total expenditures	35,000	35,000	29,878	3,931	33,809	5,122
Net change	(11,400)	(11,400)	(6,278)	<u>\$ (3,931)</u>	<u>\$ (10,209)</u>	5,122
Cash balance, beginning of year	11,494	11,494	11,494			-
Cash balance, end of year	<u>\$ 94</u>	<u>\$ 94</u>	<u>\$ 5,216</u>			<u>\$ 5,122</u>
<b>Explanation of Differences:</b>						
Change in accounts payable				<u>\$ (3,931)</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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<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	\$ -	\$ -	\$ 2	\$ (1)	\$ 1	\$ 2
Expenditures:						
Current:						
Public safety	<u>800</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>
Net change	<u>(800)</u>	<u>(800)</u>	<u>2</u>	<u>\$ (1)</u>	<u>\$ 1</u>	<u>802</u>
Cash balance, beginning of year	<u>903</u>	<u>903</u>	<u>903</u>			<u>-</u>
Cash balance, end of year	<u>\$ 103</u>	<u>\$ 103</u>	<u>\$ 905</u>			<u>\$ 802</u>
<b>Explanation of Differences:</b>						
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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<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	\$ -	\$ -	\$ 1	\$ (1)	\$ -	\$ 1
Expenditures:						
Capital outlay	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
Net change	(2,500)	(2,500)	1	<u>\$ (1)</u>	<u>\$ -</u>	2,501
Cash balance, beginning of year	<u>2,600</u>	<u>2,600</u>	<u>2,600</u>			<u>-</u>
Cash balance, end of year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 2,601</u>			<u>\$ 2,501</u>
<b>Explanation of Differences:</b>						
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  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$ -	\$ -	\$ 2	\$ (2)	\$ -	\$ 2
Expenditures:						
Current:						
Public safety	<u>2,300</u>	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,300</u>
Net change	<u>(2,300)</u>	<u>(2,300)</u>	<u>2</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>2,302</u>
Cash balance, beginning of year	<u>2,393</u>	<u>2,393</u>	<u>2,393</u>			<u>-</u>
Cash balance, end of year	<u>\$ 93</u>	<u>\$ 93</u>	<u>\$ 2,395</u>			<u>\$ 2,302</u>
<b>Explanation of Differences:</b>						
Change in receivables				<u>\$ (2)</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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 61,667	\$ 61,667	\$ 76,537	\$ -	\$ 76,537	\$ 14,870
Charges for services	-	-	2,308	(2,308)	-	2,308
Interest	-	-	1,178	-	1,178	1,178
Miscellaneous	-	-	190	-	190	190
<b>Total revenues</b>	<b>61,667</b>	<b>61,667</b>	<b>80,213</b>	<b>(2,308)</b>	<b>77,905</b>	<b>18,546</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	50,968	50,968	60,326	(163)	60,163	(9,358)
Capital outlay	5,000	508,167	6,235	-	6,235	501,932
<b>Total expenditures</b>	<b>55,968</b>	<b>559,135</b>	<b>66,561</b>	<b>(163)</b>	<b>66,398</b>	<b>492,574</b>
Excess (deficiency) of revenues over expenditures	5,699	(497,468)	13,652	(2,145)	11,507	511,120
<b>Other Financing Sources (Uses):</b>						
Loan proceeds	-	503,167	503,779	-	503,779	612
Transfers in	-	-	4,452	-	4,452	4,452
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>503,167</b>	<b>508,231</b>	<b>-</b>	<b>508,231</b>	<b>5,064</b>
<b>Net change</b>	<b>5,699</b>	<b>5,699</b>	<b>521,883</b>	<b>\$ (2,145)</b>	<b>\$ 519,738</b>	<b>516,184</b>
Cash balance, beginning of year	19,465	19,465	19,465			-
Transfer to restricted investments	-	-	(500,191)			(500,191)
<b>Cash balance, end of year</b>	<b>\$ 25,164</b>	<b>\$ 25,164</b>	<b>\$ 41,157</b>			<b>\$ 15,993</b>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (2,308)		
Change in prepaid expenses				24		
Change in accounts payable				139		
				<b>\$ (2,145)</b>		

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 39,058	\$ 39,058	\$ 48,476	\$ -	\$ 48,476	\$ 9,418
Charges for services	-	-	83	-	83	83
Interest	-	-	30	(4)	26	30
<b>Total revenues</b>	<b>39,058</b>	<b>39,058</b>	<b>48,589</b>	<b>(4)</b>	<b>48,585</b>	<b>9,531</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	47,424	47,424	35,741	(24)	35,717	11,683
Capital outlay	20,000	20,000	-	-	-	20,000
<b>Debt service:</b>						
Principal	-	-	7,509	-	7,509	(7,509)
<b>Total expenditures</b>	<b>67,424</b>	<b>67,424</b>	<b>43,250</b>	<b>(24)</b>	<b>43,226</b>	<b>24,174</b>
<b>Net change</b>	<b>(28,366)</b>	<b>(28,366)</b>	<b>5,339</b>	<b>\$ 20</b>	<b>\$ 5,359</b>	<b>33,705</b>
Cash balance, beginning of year	100,137	100,137	100,137			100,137
Cash balance, end of year	<u>\$ 71,771</u>	<u>\$ 71,771</u>	<u>\$ 105,476</u>			<u>\$ 33,705</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (4)		
Change in prepaid expenses				24		
				<u>\$ 20</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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 54,483	\$ 54,483	\$ 67,621	\$ -	\$ 67,621	\$ 15,774
Charges for services	195	195	16,946	(16,946)	-	16,751
Miscellaneous	-	-	83	-	83	83
Interest	-	-	77	(31)	46	77
<b>Total revenues</b>	<b>54,678</b>	<b>54,678</b>	<b>84,727</b>	<b>(16,977)</b>	<b>67,750</b>	<b>30,049</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	69,894	69,894	62,234	182	62,416	7,660
Capital outlay	120,000	120,000	9,392	-	9,392	110,608
<b>Debt service:</b>						
Principal	-	-	61,441	-	61,441	(61,441)
Interest	-	-	12	-	12	(12)
<b>Total expenditures</b>	<b>189,894</b>	<b>189,894</b>	<b>133,079</b>	<b>182</b>	<b>133,261</b>	<b>56,815</b>
<b>Net change</b>	<b>(135,216)</b>	<b>(135,216)</b>	<b>(48,352)</b>	<b>(17,159)</b>	<b>(65,511)</b>	<b>86,864</b>
Cash balance, beginning of year	194,535	194,535	194,535			-
Transfer from restricted investments	-	-	2			2
<b>Cash balance, end of year</b>	<b>\$ 59,319</b>	<b>\$ 59,319</b>	<b>\$ 146,185</b>			<b>\$ 86,866</b>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (16,977)		
Change in prepaid expenses				24		
Change in accounts payable				(206)		
				<b>\$ (17,159)</b>		

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 58,584	\$ 58,584	\$ 72,711	\$ -	\$ 72,711	\$ 14,127
Chages for services	-	-	289	-	289	289
Interest	-	-	16	(12)	4	16
Miscellaneous	-	-	84	-	84	84
<b>Total revenues</b>	<b>58,584</b>	<b>58,584</b>	<b>73,100</b>	<b>(12)</b>	<b>73,088</b>	<b>14,516</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	60,169	60,169	45,151	2,007	47,158	15,018
Capital outlay	74,200	74,200	-	-	-	74,200
<b>Total expenditures</b>	<b>134,369</b>	<b>134,369</b>	<b>45,151</b>	<b>2,007</b>	<b>47,158</b>	<b>89,218</b>
<b>Net change</b>	<b>(75,785)</b>	<b>(75,785)</b>	<b>27,949</b>	<b>\$ (2,019)</b>	<b>\$ 25,930</b>	<b>103,734</b>
Cash balance, beginning of year	91,041	91,041	91,041			-
Cash balance, end of year	<u>\$ 15,256</u>	<u>\$ 15,256</u>	<u>\$ 118,990</u>			<u>\$ 103,734</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (12)		
Change in prepaid expenses				24		
Change in accounts payable				(2,031)		
				<u>\$ (2,019)</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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 39,058	\$ 39,058	\$ 48,476	\$ -	\$ 48,476	\$ 9,418
Interest	-	-	119	(18)	101	119
Miscellaneous	-	-	83	-	83	83
Total revenues	39,058	39,058	48,678	(18)	48,660	9,620
<b>Expenditures:</b>						
Current:						
Public safety	70,814	70,814	39,386	(12,827)	26,559	31,428
Capital outlay	357,224	458,724	339,755	45	339,800	118,969
Debt service:						
Principal	-	-	13,870	-	13,870	(13,870)
Interest and other charges	-	-	3,005	-	3,005	(3,005)
Total expenditures	428,038	529,538	396,016	(12,782)	383,234	133,522
Excess (deficiency) of revenues over expenditures	(388,980)	(490,480)	(347,338)	12,764	(334,574)	143,142
<b>Other Financing Sources (Uses):</b>						
Loan proceeds	350,106	451,606	101,500	-	101,500	(350,106)
Net change	(38,874)	(38,874)	(245,838)	<u>\$ 12,764</u>	<u>\$ (233,074)</u>	(206,964)
Cash balance, beginning of year	80,819	80,819	80,819			-
Net transfer from restricted cash	-	-	246,068			246,068
Cash balance, end of year	<u>\$ 41,945</u>	<u>\$ 41,945</u>	<u>\$ 81,049</u>			<u>\$ 39,104</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (18)		
Change in prepaid expenses				24		
Change in accounts payable				12,758		
				<u>\$ 12,764</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  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 39,058	\$ 39,058	\$ 48,476	\$ -	\$ 48,476	\$ 9,418
Charges for services	-	-	2,610	(1,174)	1,436	2,610
Interest	-	-	83	-	83	83
Miscellaneous	-	-	54	(6)	48	54
<b>Total revenues</b>	<b>39,058</b>	<b>39,058</b>	<b>51,223</b>	<b>(1,180)</b>	<b>50,043</b>	<b>12,165</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	55,367	55,367	50,592	(526)	50,066	4,775
Capital outlay	2,000	542,699	227,558	9,397	236,955	315,141
<b>Total expenditures</b>	<b>57,367</b>	<b>598,066</b>	<b>278,150</b>	<b>8,871</b>	<b>287,021</b>	<b>319,916</b>
Excess (deficiency) of revenues over expenditures	(18,309)	(559,008)	(226,927)	(10,051)	(236,978)	332,081
<b>Other Financing Sources (Uses):</b>						
Loan proceeds	-	313,141	313,141	-	313,141	-
Transfers in	-	-	3,210	-	3,210	3,210
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>313,141</b>	<b>316,351</b>	<b>-</b>	<b>316,351</b>	<b>3,210</b>
<b>Net change</b>	<b>(18,309)</b>	<b>(245,867)</b>	<b>89,424</b>	<b>\$ (10,051)</b>	<b>\$ 79,373</b>	<b>335,291</b>
Cash balance, beginning of year	39,395	39,395	39,395			-
Transfer to restricted investments	-	-	(73,989)			(73,989)
<b>Cash balance, end of year</b>	<b>\$ 21,086</b>	<b>\$ (206,472)</b>	<b>\$ 54,830</b>			<b>\$ 261,302</b>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (1,180)		
Change in prepaid expenses				24		
Change in accounts payable				(8,895)		
				<b>\$ (10,051)</b>		

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  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 123,334	\$ 123,334	\$ 153,074	\$ -	\$ 153,074	\$ 29,740
Charges for services	-	-	695	-	695	695
Interest	-	-	57	(24)	33	57
Miscellaneous	-	-	137	-	137	137
<b>Total revenues</b>	<b>123,334</b>	<b>123,334</b>	<b>153,963</b>	<b>(24)</b>	<b>153,939</b>	<b>30,629</b>
<b>Expenditures:</b>						
Current:						
Public safety	271,335	271,335	52,944	1,603	54,547	218,391
Capital outlay	35,000	310,405	-	-	-	310,405
Debt service:						
Principal	-	-	166,018	-	166,018	(166,018)
Interest and other charges	-	-	1,414	-	1,414	(1,414)
<b>Total expenditures</b>	<b>306,335</b>	<b>581,740</b>	<b>220,376</b>	<b>1,603</b>	<b>221,979</b>	<b>361,364</b>
Excess (deficiency) of revenues over expenditures	(183,001)	(458,406)	(66,413)	(1,627)	(68,040)	391,993
<b>Other Financing Sources (Uses):</b>						
Loan proceeds	-	275,405	74,998	-	74,998	(200,407)
<b>Net change</b>	<b>(183,001)</b>	<b>(183,001)</b>	<b>8,585</b>	<b>\$ (1,627)</b>	<b>\$ 6,958</b>	<b>191,586</b>
Cash balance, beginning of year	243,884	243,884	243,884			-
Transfer to restricted investments	-	-	(46,497)			(46,497)
<b>Cash balance, end of year</b>	<b>\$ 60,883</b>	<b>\$ 60,883</b>	<b>\$ 205,972</b>			<b>\$ 145,089</b>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (24)		
Change in prepaid expenses				24		
Change in accounts payable				(1,627)		
				<u>\$ (1,627)</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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 39,058	\$ 39,058	\$ 48,476	\$ -	\$ 48,476	\$ 9,418
Charges for services	-	-	-	369	369	-
Interest	-	-	40	(9)	31	40
Miscellaneous	-	-	83	-	83	83
<b>Total revenues</b>	<b>39,058</b>	<b>39,058</b>	<b>48,599</b>	<b>360</b>	<b>48,959</b>	<b>9,541</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	54,386	56,386	29,662	7	29,669	26,724
Capital outlay	5,000	192,421	-	-	-	192,421
<b>Total expenditures</b>	<b>59,386</b>	<b>248,807</b>	<b>29,662</b>	<b>7</b>	<b>29,669</b>	<b>219,145</b>
Excess (deficiency) of revenues over expenditures	(20,328)	(209,749)	18,937	353	19,290	228,686
<b>Other Financing Sources (Uses):</b>						
Loan Proceeds	-	189,421	189,421	-	189,421	-
Transfers (out)	-	-	(3,210)	-	(3,210)	(3,210)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>189,421</b>	<b>186,211</b>		<b>186,211</b>	<b>(3,210)</b>
<b>Net change</b>	<b>(20,328)</b>	<b>(20,328)</b>	<b>205,148</b>	<b>\$ 353</b>	<b>\$ 205,501</b>	<b>225,476</b>
Cash balance, beginning of year	50,438	50,438	50,438			-
Transfer to restricted investments	-	-	(184,815)			(184,815)
<b>Cash balance, end of year</b>	<b>\$ 30,110</b>	<b>\$ 30,110</b>	<b>\$ 70,771</b>			<b>\$ 40,661</b>
<b>Explanation of Differences:</b>						
Change in receivables				\$ 360		
Change in prepaid expenses				24		
Change in accounts payable				(31)		
				<u>\$ 353</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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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 - state	\$ -	\$ -	\$ 12,187	\$ -	\$ 12,187	\$ 12,187
Interest	-	-	8	(6)	2	8
Miscellaneous	-	-	83	-	83	83
Total revenues	-	-	12,278	(6)	12,272	12,278
Expenditures:						
Current:						
Public safety	9,300	12,300	11,621	(29)	11,592	679
Net change	(9,300)	(12,300)	657	\$ 23	\$ 680	12,957
Cash balance, beginning of year	10,707	10,707	10,707			-
Cash balance, end of year	\$ 1,407	\$ (1,593)	\$ 11,364			\$ 12,957
<b>Explanation of Differences:</b>						
Change in receivables				\$ (6)		
Change in prepaid expenses				24		
Change in accounts payable				5		
				\$ 23		

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 39,058	\$ 39,058	\$ 48,476	\$ -	\$ 48,476	\$ 9,418
Interest	-	-	55	(2)	53	55
Miscellaneous	-	-	748	(2)	746	748
Total revenues	39,058	39,058	49,279	(4)	49,275	10,221
<b>Expenditures:</b>						
Current:						
Public safety	41,489	41,489	39,287	(3,063)	36,224	2,202
Capital outlay	1,000	1,000	7,562	-	7,562	(6,562)
Debt service:						
Principal	-	-	12,528	-	12,528	(12,528)
Interest and other charges	-	-	1,229	-	1,229	(1,229)
Total expenditures	42,489	42,489	60,606	(3,063)	57,543	(18,117)
Net change	(3,431)	(3,431)	(11,327)	\$ 3,059	\$ (8,268)	(7,896)
Cash balance, beginning of year	16,637	16,637	16,637			-
Transfer to restricted investments	-	-	(49)			(49)
Cash balance, end of year	\$ 13,206	\$ 13,206	\$ 5,261			\$ (7,945)
<b>Explanation of Differences:</b>						
Change in receivables				\$ (2)		
Change in prepaid expenses				24		
Change in accounts payable				3,039		
				\$ 3,061		

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

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
CATRON COUNTY FIRE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
WITH RECONCILIATION TO GAAP  
FOR THE YEAR ENDED JUNE 30, 2013

	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				
<b>Revenues:</b>						
Intergovernmental - state	\$ 52,418	\$ 52,418	\$ 65,058	\$ -	\$ 65,058	\$ 12,640
Miscellaneous	-	-	100	-	100	100
Total revenues	52,418	52,418	65,158	-	65,158	12,740
<b>Expenditures:</b>						
Current:						
Public safety	66,866	76,866	76,084	(3,020)	73,064	782
Net change	(14,448)	(24,448)	(10,926)	\$ 3,020	\$ 7,906	13,522
Cash balance, beginning of year	24,445	24,445	24,445			-
Cash balance, end of year	\$ 9,997	\$ (3)	\$ 13,519			\$ 13,522
<b>Explanation of Differences:</b>						
Change in accounts payable				\$ 3,020		

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<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 Variances With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>				
Revenues:						
Intergovernmental - federal	\$ 235,857	\$ 235,857	\$ 29,263	\$ (3,227)	\$ 26,036	\$ (206,594)
Expenditures:						
Current:						
Health and welfare	-	-	3,298	-	3,298	(3,298)
Culture and recreation	-	-	1,901	-	1,901	(1,901)
Capital outlay	211,461	211,461	-	20,632	20,632	211,461
Total expenditures	<u>211,461</u>	<u>211,461</u>	<u>5,199</u>	<u>20,632</u>	<u>25,831</u>	<u>206,262</u>
Net change	24,396	24,396	24,064	<u>\$ (23,859)</u>	<u>\$ 205</u>	(332)
Cash balance, beginning of year	-	-	-			-
Repayment of interfund loan to general fund	-	-	(24,064)			(24,064)
Cash balance, end of year	<u>\$ 24,396</u>	<u>\$ 24,396</u>	<u>\$ -</u>			<u>\$ (24,396)</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (3,227)		
Change in payables				<u>(20,632)</u>		
				<u>\$ (23,859)</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 POSITION  
OTHER ENTERPRISE FUNDS  
JUNE 30, 2013

	Ambulance Fund	Airport Fund	Total
<b>Assets:</b>			
Current assets:			
Cash	\$ 16,577	\$ -	\$ 16,577
Receivables, net	199,023	-	199,023
Prepaid expenses	-	850	850
	215,600	850	216,450
Total current assets			
Noncurrent assets:			
Capital assets:			
Buildings	51,129	-	51,129
Equipment	63,480	-	63,480
Less accumulated depreciation	(19,428)	-	(19,428)
	95,181	-	95,181
Total capital assets, net			
	310,781	850	311,631
Total assets			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	6,415	122	6,537
Accrued salaries	459	-	459
Due to other funds	57,611	26,295	83,906
	64,485	26,417	90,902
Total current liabilities			
<b>Net position:</b>			
Invested in capital assets	95,181	-	95,181
Unrestricted (deficit)	151,115	(25,567)	125,548
	\$ 246,296	\$ (25,567)	\$ 220,729
Total net position			

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 POSITION  
OTHER ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Ambulance Fund	Airport Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Operating Revenues:			
Charges for services	\$ 92,338	\$ -	\$ 92,338
Operating Expenses:			
Personnel services	43,928	-	43,928
Utilities	13,812	-	13,812
Contractual services	8,850	-	8,850
Repairs and maintenance	30,918	2,021	32,939
Insurance premiums	-	1,686	1,686
Other operating expenses	68,797	-	68,797
Depreciation	10,429	-	10,429
	<u>176,734</u>	<u>3,707</u>	<u>180,441</u>
Total operating expenses			
Operating (loss)	(84,396)	(3,707)	(88,103)
Non-Operating Revenues (Expenses):			
State shared taxes	52,180	-	52,180
Interest income	33	-	33
	<u>52,213</u>	<u>-</u>	<u>52,213</u>
Total non-operating revenues (expenses)			
(Loss) before transfers	(32,183)	(3,707)	(35,890)
Transfers:			
Transfers in	-	1,290	1,290
	<u>-</u>	<u>1,290</u>	<u>1,290</u>
Change in net position	(32,183)	(2,417)	(34,600)
Net position, beginning of year	<u>278,479</u>	<u>(23,150)</u>	<u>255,329</u>
Net position, end of year	<u>\$ 246,296</u>	<u>\$ (25,567)</u>	<u>\$ 220,729</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, 2013**

	Ambulance Fund	Airport Fund	Total Non-Major Funds
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers	\$ 61,386	\$ -	\$ 61,386
Cash payments to suppliers for goods and services	(121,847)	(3,679)	(125,526)
Cash payments to employees for services	(43,598)	-	(43,598)
Net cash (used) by operating activities	(104,059)	(3,679)	(107,738)
<b>Cash Flows From Non-Capital and Related Financing Activities:</b>			
State shared taxes	52,291	-	52,291
Transfers in	-	1,290	1,290
Net cash provided by non-capital and related financing activities	52,291	1,290	53,581
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(22,313)	-	(22,313)
<b>Cash Flows From Investing Activities:</b>			
Interest income	123	-	123
Net (decrease) in cash	(73,958)	(2,389)	(76,347)
Cash and cash equivalents, beginning of year	90,535	2,389	92,924
Cash and cash equivalents, end of year	<u>\$ 16,577</u>	<u>\$ -</u>	<u>\$ 16,577</u>
<b>Displayed as:</b>			
Cash	<u>\$ 16,577</u>	<u>\$ -</u>	<u>\$ 16,577</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating (loss)	\$ (84,396)	\$ (3,707)	\$ (88,103)
<b>Adjustment to Reconcile Operating Income to Cash Provided by Operating Activities:</b>			
Depreciation	10,429	-	10,429
<b>Changes in Assets and Liabilities:</b>			
(Decrease) in accounts receivable	(30,952)	-	(30,952)
Decrease (Increase) in accounts payable	530	28	558
Decrease in accrued salaries	330	-	330
Total adjustments	(19,663)	28	(19,635)
Net cash (used) by operating activities	<u>\$ (104,059)</u>	<u>\$ (3,679)</u>	<u>\$ (107,738)</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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$ 263,000	\$ 263,000	\$ 203,521	\$ 6,869	\$ 210,390	\$ (59,479)
Operating Expenses:						
Personnel services	177,094	177,094	172,079	(5,728)	166,351	5,015
Contractual services	66,000	66,000	85,728	(11,307)	74,421	(19,728)
Insurance premiums	4,500	4,500	17,205	-	17,205	(12,705)
Post-closure costs	21,000	21,000	-	-	-	21,000
Other operating expenses	60,350	60,350	88,932	(612)	88,320	(28,582)
Depreciation	-	-	-	41,535	41,535	-
Total operating expenses	<u>328,944</u>	<u>328,944</u>	<u>363,944</u>	<u>23,888</u>	<u>387,832</u>	<u>(35,000)</u>
Operating (loss)	(65,944)	(65,944)	(160,423)	(17,019)	(177,442)	(94,479)
Non-Operating Revenues (Expenses):						
Sales taxes	43,000	43,000	52,291	(111)	52,180	9,291
Intergovernmental	86,500	86,500	60,000	(43,560)	16,440	(26,500)
Interest income	5,000	5,000	7,748	-	7,748	2,748
Capital outlay	<u>(15,000)</u>	<u>(15,000)</u>	<u>(84,632)</u>	<u>84,632</u>	<u>-</u>	<u>(69,632)</u>
Total non-operating revenues (expenses)	<u>119,500</u>	<u>119,500</u>	<u>35,407</u>	<u>40,961</u>	<u>76,368</u>	<u>(84,093)</u>
Net change	53,556	53,556	(125,016)	<u>\$ 23,942</u>	<u>\$ (101,074)</u>	(178,572)
Cash balance, beginning of year	<u>320,920</u>	<u>320,920</u>	<u>320,920</u>			<u>-</u>
Cash balance, end of year	<u>\$ 374,476</u>	<u>\$ 374,476</u>	<u>\$ 195,904</u>			<u>\$ (178,572)</u>
<b>Explanation of Differences:</b>						
Change in receivables				\$ (36,802)		
Additions to capital assets				84,632		
Change in accounts payable				11,919		
Change in accrued salaries				737		
Change on compensated absences				4,991		
Depreciation				<u>(41,535)</u>		
				<u>\$ 23,942</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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$ 150,000	\$ 150,000	\$ 61,386	\$ 30,952	\$ 92,338	\$ (88,614)
Operating Expenses:						
Personnel services	57,869	57,869	43,598	330	43,928	14,271
Contractual services	10,000	10,000	8,850	-	8,850	1,150
Utilities	18,000	18,000	13,675	137	13,812	4,325
Repairs and maintenance	18,500	18,500	30,549	369	30,918	(12,049)
Insurance premiums	6,000	6,000	-	-	-	6,000
Other operating expenses	76,650	76,650	68,773	24	68,797	7,877
Depreciation	-	-	-	10,429	10,429	-
Total operating expenses	187,019	187,019	165,445	11,289	176,734	21,574
Operating (loss)	(37,019)	(37,019)	(104,059)	19,663	(84,396)	(67,040)
Non-Operating Revenues (Expenses):						
State shared taxes	42,000	42,000	52,291	(111)	52,180	10,291
Interest income	200	200	123	(90)	33	(77)
Capital outlay	(70,000)	(70,000)	(22,313)	22,313	-	47,687
Total non-operating revenues (expenses)	(27,800)	(27,800)	30,101	22,112	52,213	57,901
Net change	(64,819)	(64,819)	(73,958)	\$ 41,775	\$ (32,183)	(9,139)
Cash balance, beginning of year	90,535	90,535	90,535			-
Cash balance, end of year	\$ 25,716	\$ 25,716	\$ 16,577			\$ (9,139)
<b>Explanation of Differences:</b>						
Change in receivables				\$ 30,924		
Additions to capital assets				22,313		
Change in accounts payable				(703)		
Change in accrued salaries				(330)		
Depreciation				(10,429)		
				\$ 41,775		

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**  
**WITH RECONCILIATION TO GAAP**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$ 1,993	\$ 28	\$ 2,021	\$ 2,207
Insurance premiums	-	-	1,686	-	1,686	(1,686)
Total operating expenses	<u>4,200</u>	<u>4,200</u>	<u>3,679</u>	<u>28</u>	<u>3,707</u>	<u>521</u>
Operating (loss)	(4,200)	(4,200)	(3,679)	28	(3,707)	521
Non-Operating (Expenses):						
Capital outlay	(1,000)	(1,000)	-	-	-	1,000
Transfers:						
Transfers in	<u>3,500</u>	<u>3,500</u>	<u>1,290</u>	<u>-</u>	<u>1,290</u>	<u>(2,210)</u>
Net change	(1,700)	(1,700)	(2,389)	<u>\$ 28</u>	<u>\$ (2,417)</u>	(689)
Cash balance, beginning of year	<u>2,389</u>	<u>2,389</u>	<u>2,389</u>			<u>-</u>
Cash balance, end of year	<u>\$ 689</u>	<u>\$ 689</u>	<u>\$ -</u>			<u>\$ (689)</u>
<b>Explanation of Differences:</b>						
Change in prepaid expenses						
Change in accounts payable				<u>\$ 28</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, 2013

	Balance 06/30/12	Increases/ Receipts	Decreases/ Disbursements	Balance 06/30/13
<b>Property Tax Fund</b>				
Assets:				
Cash	\$ 3,432	\$ 601,334	\$ 595,962	\$ 8,804
Taxes receivable	77,672	79,155	77,672	79,155
Total assets	<u>\$ 81,104</u>	<u>\$ 680,489</u>	<u>\$ 673,634</u>	<u>\$ 87,959</u>
Liabilities:				
Deposits held for others	\$ 3,432	\$ 601,334	\$ 595,962	\$ 8,804
Due to other tax units - future collections	77,672	79,155	77,672	79,155
Total liabilities	<u>\$ 81,104</u>	<u>\$ 680,489</u>	<u>\$ 673,634</u>	<u>\$ 87,959</u>
<b>Children's Trust Fund</b>				
Assets:				
Cash	\$ 15	\$ 405	\$ 420	\$ -
Liabilities:				
Deposits held for others	\$ 15	\$ 405	\$ 420	\$ -
<b>Total Agency Funds</b>				
Assets:				
Cash	\$ 3,447	\$ 601,739	\$ 596,382	\$ 8,804
Taxes receivable	77,672	79,155	77,672	79,155
Total assets	<u>\$ 81,119</u>	<u>\$ 680,894</u>	<u>\$ 674,054</u>	<u>\$ 87,959</u>
Liabilities:				
Deposits held for others	\$ 3,447	\$ 601,739	\$ 596,382	\$ 8,804
Due to other tax units - future collections	77,672	79,155	77,672	79,155
Total liabilities	<u>\$ 81,119</u>	<u>\$ 680,894</u>	<u>\$ 674,054</u>	<u>\$ 87,959</u>

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

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
**SCHEDULE OF CASH ACCOUNTS**  
**JUNE 30, 2013**

Financial Institution/ Account Description	Type of Account	Financial Institution Balance	Reconciling Items	Reconciled Balance
First State Bank 103 Manzanaras Avenue Socorro, New Mexico 87801-0479				
Catron County	Interest Bearing Checking	\$ 4,148,212	\$ (144,849)	\$ 4,003,363
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	500,000	-	500,000
Certificate of Deposit	CD	500,000	-	500,000
Total certificates of deposit		<u>2,200,000</u>	<u>-</u>	<u>2,200,000</u>
Total First State Bank		<u>\$ 6,348,212</u>	<u>\$ (144,849)</u>	<u>\$ 6,203,363</u>

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**JUNE 30, 2013**

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	\$ 1,014,491
FHLB Non CBL	3133XN4B2	12/01/22	2,410,970
US Treasury Notes	912810DW5	05/01/16	1,025,647
FHLB Non CBL	31331VKU9	04/01/25	520,741
		Total	<u>\$ 4,971,849</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, 2013

Property taxes receivable, beginning of year	\$	235,105
Changes to Tax Roll:		
Net taxes charged to treasurer for fiscal year		1,740,107
Adjustments:		
Net adjustments and charge offs-prior years		<u>(19,027)</u>
Total receivables prior to collections		1,956,185
Collections for fiscal year ended June 30, 2013		<u>(1,728,702)</u>
Property taxes receivable, end of the year	\$	<u><u>227,483</u></u>
Property taxes receivable by years:		
2002	\$	342
2003		1,033
2004		1,135
2005		941
2006		1,417
2007		3,174
2008		6,099
2009		11,623
2010		21,507
2011		43,395
2012		<u>136,757</u>
	\$	<u><u>227,423</u></u>

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
**SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Agency	Undistributed Taxes 06/30/12	Collections	Distributions	Undistributed Taxes 06/30/13
<b>Catron County:</b>				
Current advalorem	\$ -	\$ 1,074,504	\$ 1,074,504	\$ -
Delinquent advalorem	-	100,181	100,181	-
Administration fee	-	1,324	1,324	-
Re-appraisal	-	17,274	17,274	-
Total	-	1,193,283	1,193,283	-
<b>Special Districts:</b>				
Sierra Soil & Water District	-	202	202	-
<b>Municipalities:</b>				
Village of Reserve	-	12,132	12,132	-
<b>State of New Mexico:</b>				
State levy	-	161,147	161,147	-
Cattle levy	-	45,021	45,021	-
Sheep/goat levy	-	58	58	-
Equine/horse levy	-	1,628	1,628	-
Dairy cattle levy	-	3	3	-
State P & I	-	10,179	10,179	-
Costs to State	55	6,125	6,180	-
Total	55	224,161	224,216	-
<b>Reserve Schools:</b>				
Operational	-	20,835	20,835	-
<b>Quemado Schools:</b>				
Operational	-	29,054	29,054	-
Debt service	-	142,274	142,274	-
Capital improvements	-	123,068	123,068	-
Total	-	294,396	294,396	-
Subtotal	55	1,745,009	1,745,064	-
<b>Miscellaneous:</b>				
Overpayments	836	10,155	4,555	6,436
Taxes paid in advance	2,541	3,031	3,204	2,368
Total	3,377	13,186	7,759	8,804
Subtotal	3,432	1,758,195	1,752,823	8,804
Children's Trust Fund	15	405	420	-
Grand Total	\$ 3,447	\$ 1,758,600	\$ 1,753,243	\$ 8,804

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
COUNTY TREASURER'S – PROPERTY TAX SCHEDULE  
JUNE 30, 2013

<u>Year</u>	<u>Net Property Taxes Levied</u>	<u>Collected Current Year</u>	<u>Collected To Date</u>	<u>Distributed Current Year</u>	<u>Distributed To Date</u>	<u>County Receivable at Year End</u>
<b>Advalorem</b>						
2001	\$ 950,715	\$ 28	\$ 950,655	\$ 28	\$ 950,655	\$ 60
2002	1,093,800	-	1,093,458	-	1,093,458	342
2003	1,127,156	-	1,126,123	-	1,126,123	1,033
2004	987,329	15	986,194	15	986,194	1,135
2005	1,158,709	19	1,157,768	19	1,157,768	941
2006	1,249,584	514	1,248,167	514	1,248,167	1,417
2007	1,421,090	2,596	1,417,916	2,596	1,417,916	3,174
2008	1,623,509	5,087	1,617,410	5,087	1,617,410	6,099
2009	1,739,552	10,039	1,727,929	10,039	1,727,929	11,623
2010	1,825,780	24,212	1,804,273	24,212	1,804,273	21,507
2011	1,892,129	82,842	1,848,734	82,842	1,848,734	43,395
2012	1,740,107	1,603,350	1,603,350	1,603,350	1,603,350	136,757
	<u>\$ 16,809,460</u>	<u>\$ 1,728,702</u>	<u>\$ 16,581,977</u>	<u>\$ 1,728,702</u>	<u>\$ 16,581,977</u>	<u>\$ 227,483</u>

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
SCHEDULE OF JOINT POWERS AGREEMENTS  
AND MEMORANDUMS OF UNDERSTANDING  
JUNE 30, 2013

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 begun 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, 2012 through June 30, 2013. 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 transactions 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  
AND MEMORANDUMS OF UNDERSTANDING  
JUNE 30, 2013

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, 2013**

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	\$ 28,759
Cooperative Forestry Assistance	10.664	13-03-1082	86,675	86,455
Cooperative Forestry Assistance	10.664	13-03-1115	43,369	43,369
Schools and Roads - Grants to States	10.665	FY2010 - Title I	3,000,670	194,531
Schools and Roads - Grants to States	10.665	FY2011 - Title I	1,965,106	1,128,073
Schools and Roads - Grants to States	10.665	FY2011 - Title III	323,665	268,269
Schools and Roads - Grants to States	10.665	FY2012 - Title III	261,935	159,904
Forest Service Patrol	10.670	12-LE-11030600-003	20,000	8,069
Total U.S. Department of Agriculture				1,917,429
U.S. Department of the Interior/ Bureau of Land Management				
Distribution of Receipts to State and Local Governments	15.227	Taylor Grazing Act	16,097	16,097
Total Expenditures of Federal Awards				<u>\$ 1,933,526</u>

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

**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 County's financial statements. All governmental expenditures of the Catron County (primary government) are presented in accordance with the modified accrual basis of accounting.

**3. NON-CASH ASSISTANCE**

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

**4. RECONCILIATION OF FINANCIAL STATEMENTS TO FEDERAL AWARDS**

Federal expenditures on the schedule of expenditures of federal awards amount of \$1,933,526. The amounts of expenditures within the funds are reflected within the financial statements as follows:

<b>General Fund</b>	
General government	\$ 3,407
Public safety	101,664
Public works	617,680
Capital outlay	<u>1,039,502</u>
	1,762,253
 <b>Special Revenue Funds</b>	
<u>Farm and Range Fund</u>	
Health and welfare	16,097
 <u>20 Communities Fund</u>	
Health and welfare	<u>155,176</u>
	<u><u>\$ 1,933,526</u></u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT**

**Ed Fierro, CPA • Rose Fierro, CPA**527 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*

Independent Auditors' Report

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Catron County (County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds and related budgetary comparisons of the County, presented as supplemental information, and have issued our report thereon dated November 8, 2013.

**Internal Control Over Financial Reporting**

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control 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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We considered the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, listed as items 2006-04, 2006-05, 2006-06, 2006-07, 2006-08, 2008-01, 2008-02, and 2010-01.

## **Compliance and Other Matters**

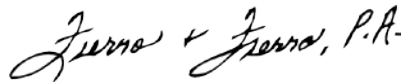
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 test 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 2006-02, 2007-05, 2006-09, 2006-13, 2010-03, 2011-04, 2012-01, 2012-03, 2013-01, 2013-02, 2013-03, 2013-04, 2013-05, and 2013-06.

## **The County's Responses to Findings**

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinions on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

November 8, 2013

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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

Independent Auditors' Report

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

**Report on Compliance for Each Major Federal Program**

We have audited Catron County's (County) 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 the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the Cooperative's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of 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, 2013.



## ***Report on Internal Control over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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 a combination of deficiencies, in internal control over compliance, such that there is a 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. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

November 8, 2013

**STATE OF NEW MEXICO  
CATRON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2013**

**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: Unmodified

- 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, 2013

**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 \$12,328. We noted eleven instances where there were no receipts attached. Of these eleven instances, there were four missing receipts for fuel and vehicle maintenance; and seven for the purchase of goods. The total dollar amount of the missing receipts was \$1,968.

**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** – Without the proper documentation to support the purchase, the County cannot determine whether or not they are paying for items that were for County use. A properly executed purchase order would indicate what types of items were to be purchased. By not ensuring that standard operating procedures are carried out, errors could occur and not be detected by employees on a timely basis.

**Cause** – County employees failed to submit to accounts payable, all the required documentation that supports the expenditure under their control. Accounts payable staff failed to follow up with said employees prior to actual payment to the credit card company.

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

**Views of Responsible Officials and Planned Corrective Actions** – The County has implemented a purchase card system this year for the County offices. We have standardized procedures regarding purchases with the use of purchase orders and checking with accounts payable staff regarding fund balances prior to purchasing. We have seen a significant improvement in the process with employees providing required documentation to accounts payable, as requested.

*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.

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

**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:

- 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.

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

**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.

**Views of Responsible Officials and Planned Corrective Actions** – Catron County has recently contracted with a company that will begin an accounting of our inventory that meets the criteria established by the New Mexico Administrative Code 2.20.1.

*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 ten 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** – Catron County has recently contracted with a company that will begin an accounting of our inventory that meets the criteria established by the New Mexico Administrative Code - 2.20.1. This will facilitate the establishment of appropriate internal controls over our fixed assets and address accountability for their custody and use.

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*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, 2013.

**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.

**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** – We have recently contracted with a company that will begin an accounting of our inventory that meets the criteria established by the New Mexico Administrative Code 2.20-16. We will be conducting a physical inventory of our capital assets, as described, and we will be instructed and have available resources for assistance, if needed, for us to continue this required annual inventory process.

*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.

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

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

**Effect** – The statement establishes accounting and reporting requirements for MSWLF closure and post-closure costs, which at a minimum will cause owners or operators of such facilities to examine more closely their landfill closing costs. Since such future costs must now be estimated and charged to operations while the landfill is still in use, counties are more likely to incorporate such costs into their current fee structure and possibly even set aside resources to meet the costs of closure and post-closure cash requirements. The County has missed opportunities for such action since they have not adequately addressed this issue.

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

**Recommendation** – We recommend 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** – Catron County has recently received an engineering estimate regarding the closure of the Pie Town landfill. We have included the cost in an Infrastructure Capital Improvement Plan request for legislative appropriations for the next session. Currently, we have received a grant for continued progress in the closure of the Reserve landfill. We have also been awarded Colonias funding for the purpose of finalizing the closures of the Reserve and Glenwood landfills. We intend to follow the auditors' recommendation and consult with our engineers to ensure that information concerning financial assurance requirements is available so that we may comply with the recommendation.

*Item 2006-08 – Material Weakness – Tax Roll Reconciliation*

**Statement of Condition** – The County Treasurer's Office did not prepare the required supplementary schedule titled *Tax Roll Reconciliation of Changes in the County Treasurer's Property Taxes Receivable*. Further, the County Treasurer's Office did not prepare the other required supplementary schedule titled, *County Treasurer's Property Tax Schedule*.

**STATE OF NEW MEXICO  
CATRON COUNTY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

**Criteria** – 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. This information 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 two schedules described above are presented in supplementary schedules 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. The newly elected County treasurer has not acquired the necessary knowledge of the system and the reporting requirements to produce the reconciliation statements as of June 30, 2013.

**Recommendation** – We recommend the County communicate with the computer software vendor to stress the importance of obtaining the proper training to enable the County to produce the reconciliation statements. Further, it is recommended that the County treasurer not wait to produce the statements annually. The recommendation is to produce the statements quarterly or semi-annually to ensure the accuracy of the underlying data.

**Views of Responsible Officials and Planned Corrective Actions** – We concur with the recommendation, and will encourage communication with the computer software vendor to solicit training for the treasurer to produce the reconciliation statements on a quarterly or semi-annual basis.

*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
20 Communities Fund	\$ 64,268	\$ 114,505	\$ 50,237
Wild Horse Fire Fund	\$ 42,489	\$ 60,606	\$ 18,117
Landfill Enterprise Fund	\$ 343,944	\$ 448,576	\$ 104,632



**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

**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 per fund. 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, with consideration to cash reserves. In addition, we recommend a thorough review of the planned activity for the last quarter of the fiscal year. Based on the both the semi-annual and quarterly reviews, resolutions requesting budget adjustments should be submitted to the Department of Finance & Administration (DFA) Local Government Division, where necessary.

**Views of Responsible Officials and Planned Corrective Actions** – We agree with the recommendation to establish procedures that include a comprehensive mid-year review of our budget per fund. Yes, we will be reviewing our budget on a quarterly basis to ensure that we have spending authority, and to make budget adjustments as necessary.

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

**Statement of Condition** – The County budgeted a deficit ending cash balance in the following funds for the year ended June 30, 2013:

- \$2,622 in the Farm and Range Special Revenue fund,
- \$206,572 in the Luna Fire Special Revenue fund,
- \$1,593 in the Coyote Creek Fire Special Revenue fund,
- \$3 in the Catron County Fire Department 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.

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*Item 2006-13 – Compliance – Deficit Ending Cash Balances for Budget (continued)*

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

**Cause** – The County 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** – We have budgeted for financial assistance in preparing for and reviewing our compliance with budget constraints established by state law. We are giving serious consideration to this matter, and understand that we need assistance in this area.

*Item 2007-05 – Other – Compensated Absences*

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

- One employee had 22.14 hours of sick leave available, but was paid for 24.00 hours; thus leaving the employee with a negative balance of 1.86 hours of sick leave.
- One employee had 14.00 hours of sick leave available, but was paid for 19.00 hours; thus leaving the employee with a negative balance of 5.00 hours of sick leave.
- One employee had 39.83 hours of annual leave available, but was paid for 40.00 hours; thus leaving the employee with a negative balance of .17 hours of annual leave.
- One employee had 3.44 hours of annual leave available, but was paid for 10.00 hours; thus leaving the employee with a negative balance of 6.56 hours. The same employee had 16.00 hours of sick leave available, but was paid for 30.00. Later in the year, while having only 8.00 hours of sick leave available, the employee was paid for 30.00 hours. The employee accrued sick leave balance at 6-30-2013 was a deficit 2.00 hours.

Additionally, we noted the following:

- One exempt employee was paid for compensatory time at separation from County employment. The employee was paid for 56.50 hours for a total of \$867.84.
- Two elected officials moved from their elected positions to a County job on January 1, 2013. From that time forward, the payroll clerk incorrectly accrued annual and sick leave. On one employee, annual leave was accrued at an incorrect rate of 9.34 hours per pay period. The correct rate should have been 1.67 hours per pay period. As a result of this miscalculation, the employee was paid for 22.96 hours of annual leave that was not earned.

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

**Statement of Condition (continued) –**

- One employee's leave record was adjusted for an additional 20 hours of sick leave with no explanation.
- One employee was omitted from the County's GASB Leave Report as of June 30, 2013.
- One elected official, with both annual and sick leave accruals, was included in the County's GASB Leave Report as of June 30, 2013.

**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. This includes ensuring that all transactions can be fully supported.

An employee position with the County is terminated when the same employee is elected to a County office. As per NMSA (1978) Section 10-6-3, *Any incumbent of any public office or employment (by a county), who shall accept any public office or employment,,,for which a salary or compensation is authorized...and who by reason of such other public office or employment shall fail for a period of thirty consecutive days or more to devote his time to the usual and normal extent during ordinary working hours to the performance of the duties of such public office and employment, shall be deemed to have resigned from and to have permanently abandoned his public office and employment.* The move from an elected position to a County job is not a change in employment classification. The elected position terminated, and the County employee should begin accruing annual and sick leave anew.

**Effect** – Without a full consistent review of all payroll duties, errors such as overpayments may occur, and not be detected by employees on a timely basis. Non-compliance with New Mexico State Statutes, and the Department of Finance and Administration rules, could subject officials and employees to penalties and fines.

**Cause** – The County relies on the computer software to accurately calculate and maintain annual and sick accruals. There were no controls in place to ensure such accruals were periodically reviewed to ensure accuracy. If the system had contained errors, no correction of such errors was addressed. In addition, department heads failed to monitor the employees' earned annual and sick leave hours prior to their approval of the time off. Overall, the County payroll clerk did not demonstrate a clear understanding concerning the meaning, importance, and effects of maintaining accurate records related to compensated absences.

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

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

**Recommendation (continued)** – The importance of the payroll function cannot be understated. Each employee’s history should be reviewed to ensure that the current balances for both annual and sick leave are true and accurate. Finally, the County should coordinate with the provider of the County software to ensure that GASB leave reports, generated from the system, are accurate and reliable.

**Views of Responsible Officials and Planned Corrective Actions** – We are currently working with an offsite payroll accounting company that will provide the establishment and maintenance of internal controls to provide assurance of compliance with state and county laws and regulations.

*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.”*

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

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

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

**Recommendation** – The County should employ an individual to serve in the position of director of finance. This employee should have the ability to prepare cash basis financial statements and full accrual financial statements in accordance with GAAP. The position should require a complete understanding of fund accounting and budgeting. Alternately, the County could choose to consult with a separate accounting firm prior to, and during the audit process that would assist the County in the preparation of financial statements and the related notes.

**Views of Responsible Officials and Planned Corrective Actions** – We agree with the recommendation and have budgeted funds to accomplish this. We are pursuing hiring a finance director or working with an accounting firm to assist us in the preparation of financial statements and the related notes.

*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 and prepaids, a schedule of accounts payable, a schedule of accrued wages by department, a debt schedule, and a summarization of accrued compensated absences.
- The County failed to reconcile its capital assets subsidiary records with the general ledger activity.

**STATE OF NEW MEXICO**  
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

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

Appropriate internal control procedures over financial reporting include the ability to understand the key components financial statements in accordance with GAAP. Underlining this premise is the requirement that the County will maintain the accounting records in such a manner as to allow the preparation of financial statements. 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.

**STATE OF NEW MEXICO**  
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

**Views of Responsible Officials and Planned Corrective Actions** – We are pursuing hiring an individual to serve as director of finance or to consult with an accounting firm that could assist the County in the gathering of key components of the financial statements and the related notes. We understand that we must give serious consideration to this area of concern for the County.

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

**Statement of Condition** – The County uses one bank account for all funds. The County did not prepare complete and accurate monthly bank reconciliations during the fiscal year ending June 30, 2013. In addition, the County did not reconcile the bank balance to the cash balances, as listed in the general ledger per fund. The County's reconciled cash per the bank at June 30, 2013 was \$4,003,363; while, the general ledger cash balance was \$4,006,437. The difference was \$3,074. 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 bank reconciliations and 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** – There were several personnel changes in both the County manager's and treasurer's offices during the fiscal year that disrupted the reconciliation process. In addition, there was a lack of understanding the necessity of reconciling the bank balance back to the general ledger balance.

**Recommendation** – We recommend the County officials expedite the establishment and maintenance of the appropriate internal controls concerning the reconciliation and recording of cash balances per fund. 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. The treasurer must communicate with the manager's office concerning ACH payments and voided checks.

**Views of Responsible Officials and Planned Corrective Actions** – We are pursuing hiring either an accounting firm or a finance director who could consult with County officials regarding the establishment and maintenance of internal controls concerning the reconciliation and recording of cash balances per fund. We agree that we must establish proper reconciliation of differences in reconciled balances and the treasurer's balances.

**STATE OF NEW MEXICO**  
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

**Statement of Condition** – The following is a condition that was reported in the previous audit report, and is being repeated as the County has not followed through on their corrective action plan:

- The County discovered that it had not been withholding and paying retirement contributions to PERA for certain part-time employees dating back to 2007. In January 2010, the County remitted \$10,295 in both employer and employee contributions. As of June 15, 2011, the County had made formal arrangements for the repayment of the employee's portion for only one of the three effected employees.

During the current audit period, management discovered that the payroll clerk had not been withholding and paying retirement contributions to PERA for three County employees. The amount due to PERA for contributions and interest as of September 13, 2013 is \$15,266.

**Criteria** – NMSA 1978, Sections 10-11-124(A) and 10-11-126(A), provide that an employer affiliated with PERA is responsible for timely remitting to PERA, both the employer and employee contributions due for each employee and that PERA may assess an interest charge on any remittance not made by its due date. PERA Rule 2 NMAC 80.500, "Remittance of Contributions." Further states at paragraph 8.5: I In the event the employer fails to make the necessary deductions, the employer shall be responsible to remit to PERA the total amount due for both the member and employer contributions plus interest as provided in paragraph 500.8.3 above."

Further, 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** – Because the County erred in not remitting these retirement contributions on a timely basis, not only is the County obligated to remit to PERA both the employer and employee contributions that are overdue, it is also obligated to pay applicable interest on the contributions and the affected employees' service credit may be jeopardized. In addition, 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 Article IX, Section 14.

**Cause** – The payroll clerk did not demonstrate due diligence in performing the functions related to the withholding, reporting, and remittance of PERA contributions.

**Recommendation** – We recommend that County management expedite individual repayment arrangements with the effected 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.



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**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

**Views of Responsible Officials and Planned Corrective Actions** – We have reviewed the detail surrounding the recent omission of PERA deductions for three Catron County employees. We have set in place individual repayment arrangements with the affected employees. With the outsourcing of payroll, we are putting in place the internal controls through the payroll accounting firm that ensures that all retirement contributions are withheld and remitted to PERA on a timely basis.

*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 sixty transactions, which were haphazardly selected throughout the fiscal year, and contained the following discrepancies:

- There were four instances where the travel request form did not reflect written approval by the employee's authorized supervisor. The total travel requests totaled \$1,622.25.
- There were five instances where the travel request form lacked certification by the employee. The total travel requests totaled \$1,504.18.
- There were eighteen instances which required mileage reimbursement that were calculated incorrectly. The County applied at rate of \$0.41 rather than the correct rate of \$0.444. In total, the employees were underpaid by \$181.97.
- There was one instance where an employee received 100% advance for per diem and mileage prior to departure. The employee received the advance on August 29, 2013, and the travel to the conference was expected to occur on August 29, 2013. The total amount was \$270.02.
- There were five instances where an addition error caused an overpayment of \$4.
- There were two instances where the travel request form was not complete. The travel requests totaled \$398.86.
- There were three instances where the employee was not paid for partial day. The employee was underpaid by \$44.
- There was one instance where partial day was calculated incorrectly. The employee was overpaid by \$24.
- There were four instances where the travel expenditures were incorrectly posted to the capital outlay line item for total amount of \$720.

**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.

**STATE OF NEW MEXICO**  
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**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

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

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

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

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

**Cause** – The employees failed to review the travel voucher prior to submittal for reimbursement. In turn, County staff members failed to follow standard operating procedures in reviewing, with due diligence, travel requests and payments prior to payment to the employee.

**Recommendation** – We recommend the Travel and Per Diem Act is thoroughly reviewed by all County staff, in particular those charged with the calculation of the reimbursements. This would include management communication with the departments within the County to ensure all employees understand the procedures and responsibilities concerning travel and per diem. Each employee should obtain a reasonable working knowledge concerning how travel and per diem is reimbursed.

**Views of Responsible Officials and Planned Corrective Actions** – We concur that the Travel and Per Diem Act be thoroughly reviewed by all County staff, especially those performing the calculations of the reimbursements. We plan to have a workshop regarding this issue, so that all employees have an opportunity to obtain a reasonable working knowledge concerning the reimbursement of travel and per diem.

*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 report 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.

**STATE OF NEW MEXICO  
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**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

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

**Effect** – Section 3509 of the Code provides that if an employer fails to deduct and withhold any tax under chapter 24 (income tax withholding), or subchapter A of Chapter 21 (employee portion of FICA tax), with respect to any employee by reason of treating an employee as not being an employee, the employer's liability is 1.5 percent of the employees' plus 20 percent of the employees' 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), as well as job descriptions for 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** – As of July 1, 2013, these contractors are County employees. We have corrected this issue.

*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. The County received final approval for the FY 2012-2013 on December 17, 2013.

**STATE OF NEW MEXICO**  
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

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

**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 1<sup>st</sup> of each year, a proposed budget for the next fiscal year. Furthermore, LGD must examine each proposed budget and, on or before July 1<sup>st</sup> 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.

**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 1<sup>st</sup>.

**Views of Responsible Officials and Planned Corrective Actions** – We plan to comply with budget deadlines established by state law.

*Item 2013-01 – Compliance - Procurement Code*

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

- The County paid an independent contractor to update the County wide CWPP's and to update and develop evacuation and structure protection plans for communities throughout the county. The term of the contract was for the period November 15, 2011 to November 15, 2012. The contractor continued to render services and the County continued payment, even though there was no formal extension of the contract by mutual agreement between the contractor and the county. The contractor was paid \$6,778.50 beyond the agreed amount of \$30,000 for the original contract.
- The County paid a consulting firm \$43,554.92 for natural resource planning and management projects, for the period June 2012 through February 2013 without a properly executed agreement for services.
- The County paid an attorney \$25,536.39 for legal services for the period July 2012 through January 2013 without a properly executed contract for services.

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FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*Item 2013-01 – Compliance - Procurement Code (continued)*

**Criteria** – New Mexico Procurement Code Section 1.4.1.51A states, “Quotation to be obtained. In so far as it is practical for small purchases of nonprofessional services, construction or items of tangible personal property having a value exceeding five thousand dollars (\$5,000) but not exceeding twenty thousand dollars (\$30,000), no fewer than three businesses shall be solicited to submit written quotations that are recorded and placed in the procurement file. If three written quotes cannot be obtained, the agency shall document the reasons and include the document in the procurement file. Such notation as “does not carry” or “did not return my phone call” do not qualify as a valid quotation.”

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

**Cause** – County management failed to follow through on executing contracts.

**Recommendation** – We recommend County staff review all professional service contracts for completeness of signatures, approval by the County Board of Commissioners in a public meeting, approval of contracts for legal conformity by the County attorney, and the contract’s effective terms, conditions, and dates. We recommend County staff maintain a listing of all professional service contracts, and their respective termination dates, to ensure new requests for proposals are created timely or for a renewal of the contract prior to the termination date. Finally, we recommend the County expedite the establishment and maintenance of the appropriate internal controls to provide assurance of compliance with the New Mexico Procurement Code

**Views of Responsible Officials and Planned Corrective Actions** – Once the error was discovered, the County ceased to work with the contractors and/or firms involved. We have updated our procurement policy. We have been able to secure professional services without an RFP, as allowed under state procurement, and our own procurement policy. We believe that we have corrected this error.

*Item 2013-02 – Other – Untimely Payroll Tax Deposits*

**Statement of Condition** – During the course of the audit, we performed tests of the County’s quarterly payroll tax reports. Our testing included federal tax deposits made by electronic funds transfer, which are made by using the Electronic Federal Tax Payment System (EFTPS), and the quarterly filing of the reports. The following discrepancy was discovered:

- There were three instances where the federal payroll tax payment, using the EFTPS, was filed late. The County was assessed a failure to make proper federal tax deposit penalty of \$1,851.82 by the United States Department of Treasury, Internal Revenue Service.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*Item 2013-02 – Other – Untimely Payroll Tax Deposits (continued)*

**Criteria** – The United States Department of the Treasury, Internal Revenue Service (IRS) requires timely filing of Form 941 reports one month after the end of the quarter. Furthermore, the IRS requires timely depositing of social security, Medicare taxes (both the employee and employer portions), and the employees' federal income taxes withheld. The County is a semi-weekly depositor of the taxes, which usually requires the taxes to be remitted to the IRS within three days after paying their employees.

**Effect** – Failure to deposit payroll taxes subjects the County to penalties imposed by the IRS.

**Cause** – The payroll clerk failed to make proper federal deposits timely.

**Recommendation** – We recommend the County manager's finance staff review their procedures, and verify they are complying with the IRS requirements for the remittance of payroll taxes.

**Views of Responsible Officials and Planned Corrective Actions** – The payroll clerk failed to make the proper federal deposits in a timely manner. The payroll clerk is no longer employed by Catron County. We have established controls in place to ensure that these deposits will be made in a timely manner.

*Item 2013-03 – Compliance – Wage and Contribution Reports by Employing Units to New Mexico Workforce Solutions Department*

**Statement of Condition** – During the course of the audit, we performed tests of the County's reports to the New Mexico Department of Workforce Solutions. The following discrepancies were discovered:

- The gross wages of three employees were incorrectly omitted from the report for the quarter ending 06-30-2013. Total wages omitted were \$3,529.15.
- On the report for the quarter ending 03-31-2013, the newly elected County Clerk and County Treasurer's wages were included as taxable wages. These wages totaled \$19,326.75. The outgoing clerk and treasurer's wages were listed on the report as exempt. These wages totaled \$15,674.96.

**Criteria** – As per the New Mexico Administrative Code (NMAC), Section 11.3.400.404, *each wage and contribution report must include only wages, as the term is defined in NMSA 1978 Section 51-1-42(t), paid during the quarter being reported.* Corrections of errors made on previously submitted reports must be submitted separately on a form prescribed by the department.

**Effect** – Errors in reporting wages may affect the employee's wage record and their future ability to collect their correct unemployment compensation.

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*Item 2013-03 – Compliance – Wage and Contribution Reports by  
Employing Units to New Mexico Workforce Solutions Department (continued)*

**Cause** – The payroll clerk failed to make the appropriate changes within the payroll program of the County's accounting software and the error was not detected by the employee in the normal course of performing their duties.

**Recommendation** – We recommend County manager's finance staff review procedures related to filing of wage and determination reports to verify compliance the regulations of NMAC 11.3.400. The procedures should at a minimum, include reconciliation between the federal and state payroll reports and the general ledger. Further, appropriate corrections should be made to the reports that contained errors as soon as possible.

**Views of Responsible Officials and Planned Corrective Actions** – The payroll clerk failed to make the appropriate changes as needed. The payroll clerk is no longer employed by Catron County. We are working with an offsite payroll accounting company for the outsourcing of payroll. We have reviewed the payroll program in the County's accounting software, and will be correcting errors as soon as possible.

*Item 2013-04 – Compliance – Quarterly Reporting to Local Government  
Division of the New Mexico Department of Finance and Administration*

**Statement of Condition** – With the exception of the fourth quarter, the County failed to prepare, and file its quarterly financial reports to Local Government Division of the New Mexico Department of Finance and Administration on a timely basis. The reports were submitted as follows:

- Quarter ending 9-30-2012 submitted 1-31-2013
- Quarter ending 12-31-2012 submitted 4-30-2013
- Quarter ending 3-31-2013 submitted 5-04-2013
- Quarter ending 6-30-2013 submitted 7-29-2013

**Criteria** – NMSA 1978 6-6-2 mandates Department of Finance and Administration's Local Government Division (LGD) to require periodic financial reports of local public bodies and to prescribe their form. LGD currently requires quarterly reports from counties, municipalities and special districts (not including school districts). Likewise, the local governments are required to keep all books, make all reports, and conform to all rules and regulations adopted by the LGD. The required quarterly report must include all deposits made by the treasurer and disbursements (expenditures) made by the county finance department (county manager office). The report requires that the county treasurer and the county manager office work closely to provide meaningful results.

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*Item 2013-04 – Compliance – Quarterly Reporting to Local Government  
Division of the New Mexico Department of Finance and Administration (continued)*

**Effect** – In not preparing and filing the reports timely, the County was not in compliance with the NMSA 1978 6-6-2. In addition, preparing and filing late reports prohibits the County, and the financial management bureau of LGD, to analyze the current financial condition to detect financial difficulties early and to ensure that each entity maintains financial stability.

**Cause** – The County manager became terminally ill and subsequently passed away during the fall of 2012. The Board of Commissioners did not name a replacement for the County manager's position until January 2013. The newly elected County treasurer and the newly appointed County manager were unfamiliar with the reporting requirements, and were experiencing difficulties with the reconciliation of cash balances.

**Recommendation** - We recommend the County manager and County treasurer establish a working timeline for the preparation, review and filing of the DFA quarterly report.

**Views of Responsible Officials and Planned Corrective Actions** – We have had a recent and unexpected change in management in Catron County. We have communicated our situation to DFA, and they are aware of the issues in Catron County. The 4<sup>th</sup> quarterly report was submitted in a timely manner.

*Item 2013-05 – Compliance – Assuming/Departing the Office and Settlement of Accounts*

**Statement of Condition** – When the County treasurer left office on December 31, 2012, she failed to make a full and complete settlement with the board of County commissioners. The board of County commissioners failed to: 1) file a comprehensive financial statement with the state auditor including all unfinished business of the treasurer that is passed on to a successor and; 2) verify that the books were balanced before being passed on the successor.

**Criteria** – NMSA 1978 4-43-4 states that when a County collector goes out of office, he shall make a full and complete settlement with the board of commissioners, and deliver up in the presence of the County clerk all books, papers, money and all other property appertaining to the office, to his successor, taking his receipt therefor. The board of County commissioners shall make a statement, so far as state revenue is concerned, to the state auditor, showing all charges for whatsoever purposes which have been created against the collector during his term of office, and all credits that have been made, and other unfinished business charged over to his successor, and the amount of money paid over to his successor, showing to what tear and to what accounts the amount so paid over belongs. They shall also see that the books of the collector are correctly balanced before passing into the possession of the collector-elect.

**Effect** – The County is currently not in compliance with NMSA 1978 4-43-4. By not taking the time to complete and verify the accuracy of the books and records, errors, if any, were left unattended to.



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**SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)**

*Item 2013-05 – Compliance – Assuming/Departing the Office and Settlement of Accounts (cont)*

**Cause** – The County commissioners were aware of the requirements of NMSA 1978 4-43-4. In addition, the County was pre-occupied with making the transition among the County manager’s, treasurer’s and clerk’s offices.

**Recommendation** - We recommend County commissioners and management review the provisions of the NMSA 1978 4-43-4 to ensure compliance in future instances of assuming and departing county offices.

**Views of Responsible Officials and Planned Corrective Actions** – We were not aware of the requirements of NMSA 1978 4-43-4. When the circumstances arise again, we will refresh our awareness of this statute and make sure that an accounting is made.

*Item 2013-06 – Compliance - Submission of Audit Report*

**Statement of Condition** – The audit report for the fiscal year ended June 30, 2013, was due to the New Mexico State Auditor’s office by Friday, November 15, 2013. The audit report was submitted on Monday, November 18, 2013.

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

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

**Cause** – The auditor extended the time to fully review the report prior to submission to the State Auditor’s office.

**Recommendation** – We recommend the auditor and the County develop a working schedule of deliverables to enable the submission of a timely audit report to the New Mexico State Auditor’s Office. The schedule should be developed during the engagement process such that each party can plan accordingly.

**Views of Responsible Officials and Planned Corrective Actions** – We agree with the recommendation and will work with the auditor to ensure timely submission of audit reports.

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

None.

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
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**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.

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.

**STATE OF NEW MEXICO**  
**CATRON COUNTY**  
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**SECTION IV – PRIOR YEAR’S AUDIT FINDINGS (continued)**

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 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 2010-03 – 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 newly elected Clerk has updated procedures to ensure compliance with the Open Meetings Act. The finding is considered resolved.

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 2012-01 – Independent Contractor v. Employee – In the prior year, it was noted that the County contracted with individuals who are deemed employees and not independent contractors. The finding is not considered resolved and is repeated as 2012-01.

Item 2012-02 – Procurement Code – In the prior year, it was noted that the County awarded a bid for construction services to a company without following the Procurement Code. During the current year, the County failed to follow the Procurement Code when hiring contracted professional services. The finding is not considered resolved and is modified as 2013-01.

Item 2012-03 – 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 1, 2012. The County’s fiscal year 2012-2013 final budget was approved on December 17, 2012. The County’s fiscal year 2013-2014 final budget was approved by DFA on August 23, 2013. The finding is not considered resolved and is modified as 2012-03.

**STATE OF NEW MEXICO**  
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EXIT CONFERENCE AND  
PREPARATION OF FINANCIAL STATEMENTS  
JUNE 30, 2013

**EXIT CONFERENCE**

The audit report for the fiscal year ended June 30, 2013, was discussed during the exit conference held on November 13, 2013 in Reserve, New Mexico. Present for the County was Glyn Griffin, county commissioner; Cathlyn Snyder, county manager; and Connie Shipley, 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, 2013. 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.