

**STATE OF NEW MEXICO
CATRON COUNTY**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2014

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CATRON COUNTY
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**STATE OF NEW MEXICO
CATRON COUNTY
DIRECTORY OF OFFICIALS
JUNE 30, 2014**

Elected Officials

Glyn Griffin..... Commission Chairman
Van J. "Bucky" Allred..... Commission Member
Richard McGuire..... 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' ReportTimothy Keller, 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 of Catron County, New Mexico (County), as of and for the year ended June 30, 2014, 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 major enterprise fund and 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, 2014, 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 to the financial statements, management has not maintained adequate subsidiary records to enable the recording of certain infrastructure assets and other capital assets and, has not recorded depreciation expense on any capital assets in the governmental activities. Accounting principles generally accepted in the United States of America require that capital assets, including, 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, within the governmental activities, and included in the statement of net position as of June 30, 2014.

The County failed to prepare a complete and an accurate reconciliation of its cash at June 30, 2014. The County pools its cash in one bank account and as such it could not be determined what fund or funds contained the error or errors. Accounting principles generally accepted in the United States of America require that cash be stated at a book amount that takes into consideration differences between that amount and amounts held in deposit at the financial institution. With uncertainty of the book cash balance, questions arise regarding accounting errors and the proper recording of revenues and expenditures. The amount of uncertainty regarding reconciling items and the proper cash amount would affect the assets, net position, revenues, and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities” paragraphs, the financial statements referred to above do not present fairly the financial position of the governmental activities of Catron County as of June 30, 2014, 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 to the financial statements, management has not maintained adequate subsidiary records to support the recording of all capital assets, the related accumulated depreciation and depreciation expense in the business-type activities.

As discussed in Note 7, 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. The amount by which liabilities are understated and net position is overstated within the business-type activities statement of net position has not been determined.

The County failed to prepare a complete and an accurate reconciliation of its cash at June 30, 2014. The county pools its cash in one bank account and as such it could not be determined what fund or funds contained the error or errors. Accounting principles generally accepted in the United States of America require that cash be stated at a book amount that takes into consideration reconciling differences between that amount and amounts held in deposit at the financial institution. With uncertainty of the book cash balance, questions arise regarding accounting errors and the proper recording of revenues and expenditures. The amount of uncertainty regarding reconciling items and the proper cash balance would affect the assets, net position, revenues, and expenses of the business-type activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Business-Type Activities” paragraphs, 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, 2014, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinions

The county failed to prepare a complete and an accurate reconciliation of its cash at June 30, 2014. The County pools its cash in one bank account and as such it could not be determined what fund or funds contained the error or errors. Accounting principles generally accepted in the United States of America require that cash be stated at a book amount that takes into consideration reconciling differences between that amount and amounts held in deposit at the financial institution. With uncertainty of the book cash balance, questions arise regarding accounting errors and the proper recording of revenues and expenditures. The amount of uncertainty regarding reconciling items and the proper cash balance would affect the assets, net position, revenues, and expenses has not been determined.

Adverse Opinions

In our opinion, because of the significance of the matters described in the “Basis for Adverse Opinions” paragraph, the financial statements referred to above do not present fairly the financial position of each major fund and the aggregate remaining fund information of Catron County, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund, 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 do not present fairly, in all material respects, the respective financial position of each nonmajor governmental and nonmajor enterprise funds as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major enterprise fund and all nonmajor funds, for the year then ended in accordance with 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

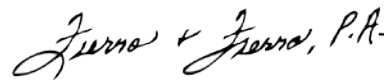
Our audit was conducted for the purpose of forming opinions on the County’s financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by Section 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 Section 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 Section 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 February 27, 2015 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.

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

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

February 27, 2015

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 6,480,933	\$ 342,237	\$ 6,823,170
Investments	49,878	-	49,878
Receivables, net	670,085	297,355	967,440
Prepaid expenses	49,812	843	50,655
Internal balances	580,699	(580,699)	-
Restricted investments	1,432,147	907,796	2,339,943
Capital assets:			
Land and construction in progress	844,787	6,000	850,787
Other capital assets, net of depreciation	<u>22,701,470</u>	<u>800,673</u>	<u>23,502,143</u>
Total capital assets	<u>23,546,257</u>	<u>806,673</u>	<u>24,352,930</u>
Total assets	32,809,811	1,774,205	34,584,016
LIABILITIES			
Accounts payable	122,409	6,302	128,711
Accrued salaries	18,838	2,812	21,650
Accrued interest payable	2,659	-	2,659
Long-term liabilities:			
Due within one year	153,669	129,949	283,618
Due in more than one year	<u>1,734,131</u>	<u>423,314</u>	<u>2,157,445</u>
Total liabilities	2,031,706	562,377	2,594,083
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	<u>779,096</u>	<u>907,796</u>	<u>1,686,892</u>
NET POSITION			
Net investment in capital assets	23,546,257	806,673	24,352,930
Restricted:			
Debt service	653,051	-	653,051
Federal mandated	4,600,373	-	4,600,373
State mandated per statutes	1,098,104	-	1,098,104
Unrestricted	<u>101,224</u>	<u>(502,641)</u>	<u>(401,417)</u>
Total net position	<u>\$ 29,999,009</u>	<u>\$ 304,032</u>	<u>\$ 30,303,041</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, 2014

Functions/Programs	Expenses	Program Revenues			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
Primary Government:							
Governmental Activities:							
General government	\$ 1,175,717	\$ 64,575	\$ 1,101,760	\$ 23,495	\$ 14,113	\$ -	\$ 14,113
Public safety	1,428,885	221,590	1,108,667	98,540	(88)	-	(88)
Public works	1,368,272	-	1,369,478	-	1,206	-	1,206
Health and welfare	488,250	-	169,571	-	(318,679)	-	(318,679)
Culture and recreation	91,656	-	-	-	(91,656)	-	(91,656)
Interest on long-term debt	17,691	-	-	-	(17,691)	-	(17,691)
Total governmental activities	4,570,471	286,165	3,749,476	122,035	(412,795)	-	(412,795)
Business-type activities:							
Landfill	267,233	323,544	107,365	-	-	\$ 163,676	\$ 163,676
Ambulance	94,585	44,483	729	-	-	(49,373)	(49,373)
Airport	4,246	-	-	-	-	(4,246)	(4,246)
Total business-type activities	366,064	368,027	108,094	-	-	110,057	110,057
Total primary government	\$ 4,936,535	\$ 654,192	\$ 3,857,570	\$ 122,035	(412,795)	110,057	(302,738)
General Revenues:							
Gross receipts taxes					157,927	78,056	235,983
Property taxes, levied for general purposes					1,299,449	-	1,299,449
Public service taxes					511,029	-	511,029
Interest income					18,201	-	18,201
Insurance recoveries					23,386	-	23,386
Donations					6,826	-	6,826
Transfers					(5,000)	5,000	-
Total general revenues and transfers					2,011,818	83,056	2,094,874
Change in net position					1,599,023	193,113	1,792,136
Net position, beginning of year					29,179,082	110,919	29,290,001
Restatements					(779,096)	-	(779,096)
Net position, beginning of year, restated					28,399,986	110,919	28,510,905
Net position, end of year					\$ 29,999,009	\$ 304,032	\$ 30,303,041

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, 2014**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 5,167,333	\$ 1,313,600	\$ 6,480,933
Investments	49,878	-	49,878
Receivables, net	625,743	44,342	670,085
Due from other funds	812,165	-	812,165
Prepaid expenses	26,085	23,727	49,812
Restricted:			
Investments	779,096	653,051	1,432,147
Total assets	\$ 7,460,300	\$ 2,034,720	\$ 9,495,020
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 46,555	\$ 75,854	\$ 122,409
Accrued salaries	18,838	-	18,838
Due to other funds	-	231,466	231,466
Total liabilities	65,393	307,320	372,713
Deferred Inflows of Resources:			
Unearned revenues	869,613	1,373	870,986
Fund Balances:			
Nonspendable	26,085	23,727	49,812
Restricted for:			
Debt service	-	653,051	653,051
Federal mandate	4,597,772	2,601	4,600,373
State mandated per statutes	-	1,098,104	1,098,104
Committed for:			
One twelfth budget reserve	1,027,290	-	1,027,290
Subsequent years' expenditures	779,096	79,303	858,399
Assigned	-	48,825	48,825
Unassigned	95,051	(179,584)	(84,533)
Total fund balances	6,525,294	1,726,027	8,251,321
Total liabilities, deferred inflows of resources and fund balances	\$ 7,460,300	\$ 2,034,720	\$ 9,495,020

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, 2014

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

Total fund balances governmental funds (page eight)	\$	8,251,321
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		23,546,257
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.		91,890
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(1,887,800)
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>(2,659)</u>
Net position of governmental activities (page six)	\$	<u><u>29,999,009</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, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Gross receipts taxes	\$ 118,899	\$ 39,028	\$ 157,927
Property taxes	1,305,126	19,917	1,325,043
Public service taxes	511,029	-	511,029
Intergovernmental:			
Federal	2,192,696	172,325	2,365,021
State	574,796	944,047	1,518,843
Charges for services	36,152	149,647	185,799
Licenses and permits	32,588	-	32,588
Fines and forfeitures	-	37,004	37,004
Interest	17,278	923	18,201
Miscellaneous	37,818	10,815	48,633
Total revenues	4,826,382	1,373,706	6,200,088
Expenditures:			
Current:			
General government	1,161,292	13,859	1,175,151
Public safety	810,090	617,419	1,427,509
Public works	1,373,882	-	1,373,882
Health and welfare	144,664	343,586	488,250
Culture and recreation	87,906	3,750	91,656
Capital outlay	147,633	669,243	816,876
Debt service:			
Principal	-	113,072	113,072
Interest and other charges	-	19,129	19,129
Total expenditures	3,725,467	1,780,058	5,505,525
Excess (deficiency) of revenues over expenditures	1,100,915	(406,352)	694,563
Other Financing Sources (Uses):			
Transfers in	10,280	30,849	41,129
Transfers (out)	(32,639)	(13,490)	(46,129)
Total other financing sources (uses)	(22,359)	17,359	(5,000)
Net change in fund balances	1,078,556	(388,993)	689,563
Fund balances, beginning of year	6,225,834	2,115,020	8,340,854
Restatements	(779,096)	-	(779,096)
Fund balances, beginning of year, as restated	5,446,738	2,115,020	7,561,758
Fund balances, end of year	<u>\$ 6,525,294</u>	<u>\$ 1,726,027</u>	<u>\$ 8,251,321</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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

Net change in fund balances total governmental funds (page ten)	\$	689,563
Governmental funds report capital outlay as expenditures in the amount of \$816,876; 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 \$816,876.		816,876
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, 2013, deferred property taxes amounted to \$117,484. The deferred property taxes for the current fiscal year amounted to \$91,890; therefore, the net adjustment is \$25,594.		(25,594)
Accrued interest expense not due within thirty days after year-end is not considered in the current period and is not reported in the governmental funds. The decrease of the accrued interest liability from the previous year decreases the interest expense within the statement of activities.		1,438
The repayment of long-term debt consumes the current financial resources of governmental funds; however, it is not recorded as an expense within the statement of activities.		113,072
Decrease in the compensated absences liability is reflected as an expense reduction within the statement of activities and the expense does not use a current financial resource and is not recorded within the governmental funds statement.		<u>3,668</u>
Net change in governmental activities net position - government-wide financial statements (page seven)	\$	<u><u>1,599,023</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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Gross receipts taxes	\$ 125,000	\$ 125,000	\$ 121,807	\$ (2,908)	\$ 118,899	\$ (3,193)
Property taxes	1,218,367	1,218,367	1,285,912	19,214	1,305,126	67,545
Public service taxes	495,000	495,000	507,041	3,988	511,029	12,041
Intergovernmental:						
Federal	2,033,448	2,061,867	1,906,940	355,904	2,192,696	(154,927)
State	1,924,000	1,924,000	1,423,883	(833,539)	574,796	(500,117)
Charges for services	37,000	37,000	26,642	9,510	36,152	(10,358)
Licenses and permits	42,000	42,000	30,963	1,625	32,588	(11,037)
Interest	33,500	33,500	17,643	(365)	17,278	(15,857)
Miscellaneous	173,250	175,633	31,046	6,772	37,818	(144,587)
Total revenues	6,081,565	6,112,367	5,351,877	(439,799)	4,826,382	(760,490)
Expenditures:						
Current:						
General government	1,270,588	1,279,458	1,174,083	(12,839)	1,161,244	105,375
Public works	2,078,833	2,205,252	2,266,247	(892,365)	1,373,882	(60,995)
Public safety	1,354,177	1,364,808	813,518	(3,380)	810,138	551,290
Health and welfare	102,082	153,582	137,051	7,613	144,664	16,531
Culture and recreation	112,630	112,630	105,105	(17,199)	87,906	7,525
Capital outlay	35,110	143,610	147,633	-	147,633	(4,023)
Total expenditures	4,953,420	5,259,340	4,643,637	(918,170)	3,725,467	615,703
Excess of revenues over expenditures	1,128,145	853,027	708,240	478,371	1,100,915	(144,787)
Other Financing Sources (Uses):						
Transfers in	-	-	2,957	7,323	10,280	2,957
Transfers (out)	(5,000)	(5,000)	(23,000)	(9,639)	(32,639)	(18,000)
Total other financing sources (uses)	(5,000)	(5,000)	(20,043)	(2,316)	(22,359)	(15,043)
Net change in cash balance	1,123,145	848,027	688,197	\$ 476,055	\$ 1,078,556	(159,830)
Cash balance, beginning of year	4,570,094	4,570,094	4,570,094			-
Cash advanced to Apache Creek Fire Fund	-	-	(37,500)			(37,500)
Cash advanced to Quemado Fire Fund	-	-	(53,790)			(53,790)
Repayment of cash advanced from Capital Projects Fund	-	-	332			332
Cash balance, end of year	\$ 5,693,239	\$ 5,418,121	\$ 5,167,333			\$ (250,788)

Explanation of Differences:

Change in accounts receivable	\$ (1,511)
Change in taxes receivable	(4,862)
Change in intergovernmental receivable	(469,367)
Change in interest receivable	(365)
Change in prepaid expenses	3,903
Change in accounts payable	920,555
Change in accrued salaries payable	2,546
Change in deferred inflows of resources	25,156
	<u>\$ 476,055</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, 2014

	Enterprise		Total
	Landfill Fund	Other Funds	
Assets:			
Current assets:			
Cash	\$ 248,727	\$ 93,510	\$ 342,237
Receivables, net	178,910	118,445	297,355
Prepaid expenses	-	843	843
Total current assets	427,637	212,798	640,435
Noncurrent assets:			
Restricted investments	907,796	-	907,796
Capital assets:			
Land and construction in progress	6,000	-	6,000
Other capital assets, net of accumulated depreciation	715,961	84,712	800,673
Total noncurrent assets	721,961	84,712	806,673
Total assets	<u>\$ 2,057,394</u>	<u>\$ 297,510</u>	<u>\$ 2,354,904</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 5,006	\$ 1,296	\$ 6,302
Accrued salaries	1,642	1,170	2,812
Due to other funds	496,793	83,906	580,699
Current maturities of:			
Compensated absences	4,745	-	4,745
Landfill closure and post-closure	125,204	-	125,204
Total current liabilities	633,390	86,372	719,762
Noncurrent liabilities:			
Compensated absences	4,133	-	4,133
Landfill closure and post-closure	419,181	-	419,181
Total noncurrent liabilities	423,314	-	423,314
Total liabilities	1,056,704	86,372	1,143,076
Deferred Inflows of Resources:			
Unearned revenues	907,796	-	907,796
Net Position:			
Net investment in capital assets	721,961	84,712	806,673
Unrestricted (deficit)	(629,067)	126,426	(502,641)
Total net position	92,894	211,138	304,032
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,057,394</u>	<u>\$ 297,510</u>	<u>\$ 2,354,904</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise		Total
	Landfill Fund	Other Funds	
Operating Revenues:			
Charges for services	\$ 323,544	\$ 44,483	\$ 368,027
Operating Expenses:			
Personnel services	95,649	25,242	120,891
Utilities	-	8,462	8,462
Contractual services	34,871	3,630	38,501
Repairs and maintenance	20,144	5,436	25,580
Insurance premiums	16,792	5,534	22,326
Other operating expenses	53,436	40,058	93,494
Depreciation	46,341	10,469	56,810
Total operating expenses	<u>267,233</u>	<u>98,831</u>	<u>366,064</u>
Operating income (loss)	56,311	(54,348)	1,963
Non-Operating Revenues (Expenses):			
Gross receipts taxes	<u>39,028</u>	<u>39,028</u>	<u>78,056</u>
Income (loss) before capital contributions and transfers	95,339	(15,320)	80,019
Capital Contributions and Transfers:			
Capital contributions	107,365	729	108,094
Transfers in	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total capital contributions and transfers	<u>107,365</u>	<u>5,729</u>	<u>113,094</u>
Change in net position	202,704	(9,591)	193,113
Net position, beginning of year	<u>(109,810)</u>	<u>220,729</u>	<u>110,919</u>
Net position, end of year	<u>\$ 92,894</u>	<u>\$ 211,138</u>	<u>\$ 304,032</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, 2014

	Enterprise		Total
	Landfill Fund	Other Funds	
Cash Flows From Operating Activities:			
Cash received from customers	\$ 318,704	\$ 122,882	\$ 441,586
Cash payments to suppliers for goods and services	(234,055)	(68,354)	(302,409)
Cash payments to employees for services	(90,202)	(24,531)	(114,733)
Net cash provided (used) by operating activities	(5,553)	29,997	24,444
Cash Flows From Non-Capital and Related Financing Activities:			
Cash received from gross receipts taxes	41,936	41,936	83,872
Transfers in	-	5,000	5,000
Net cash provided by non-capital and related financing activities	41,936	46,936	88,872
Cash Flows From Capital and Related Financing Activities:			
Capital contributions	16,440	-	16,440
Net increase in cash	52,823	76,933	129,756
Cash and cash equivalents, beginning of year	195,904	16,577	212,481
Cash and cash equivalents, end of year	<u>\$ 248,727</u>	<u>\$ 93,510</u>	<u>\$ 342,237</u>
Displayed as:			
Cash	<u>\$ 248,727</u>	<u>\$ 93,510</u>	<u>\$ 342,237</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating income (loss)	\$ 56,311	\$ (54,348)	\$ 1,963
Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities:			
Depreciation	46,341	10,469	56,810
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(4,840)	78,399	73,559
(Decrease) in prepaid expenses	-	7	7
Decrease in accounts payable	(5,552)	(5,203)	(10,755)
Increase in accrued salaries	692	673	1,365
Increase in compensated absences	4,755	-	4,755
(Decrease) in post-closure costs payable	(103,260)	-	(103,260)
Total adjustments	(61,864)	84,345	22,481
Net cash provided (used) by operating activities	<u>\$ (5,553)</u>	<u>\$ 29,997</u>	<u>\$ 24,444</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, 2014

	Agency Funds
Assets:	
Cash	\$ 6,925
Taxes receivable	71,328
Total assets	\$ 78,253
 Liabilities:	
Deposits held for others	\$ 6,925
Due to other taxing units - future collections	71,328
Total liabilities	\$ 78,253

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, 2014

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 position and the statement of changes in net position) 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, 2014

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, 2014

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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Property, franchise, gross receipts 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.

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

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

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

The County maintains twenty-eight other individual governmental funds that are considered nonmajor funds; twenty-seven are classified as special revenue funds, and one is classified as capital projects fund.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting,

C. and Financial Statement Presentation (continued)

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 *Quemado Lake fire fund* accounts for state fire protection revenues that are to be expended only for the maintenance of its fire department. The authority for the fund is given by Sections 59A-53-5 and 59A-53-8, NMSA 1978.

The *Coyote Creek fire fund* accounts for state fire protection revenues that are to be expended only for the maintenance of its fire department. The authority for the fund is given by Sections 59A-53-5 and 59A-53-8, NMSA 1978.

The *Wild Horse fire fund* accounts for state fire protection revenues that are to be expended only for the maintenance of its fire department. The authority for the fund is given by Sections 59A-53-5 and 59A-53-8, NMSA 1978.

The *Catron County fire fund* accounts for fire protection revenues that are to be expended only for the maintenance of its fire department. The authority for the fund is given by Sections 59A-53-5 and 59A-53-8, NMSA 1978.

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

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

The *airport fund* accounts for federal, state and local match revenues and expenditures for the Glenwood and Reserve airports within the County. The authority for the fund is given by Section 3-39-1, NMSA 1978.

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

D. Budgets

Budgets for all funds are prepared by management and approved by the local commission and the New Mexico Department of Finance and Administration. The County Manager is responsible for preparing the budget from requests submitted by elected officials and department heads. The appropriated budget is prepared by line item within object class, program, department and fund; revenues expected to be available are estimated to provide for balanced budgeting. The comprehensive budget package is brought before the County Commissioners for approval by resolution.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets (continued)

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

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

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

2. Interfund 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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Inventory

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.

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Capital Assets (continued)

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:

Assets	Years
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:

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Compensated Absences (continued)

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 Inflows of Resources – Unearned Revenues

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

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

10. Short-Term Obligations

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, or business-type activities within the statement of net position. Bond or note issuance costs are expensed in the year of issuance.

In the governmental funds, the long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. 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.

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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

14. Fund Equity (continued)

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.

F. Other Matters

1. Presentation

Current reclassifications of prior year information have been made to conform to the current year presentation.

2. 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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Other Matters (continued)

3. 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, 2014, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	<u>Per Institution</u>	<u>Reconciling Items</u>	<u>Per Financial Statements</u>
First State Bank	\$ 6,935,409	\$ (105,314)	\$ 6,830,095

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

2. CASH DEPOSITS (continued)

Cash Deposited with Financial Institutions (continued)

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

Statement of Net Position:	
Cash	\$ 6,823,170
Statement of fiduciary assets and liabilities - agency funds	<u>6,925</u>
Total cash reported on financial statements	<u><u>\$ 6,830,095</u></u>

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the County. All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the County carrying value of the deposits (demand and certificates of deposit). 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
	<u> </u>
Checking account	\$ 4,735,409
Certificates of deposit	<u>2,200,000</u>
Total cash deposits	6,935,409
Less: FDIC coverage	<u>(250,000)</u>
Total uninsured public funds	6,685,409
Pledged securities	<u>5,034,518</u>
Uninsured and uncollateralized public funds	<u><u>\$ 1,650,891</u></u>
Pledged securities	\$ 5,034,518
Collateral requirements (50% of uninsured public funds)	<u>3,342,704</u>
Pledged collateral (under) over the requirement	<u><u>\$ 1,691,814</u></u>

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

2. CASH DEPOSITS (continued)

Cash Deposited with Financial Institutions (continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$6,685,409 of the County’s bank balances of \$6,935,409 was exposed to custodial credit risk as follows:

	First State Bank
Uninsured and collateral held by pledging bank's trust department or agent not in the County's name.	\$ 6,685,409

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	2,339,943
	\$ 2,389,821

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, 2014, the restricted investments are composed of the following:

Program funds	\$ 2,316,668
Debt reserve	23,136
Debt service	139
	\$ 2,339,943

Cash Deposited with the New Mexico State Treasurer

As of June 30, 2014, 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.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. INVESTMENTS (continued)

Cash Deposited with the New Mexico State Treasurer (continued)

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

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

Interest Rate Risk – Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The portfolio's final weighted average maturity is 48.6-day WAM at June 30, 2014.

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, 2014, 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 \$139 invested within the NMFA debt service pool. At June 30, 2014, the pool was composed of short-term, high credit-quality money market instruments.

NMFA - Debt Reserve Pool

The County has \$23,136 invested within the NMFA debt reserve pool. At June 30, 2014, the pool was composed of 7.73% money market funds; and 92.27% fixed income funds.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. INVESTMENTS (continued)

NMFA – Program Funds

The County has \$2,316,668 invested within the NMFA program funds pool. At June 30, 2014, the pool was composed of 74.33% money market funds and 25.67% U.S. Treasury fixed income funds.

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 37-day WAM. The NMFA debt reserve pool fund weighted average maturity is 1.323 WAM. The NMFA program funds pool fund weighted average maturity is .032 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, 2014, consisted of the following:

	Governmental Activities	Business-Type Activities
Accounts receivable:		
Charges for services	\$ -	\$ 552,975
Miscellaneous	5,603	-
Allowance for doubtful accounts	-	(374,010)
Total	5,603	178,965
Taxes receivable:		
Gross receipts taxes	10,296	10,296
Property taxes	142,245	-
Public service taxes	42,655	-
Allowance for doubtful accounts	-	-
Total	195,196	10,296
Intergovernmental receivables:		
Solid waste grant	\$ -	\$ 89,800
Department of Homeland Security	414,774	18,294
E911 building improvement grant	23,495	-
Village of Reserve reimbursements	16,772	-
Corrections fees	7,275	-
USDA forest payments	3,633	-
Sheriff over-time reimbursements	1,625	-
Allowance for doubtful accounts	-	-
Total	467,574	108,094
Interest receivable	1,712	-
Receivables, net	\$ 670,085	\$ 297,355

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. PROPERTY TAX

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

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

Upon receipt of the property tax schedule, the County Treasurer shall prepare and mail property tax bills. Tax bill shall be mailed no later than November 1st of each tax year. Property taxes are payable to the County Treasurer in two equal installments due on November 10th of the year in which the tax bill was prepared and mailed, and on April 10th of the following year. Property taxes that are not paid within thirty days after the date on which they are due are delinquent. Delinquent taxes are subject to penalties and interest. A lien against the real property for taxes is effective from January 1st of the tax year that the taxes are imposed. 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 an amount determined by a formula based upon each \$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 2013 was \$11.850 per \$1,000 for non-residential property and \$9.719 per \$1,000 for residential property. In 2013, there was no tax rate established for payment of bonds principal and interest.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014 is as follows:

	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 729,873	\$ -	\$ -	\$ 729,873
Construction in progress	7,323	114,914	(7,323)	114,914
Total capital assets, not being depreciated	737,196	114,914	(7,323)	844,787
Other capital assets, being depreciated:				
Buildings	4,390,981	81,997	-	4,472,978
Other improvements	5,511,704	5,050	-	5,516,754
Infrastructure	947,456	-	-	947,456
Machinery and equipment	11,142,044	622,238	-	11,764,282
Total other capital assets, being depreciation	21,992,185	709,285	-	22,701,470
Less accumulated depreciation for:				
Buildings	-	-	-	-
Other improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	-	-	-	-
Other capital assets, net	21,992,185	709,285	-	22,701,470
Total capital assets, net	<u>\$ 22,729,381</u>	<u>\$ 824,199</u>	<u>\$ (7,323)</u>	<u>\$ 23,546,257</u>
Business-Type Activities:				
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	732,757	-	-	732,757
Total other capital assets, being depreciated	1,350,970	-	-	1,350,970
Less accumulated depreciation for:				
Buildings	(1,863)	(1,278)	-	(3,141)
Other improvements	(51,088)	(15,856)	-	(66,944)
Machinery and equipment	(440,536)	(39,676)	-	(480,212)
Total accumulated depreciation	(493,487)	(56,810)	-	(550,297)
Other capital assets, net	857,483	(56,810)	-	800,673
Total capital assets, net	<u>\$ 863,483</u>	<u>\$ (56,810)</u>	<u>\$ -</u>	<u>\$ 806,673</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

7. LONG-TERM OBLIGATIONS

Changes in governmental activities obligations during the year ended June 30, 2014, were as follows:

	Balance 06/30/13	Additions	Deletions	Balance 06/30/14	Amounts Due Within One Year
Governmental Activities:					
Notes payable	\$ 1,939,090	\$ -	\$ (113,072)	\$ 1,826,018	\$ 118,306
Compensated absences	65,450	54,503	(58,171)	61,782	35,363
	<u>\$ 2,004,540</u>	<u>\$ 54,503</u>	<u>\$ (171,243)</u>	<u>\$ 1,887,800</u>	<u>\$ 153,669</u>

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 \$13,855, 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
2015	\$ 13,030	\$ 791	\$ 13,821
2016	13,308	546	13,854
2017	13,606	283	13,889
	<u>\$ 39,944</u>	<u>\$ 1,620</u>	<u>\$ 41,564</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
2015	\$ 7,547	\$ -	\$ 7,547
2016	7,566	-	7,566
2017	7,585	-	7,585
	<u>\$ 22,698</u>	<u>\$ -</u>	<u>\$ 22,698</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

Due in Fiscal Year Ended June 30:	Principal	Interest	Total
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>\$ 50,750</u>	<u>\$ -</u>	<u>\$ 50,750</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
2015	\$ 9,139	\$ -	\$ 9,139
2016	9,139	-	9,139
2017	9,139	-	9,139
2018	9,139	-	9,139
2019	9,139	-	9,139
2020-2024	45,695	-	45,695
2025-2029	45,695	-	45,695
	<u>\$ 137,085</u>	<u>\$ -</u>	<u>\$ 137,085</u>

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

7. 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
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	14,870	2,397	17,267
2020-2024	75,944	9,699	85,643
2025-2029	82,320	5,213	87,533
2030-2031	29,921	640	30,561
	<u>\$ 261,535</u>	<u>\$ 28,678</u>	<u>\$ 290,213</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
2015	\$ 5,075	\$ -	\$ 5,075
2016	5,075	-	5,075
2017	5,075	-	5,075
2018	5,075	-	5,075
2019	5,075	-	5,075
2020-2024	25,375	-	25,375
2025-2029	25,375	-	25,375
2030-2033	20,300	-	20,300
	<u>\$ 96,425</u>	<u>\$ -</u>	<u>\$ 96,425</u>

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

7. 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 \$7,632, 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
2015	\$ 7,503	\$ 129	\$ 7,632
2016	7,571	61	7,632
2017	7,579	53	7,632
2018	7,586	46	7,632
2019	7,594	38	7,632
2020-2023	30,451	76	30,527
	<u>\$ 68,284</u>	<u>\$ 403</u>	<u>\$ 68,687</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
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	9,429	142	9,571
2020-2024	47,286	571	47,857
2025-2029	47,523	334	47,857
2030-2033	38,190	96	38,286
	<u>\$ 180,049</u>	<u>\$ 1,807</u>	<u>\$ 181,856</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

7. 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 \$18,280, 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
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	13,916	4,364	18,280
2020-2024	73,444	17,957	91,401
2025-2029	83,180	8,222	91,402
2030-2033	76,622	244	76,866
	<u>\$ 301,452</u>	<u>\$ 49,619</u>	<u>\$ 351,071</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 Lake 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
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	17,268	1,420	18,688
2020-2024	91,381	2,701	94,082
2025-2026	38,546	58	38,604
	<u>\$ 184,672</u>	<u>\$ 11,055</u>	<u>\$ 195,727</u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

7. 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 \$27,740, 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
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	23,234	4,506	27,740
2020-2024	122,622	16,079	138,701
2025-2029	135,943	2,758	138,701
2030-2033	110,683	277	110,960
	<u>\$ 483,124</u>	<u>\$ 43,940</u>	<u>\$ 527,064</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
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

7. LONG-TERM OBLIGATIONS (continued)

Business-Type Activities

Changes in the business-type activities obligations during the year ended June 30, 2014, were as follows:

	Balance 06/30/13	Additions	Deletions	Balance 06/30/14	Amounts Due Within One Year
Landfill closure	\$ 647,645	\$ -	\$ (103,260)	\$ 544,385	\$ 125,204
Compensated absences	4,123	5,696	(941)	8,878	4,745
	<u>\$ 651,768</u>	<u>\$ 5,696</u>	<u>\$ (104,201)</u>	<u>\$ 553,263</u>	<u>\$ 129,949</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 \$380,925, respectively, which is based on one hundred percent (100%) usage (filled) of the landfills.

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

8. UNEARNED REVENUES

The County has recorded unearned revenues of \$869,613 and \$1,373 within the governmental general and re-appraisal funds, respectively. In the general fund, these amounts represent non-current property taxes of \$90,517 and grant awards of \$779,096. In the re-appraisal fund, \$1,373 represents non-current property taxes.

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

8. UNEARNED REVENUES (continued)

The County has also recorded unearned revenues of \$779,096 and \$907,796 within the government activities and business-type activities, respectively. These amounts represent grant awards through New Mexico Finance Authority in which not all criteria have been met as of June 30, 2014.

9. OPERATING LEASES

The County has entered into an agreement to lease a computer system. The agreement includes the use of the computer software and support. The agreement is renewable annually. The County expects that in the normal course of business, the computer agreement will continue to be required. For the fiscal year ended June 30, 2014, the County expended \$54,585 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>
2015	\$ 117,769
2016	117,769
2017	117,769
2018	29,442
	<u>\$ 382,749</u>

10. INTERFUND BALANCES AND TRANSFERS

Interfund Balances

The composition of interfund balances as of June 30, 2014, 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	54,062
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	Apache Creek Special Revenue Fund	37,500
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	Ambulance Enterprise Fund	57,611
General Fund	Airport Enterprise Fund	26,295
General Fund	Landfill Enterprise Fund	496,793
	Total	<u>\$ 812,165</u>

**STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

10. 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			Total
	General Fund	Other Governmental Funds	Other Business-Type Funds	
Transfers (out):				
General Fund	\$ -	\$ 27,639	\$ 5,000	\$ 32,639
Other Governmental Funds	10,280	3,210	-	13,490
	\$ 10,280	\$ 30,849	\$ 5,000	\$ 46,129

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.

11. DEFICIT BALANCES

The Farm and Range fund and the Enhanced 911 fund had deficit fund balances of \$3,700 and \$56,162, respectively, at June 30, 2014. The Airport fund had deficit net position of \$24,813 at June 30, 2014. These deficit balances will be reduced from revenues received in the next fiscal year, and or transfers from the general fund.

12. EXCESS EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2014, the County incurred expenditures over appropriations of the following amounts and funds:

Fund	Amount
Quemado Fire fund	\$ 98,178
Horse Mountain Fire fund	91,233
Quemado Lake Fire fund	176,722
Emergency Medical Services fund	21,421
20 Communities fund	122,419
Airport fund	777

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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

13. RESTATEMENT OF NET POSITION

During the fiscal year ended June 30, 2014, the County determined that changes to the beginning of year net position and fund balances were necessary. A description and the effect of the changes are as follows:

	Government-Wide		
	Governmental Activities	Business-Type Activities	Individual Funds
Government-Wide Financial Statements			
In the previous year, grant award revenues were overstated. The major conditions for the award have not been completed.	\$ 779,096		
<i>Major Funds</i>			
General Fund			
The County corrected errors in the intergovernmental receivables as previously reported.		-	\$ 779,096
Total Government-Wide Financial Statements	\$ 779,096	\$ -	\$ 779,096

14. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

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

Funding Policy

Plan members are required to contribute from 9.15% to 12.35% (ranges from 3.83% to 16.65% depending upon the plan, i.e., state general, state hazardous duty, state police, and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The County is required to contribute from 9.15% to 18.5% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary.

The contribution requirements of plan members and the County are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County contributions to PERA for the years ending June 30, 2014, 2013, and 2012 were \$133,805, \$127,600, \$131,435, respectively, equal to the amount of the required contributions for each year.

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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. CONSTRUCTION COMMITMENTS

Governmental Activities – As of June 30, 2014, the County has construction contracts in progress for the planning, design and construction of a second main fire station for the Quemado Volunteer Fire Department. The total costs as of June 30, 2014 were \$114,914. The remaining construction commitment for this project is \$388,865. The project was funded through a loan from the New Mexico Financing Authority.

In addition, the County has received a grant award from the New Mexico Finance Authority. The award is in the amount of \$779,096 for the road improvements to eliminate drainage issues, sedimentation and ponding within the boundaries of and for the benefit of Rancho Grande, an established, organized and existing Colonia within the County. As of June 30, 2014, the County had not incurred any expenditures for this project.

Business-Type Activities – The County has received a grant award from the New Mexico Finance Authority in the amount of \$907,796 for infrastructure development consisting of improvements to solid waste disposal facilities. More specifically, the award is intended to cover construction costs to close the Village of Reserve and Glenwood landfills required by the New Mexico Environment Department. As of June 30, 2014, the County had not incurred any expenditures for this project.

17. 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

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

18. 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, 2014**

	Special Revenue Funds										
	Farm and Range Fund	Recreation Fund	Co. Clerk's Equipment Fund	Reappraisal Fund	County Fairgrounds Fund	Emergency Med Srvcs Fund	Indigent Fund	Medicaid Fund	Enhanced 911 Fund	20 Communities Fund	Corrections Fund
<u>ASSETS</u>											
Cash	\$ 294	\$ 2,615	\$ 14,875	\$ 53,055	\$ 42,737	\$ 100,413	\$ 218,862	\$ -	\$ 18,427	\$ -	\$ 24,606
Receivables, net	-	-	-	25,660	4,114	-	5,148	-	-	-	7,275
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Restricted:											
Investments	-	-	-	-	-	-	-	-	-	-	9,176
Total assets	<u>\$ 294</u>	<u>\$ 2,615</u>	<u>\$ 14,875</u>	<u>\$ 78,715</u>	<u>\$ 46,851</u>	<u>\$ 100,413</u>	<u>\$ 224,010</u>	<u>\$ -</u>	<u>\$ 18,427</u>	<u>\$ -</u>	<u>\$ 41,057</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>											
Liabilities:											
Accounts payable	\$ 3,994	\$ -	\$ -	\$ 654	\$ 193	\$ 9,914	\$ 16,102	\$ -	\$ -	\$ -	\$ 1,710
Due to other funds	-	-	7,487	-	1,085	-	-	-	74,589	-	-
Total liabilities	3,994	-	7,487	654	1,278	9,914	16,102	-	74,589	-	1,710
Deferred Inflows of Resources:											
Unearned revenues	-	-	-	1,373	-	-	-	-	-	-	-
Fund Balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted for:											
Debt service	-	-	-	-	-	-	-	-	-	-	9,176
Federal mandate	-	-	-	-	-	-	-	-	-	-	-
State mandated per statutes	-	-	7,388	-	-	90,499	207,908	-	-	-	30,171
Committed for:											
Subsequent years' expenditures	-	2,615	-	76,688	-	-	-	-	-	-	-
Assigned	-	-	-	-	45,573	-	-	-	-	-	-
Unassigned	(3,700)	-	-	-	-	-	-	-	(56,162)	-	-
Total fund balances	<u>(3,700)</u>	<u>2,615</u>	<u>7,388</u>	<u>76,688</u>	<u>45,573</u>	<u>90,499</u>	<u>207,908</u>	<u>-</u>	<u>(56,162)</u>	<u>-</u>	<u>39,347</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 294</u>	<u>\$ 2,615</u>	<u>\$ 14,875</u>	<u>\$ 78,715</u>	<u>\$ 46,851</u>	<u>\$ 100,413</u>	<u>\$ 224,010</u>	<u>\$ -</u>	<u>\$ 18,427</u>	<u>\$ -</u>	<u>\$ 41,057</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, 2014**

Special Revenue Funds										
	Law Enforcement Fund	Confiscated Drugs Fund	COPS Grant Fund	Legal Fund	Quemado Fire Fund	Datil Fire Fund	Glenwood Fire Fund	Pie Town Fire Fund	Rancho Grande Fire Fund	Luna Fire Fund
ASSETS										
Cash	\$ 3,956	\$ 897	\$ 2,601	\$ 2,395	\$ -	\$ 115,292	\$ 182,423	\$ 128,595	\$ 113,831	\$ 54,776
Receivables, net	-	-	-	-	-	16	1,689	-	-	-
Prepaid expenses	-	-	-	-	2,157	2,157	2,157	2,157	2,157	2,157
Restricted:										
Investments	-	-	-	-	481,212	2	-	-	6	74,061
Total assets	<u>\$ 3,956</u>	<u>\$ 897</u>	<u>\$ 2,601</u>	<u>\$ 2,395</u>	<u>\$ 483,369</u>	<u>\$ 117,467</u>	<u>\$ 186,269</u>	<u>\$ 130,752</u>	<u>\$ 115,994</u>	<u>\$ 130,994</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 27,456	\$ 380	\$ 3,928	\$ 256	\$ 3,858	\$ 444
Due to other funds	-	40	-	-	54,062	16,084	-	-	-	-
Total liabilities	-	40	-	-	81,518	16,464	3,928	256	3,858	444
Deferred Inflows of Resources:										
Unearned revenues	-	-	-	-	-	-	-	-	-	-
Fund Balances:										
Nonspendable	-	-	-	-	2,157	2,157	2,157	2,157	2,157	2,157
Restricted for:										
Debt service	-	-	-	-	481,212	2	-	-	6	74,061
Federal mandate	-	-	2,601	-	-	-	-	-	-	-
State mandated per statutes	3,956	-	-	-	-	98,844	180,184	128,339	109,973	54,332
Committed for:										
Subsequent years' expenditures	-	-	-	-	-	-	-	-	-	-
Assigned	-	857	-	2,395	-	-	-	-	-	-
Unassigned	-	-	-	-	(81,518)	-	-	-	-	-
Total fund balances	<u>3,956</u>	<u>857</u>	<u>2,601</u>	<u>2,395</u>	<u>401,851</u>	<u>101,003</u>	<u>182,341</u>	<u>130,496</u>	<u>112,136</u>	<u>130,550</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,956</u>	<u>\$ 897</u>	<u>\$ 2,601</u>	<u>\$ 2,395</u>	<u>\$ 483,369</u>	<u>\$ 117,467</u>	<u>\$ 186,269</u>	<u>\$ 130,752</u>	<u>\$ 115,994</u>	<u>\$ 130,994</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, 2014**

	Special Revenue Funds								
	Apache Creek Fire Fund	Horse Mountain Fire Fund	Quemado Lake Fire Fund	Coyote Creek Fire Fund	Wild Horse Fire Fund	Catron County Fire Fund	Total Special Revenue Funds	Capital Projects Fund	Total Other Government Funds
ASSETS									
Cash	\$ -	\$ 98,780	\$ 46,280	\$ 44,544	\$ 17,815	\$ 25,531	\$ 1,313,600	\$ -	\$ 1,313,600
Receivables, net	-	-	-	-	-	440	44,342	-	44,342
Prepaid expenses	2,157	2,157	2,157	2,157	2,157	-	23,727	-	23,727
Restricted:									
Investments	74,507	6	3	-	14,078	-	653,051	-	653,051
Total assets	<u>\$ 76,664</u>	<u>\$ 100,943</u>	<u>\$ 48,440</u>	<u>\$ 46,701</u>	<u>\$ 34,050</u>	<u>\$ 25,971</u>	<u>\$ 2,034,720</u>	<u>\$ -</u>	<u>\$ 2,034,720</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 704	\$ 300	\$ 1,598	\$ 1,217	\$ 2,678	\$ 468	\$ 75,854	\$ -	\$ 75,854
Due to other funds	37,500	-	-	29,427	11,192	-	231,466	-	231,466
Total liabilities	38,204	300	1,598	30,644	13,870	468	307,320	-	307,320
Deferred Inflows of Resources:									
Unearned revenues	-	-	-	-	-	-	1,373	-	1,373
Fund Balances:									
Nonspendable	2,157	2,157	2,157	2,157	2,157	-	23,727	-	23,727
Restricted for:									
Debt service	74,507	6	3	-	14,078	-	653,051	-	653,051
Federal mandate	-	-	-	-	-	-	2,601	-	2,601
State mandated per statutes	-	98,480	44,682	13,900	3,945	25,503	1,098,104	-	1,098,104
Committed for:									
Subsequent years' expenditures	-	-	-	-	-	-	79,303	-	79,303
Assigned	-	-	-	-	-	-	48,825	-	48,825
Unassigned	(38,204)	-	-	-	-	-	(179,584)	-	(179,584)
Total fund balances	<u>38,460</u>	<u>100,643</u>	<u>46,842</u>	<u>16,057</u>	<u>20,180</u>	<u>25,503</u>	<u>1,726,027</u>	<u>-</u>	<u>1,726,027</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 76,664</u>	<u>\$ 100,943</u>	<u>\$ 48,440</u>	<u>\$ 46,701</u>	<u>\$ 34,050</u>	<u>\$ 25,971</u>	<u>\$ 2,034,720</u>	<u>\$ -</u>	<u>\$ 2,034,720</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, 2014

	Special Revenue Funds										
	Farm and Range Fund	Recreation Fund	Co. Clerk's Equipment Fund	Reappraisal Fund	County Fairgrounds Fund	Emergency Med Svcs Fund	Indigent Fund	Medicaid Fund	Enhanced 911 Fund	20 Communities Fund	Corrections Fund
Revenues:											
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,028	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	19,917	-	-	-	-	-	-	-
Intergovernmental:											
Federal	12,254	-	-	-	-	-	-	-	-	158,405	-
State	-	-	-	23,495	-	88,501	-	-	-	-	-
Charges for services	-	-	11,183	1,656	-	-	-	-	131,042	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	37,004
Interest	-	-	-	50	-	-	-	-	-	-	40
Miscellaneous	-	-	-	-	4,114	-	-	-	-	-	-
Total revenues	12,254	-	11,183	45,118	4,114	88,501	39,028	-	131,042	158,405	37,044
Expenditures:											
Current:											
General government	-	-	10,224	3,635	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	102,120	-	-	-	-	48,223
Health and welfare	16,800	-	-	-	-	-	16,102	18,000	131,042	158,405	-
Culture and recreation	-	-	-	-	3,573	-	-	-	-	-	-
Capital outlay	-	-	-	36,619	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	9,139
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	16,800	-	10,224	40,254	3,573	102,120	16,102	18,000	131,042	158,405	57,362
Excess (deficiency) of revenues over expenditures	(4,546)	-	959	4,864	541	(13,619)	22,926	(18,000)	-	-	(20,318)
Other Financing Sources (Uses):											
Transfers in	-	-	-	-	-	168	-	18,000	-	-	-
Transfers (out)	-	-	-	(7,323)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(7,323)	-	168	-	18,000	-	-	-
Net change in fund balances	(4,546)	-	959	(2,459)	541	(13,451)	22,926	-	-	-	(20,318)
Fund balance, beginning of year	846	2,615	6,429	79,147	45,032	103,950	184,982	-	(56,162)	-	59,665
Fund balance, end of year	\$ (3,700)	\$ 2,615	\$ 7,388	\$ 76,688	\$ 45,573	\$ 90,499	\$ 207,908	\$ -	\$ (56,162)	\$ -	\$ 39,347

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, 2014

	Special Revenue Funds										
	Law Enforcement Fund	Confiscated Drugs Fund	COPS Grant Fund	Legal Fund	Quemado Fire Fund	Datil Fire Fund	Glenwood Fire Fund	Pie Town Fire Fund	Rancho Grande Fire Fund	Luna Fire Fund	Apache Creek Fire Fund
Revenues:											
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental:											
Federal	-	-	-	-	-	-	1,666	-	-	-	-
State	23,600	-	-	-	74,587	47,241	65,898	70,858	94,482	47,241	149,174
Charges for services	-	-	-	-	1,749	-	1,107	-	355	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	456	26	38	-	3	71	73
Miscellaneous	-	-	-	-	650	-	-	-	-	-	-
Total revenues	23,600	-	-	-	77,442	47,267	68,709	70,858	94,840	47,312	149,247
Expenditures:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	4,959	8	-	-	79,197	28,167	33,079	40,027	43,747	17,055	87,267
Health and welfare	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	15,970	-	-	-	111,704	-	3,210	19,230	-	-	297,213
Debt service:											
Principal	-	-	-	-	20,655	7,528	-	-	18,945	11,689	6,714
Interest and other charges	-	-	-	-	6,606	76	-	-	2,863	6,171	6
Total expenditures	20,929	8	-	-	218,162	35,771	36,289	59,257	65,555	34,915	391,200
Excess (deficiency) of revenues over expenditures	2,671	(8)	-	-	(140,720)	11,496	32,420	11,601	29,285	12,397	(241,953)
Other Financing Sources (Uses):											
Transfers in	-	-	-	-	224	-	4,490	-	-	-	1,096
Transfers (out)	-	-	-	-	-	-	-	-	-	(3,210)	-
Total other financing sources (uses)	-	-	-	-	224	-	4,490	-	-	(3,210)	1,096
Net change in fund balances	2,671	(8)	-	-	(140,496)	11,496	36,910	11,601	29,285	9,187	(240,857)
Fund balance, beginning of year	1,285	865	2,601	2,395	542,347	89,507	145,431	118,895	82,851	121,363	279,317
Fund balance, end of year	\$ 3,956	\$ 857	\$ 2,601	\$ 2,395	\$ 401,851	\$ 101,003	\$ 182,341	\$ 130,496	\$ 112,136	\$ 130,550	\$ 38,460

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, 2014

	Special Revenue Funds						Capital Projects Fund	Total Other Governmental Funds
	Horse Mountain Fire Fund	Quemado Lake Fire Fund	Coyote Creek Fire Fund	Wild Horse Fire Fund	Catron County Fire Fund	Total Special Revenue Funds		
Revenues:								
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,028	\$ -	\$ 39,028
Property taxes	-	-	-	-	-	19,917	-	19,917
Intergovernmental:								
Federal	-	-	-	-	-	172,325	-	172,325
State	47,241	47,241	47,241	47,241	63,840	937,881	6,166	944,047
Charges for services	-	-	-	-	2,555	149,647	-	149,647
Fines and forfeitures	-	-	-	-	-	37,004	-	37,004
Interest	70	34	-	62	-	923	-	923
Miscellaneous	-	3,006	-	3,045	-	10,815	-	10,815
Total revenues	47,311	50,281	47,241	50,348	66,395	1,367,540	6,166	1,373,706
Expenditures:								
Current:								
General government	-	-	-	-	-	13,859	-	13,859
Public safety	21,239	23,948	14,187	25,294	48,902	617,419	-	617,419
Health and welfare	-	-	-	-	-	340,349	3,237	343,586
Culture and recreation	-	-	-	-	-	3,573	177	3,750
Capital outlay	176,942	-	-	-	8,355	669,243	-	669,243
Debt service:								
Principal	9,372	16,259	-	12,771	-	113,072	-	113,072
Interest and other charges	199	2,190	-	1,018	-	19,129	-	19,129
Total expenditures	207,752	42,397	14,187	39,083	57,257	1,776,644	3,414	1,780,058
Excess (deficiency) of revenues over expenditures	(160,441)	7,884	33,054	11,265	9,138	(409,104)	2,752	(406,352)
Other Financing Sources (Uses):								
Transfers in	3,210	-	-	-	3,661	30,849	-	30,849
Transfers (out)	-	-	-	-	-	(10,533)	(2,957)	(13,490)
Total other financing sources (uses)	3,210	-	-	-	3,661	20,316	(2,957)	17,359
Net change in fund balances	(157,231)	7,884	33,054	11,265	12,799	(388,788)	(205)	(388,993)
Fund balance, beginning of year	257,874	38,958	(16,997)	8,915	12,704	2,114,815	205	2,115,020
Fund balance, end of year	\$ 100,643	\$ 46,842	\$ 16,057	\$ 20,180	\$ 25,503	\$ 1,726,027	\$ -	\$ 1,726,027

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, 2014

	<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	\$ 15,790	\$ 15,790	\$ 12,254	\$ -	\$ 12,254	\$ (3,536)
Expenditures:						
Current:						
Health and welfare	16,316	16,316	12,986	3,814	16,800	3,330
Net change	(526)	(526)	(732)	<u>\$ (3,814)</u>	<u>\$ (4,546)</u>	(206)
Cash balance, beginning of year	1,026	1,026	1,026			-
Cash balance, end of year	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 294</u>			<u>\$ (206)</u>
Explanation of Differences:						
Change in accounts payable				<u>\$ (3,814)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>				
Expenditures:						
Current:						
Culture and recreation	2,615	2,615	-	-	-	2,615
Net change	(2,615)	(2,615)	-	<u>\$ -</u>	<u>\$ -</u>	2,615
Cash balance, beginning of year	<u>2,615</u>	<u>2,615</u>	<u>2,615</u>			<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,615</u>			<u>\$ 2,615</u>
Explanation of Differences:						
None				<u>\$ -</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, 2014

	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	\$ 11,183	\$ -	\$ 11,183	\$ (1,817)
Expenditures:						
Current:						
General government	16,000	16,000	12,086	(1,862)	10,224	3,914
Net change	(3,000)	(3,000)	(903)	<u>\$ (1,862)</u>	<u>\$ 959</u>	2,097
Cash balance, beginning of year	15,778	15,778	15,778			-
Cash balance, end of year	<u>\$ 12,778</u>	<u>\$ 12,778</u>	<u>\$ 14,875</u>			<u>\$ 2,097</u>
Explanation of Differences:						
Change in accounts payable				<u>\$ (1,862)</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, 2014

	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	\$ 12,000	\$ 12,000	\$ 19,620	\$ 297	\$ 19,917	\$ 7,620
Intergovernmental:						
State	-	-	-	23,495	23,495	-
Charges for services	32,370	32,370	1,656	-	1,656	(30,714)
Interest	-	-	50	-	50	50
Total revenues	44,370	44,370	21,326	23,792	45,118	(23,044)
Expenditures:						
Current:						
General government	17,300	17,300	4,219	(584)	3,635	13,081
Capital outlay	45,000	45,000	43,288	(6,669)	36,619	1,712
Total expenditures	62,300	62,300	47,507	(7,253)	40,254	14,793
Excess (deficiency) of revenues over expenditures	(17,930)	(17,930)	(26,181)	31,045	4,864	(8,251)
Other Financing Sources (Uses):						
Transfers (out)	-	-	-	(7,323)	(7,323)	-
Net change	(17,930)	(17,930)	(26,181)	\$ 23,722	\$ (2,459)	(8,251)
Cash balance, beginning of year	79,236	79,236	79,236			-
Cash balance, end of year	\$ 61,306	\$ 61,306	\$ 53,055			\$ (8,251)
Explanation of Differences:						
Change in receivables				\$ 23,354		
Change in accounts payable				(70)		
Change in deferred inflows of resources				438		
				\$ 23,722		

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Charges for services	\$ 25,808	\$ 25,808	\$ -	\$ -	\$ -	\$ (25,808)
Miscellaneous	-	-	-	4,114	4,114	-
Total revenues	25,808	25,808	-	4,114	4,114	(25,808)
Expenditures:						
Current:						
Culture and recreation	16,042	16,042	3,611	(38)	3,573	12,431
Net change	9,766	9,766	(3,611)	\$ 4,152	\$ 541	(13,377)
Cash balance, beginning of year	46,348	46,348	46,348			-
Cash balance, end of year	\$ 56,114	\$ 56,114	\$ 42,737			\$ (13,377)
Explanation of Differences:						
Change in receivables				\$ 4,114		
Change in accounts payable				38		
				\$ 4,152		

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, 2014

	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:						
Federal	\$ -	\$ 168	\$ 168	\$ (168)	\$ -	\$ -
State	71,341	71,341	88,501	-	88,501	17,160
Total revenues	71,341	71,509	88,669	(168)	88,501	17,160
Expenditures:						
Current:						
Public safety	71,341	71,509	92,930	9,190	102,120	(21,421)
(Deficiency) of revenues over expenditures	-	-	(4,261)	(9,358)	(13,619)	(4,261)
Other Financing Sources (Uses):						
Transfers in	-	-	-	168	168	-
Net change	-	-	(4,261)	<u>\$ (9,190)</u>	<u>\$ (13,451)</u>	(4,261)
Cash balance, beginning of year	104,674	104,674	104,674			-
Cash balance, end of year	<u>\$ 104,674</u>	<u>\$ 104,674</u>	<u>\$ 100,413</u>			<u>\$ (4,261)</u>
Explanation of Differences:						
Reclassification of federal revenue				\$ (168)		
Reclassification of transfer in				168		
Change in accounts payable				(9,190)		
				<u>\$ (9,190)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
INDIGENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Gross receipts taxes	\$ 40,000	\$ 40,000	\$ 41,936	\$ (2,908)	\$ 39,028	\$ 1,936
Expenditures:						
Current:						
Health and welfare	20,000	20,000	-	16,102	16,102	20,000
Net change	20,000	20,000	41,936	<u>\$ (19,010)</u>	<u>\$ 22,926</u>	21,936
Cash balance, beginning of year	176,926	176,926	176,926			-
Cash balance, end of year	<u>\$ 196,926</u>	<u>\$ 196,926</u>	<u>\$ 218,862</u>			<u>\$ 21,936</u>
Explanation of Differences:						
Change in receivables				\$ (2,908)		
Change in accounts payable				<u>(16,102)</u>		
				<u>\$ (19,010)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>				
Expenditures:						
Current:						
Health and welfare	\$ 18,000	\$ 18,000	\$ 18,000	\$ -	\$ 18,000	\$ -
Other Financing Sources (Uses):						
Transfers in	-	-	18,000	-	18,000	18,000
Net change	(18,000)	(18,000)	-	<u>\$ -</u>	<u>\$ -</u>	18,000
Cash balance, beginning of year	-	-	-			-
Cash balance, end of year	<u>\$ (18,000)</u>	<u>\$ (18,000)</u>	<u>\$ -</u>			<u>\$ 18,000</u>
Explanation of Differences:						
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, 2014

	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	\$ -	\$ -	\$ -	\$ 131,042	\$ 131,042	\$ -
Expenditures:						
Current:						
Health and welfare	2,000	2,000	1,800	129,242	131,042	200
Capital outlay	18,227	18,227	-	-	-	18,227
Total expenditures	20,227	20,227	1,800	129,242	131,042	18,427
Net change	(20,227)	(20,227)	(1,800)	\$ 1,800	\$ -	18,427
Cash balance, beginning of year	20,227	20,227	20,227			-
Cash balance, end of year	\$ -	\$ -	\$ 18,427			\$ 18,427
Explanation of Differences:						
Change in account payable				\$ 1,800		
Non-cash grant revenues				131,042		
Non-cash grant expenses				(131,042)		
				\$ 1,800		

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, 2014

	<u>Budgeted Amounts</u>		Actual on Original Budget	Budget to GAAP Differences	Actual on GAAP Budget	Budgetary Basis Variance With Final Budget Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>				
Revenues:						
Intergovernmental:						
Federal	\$ 110,000	\$ 110,000	\$ 232,419	\$ (74,014)	\$ 158,405	\$ 122,419
Expenditures:						
Current:						
Health and welfare	<u>110,000</u>	<u>110,000</u>	<u>232,419</u>	<u>(74,014)</u>	<u>158,405</u>	<u>(122,419)</u>
Net change	-	-	-	<u>\$ -</u>	<u>\$ -</u>	-
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in receivables				\$ (74,014)		
Change in accounts payable				<u>74,014</u>		
				<u>\$ -</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, 2014

	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	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ -	\$ (35,000)
Fines and forfeitures	35,600	35,600	33,924	3,080	37,004	(1,676)
Interest	50	50	-	40	40	(50)
Total revenues	70,650	70,650	33,924	3,120	37,044	(36,726)
Expenditures:						
Current:						
Public safety	88,500	88,500	51,059	(2,836)	48,223	37,441
Capital outlay	1,000	1,000	-	-	-	1,000
Debt service:						
Principal	9,139	9,139	9,112	27	9,139	27
Total expenditures	98,639	98,639	60,171	(2,809)	57,362	38,468
Net change	(27,989)	(27,989)	(26,247)	\$ 5,929	\$ (20,318)	1,742
Cash balance, beginning of year	50,853	50,853	50,853			-
Cash balance, end of year	\$ 22,864	\$ 22,864	\$ 24,606			\$ 1,742
Explanation of Differences:						
Change in receivables				\$ 3,080		
Interest earned on restricted investments				40		
Change in accounts payable				2,836		
Debt service payment				(27)		
				\$ 5,929		

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, 2014

	<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	-	-	8,890	(3,931)	4,959	(8,890)
Capital outlay	28,816	28,816	15,970	-	15,970	12,846
Total expenditures	<u>28,816</u>	<u>28,816</u>	<u>24,860</u>	<u>(3,931)</u>	<u>20,929</u>	<u>3,956</u>
Net change	(5,216)	(5,216)	(1,260)	<u>\$ 3,931</u>	<u>\$ 2,671</u>	3,956
Cash balance, beginning of year	<u>5,216</u>	<u>5,216</u>	<u>5,216</u>			<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,956</u>			<u>\$ 3,956</u>
Explanation of Differences:						
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, 2014

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>				
Expenditures:						
Current:						
Public safety	\$ 500	\$ 500	\$ 8	\$ -	\$ 8	\$ 492
Net change	(500)	(500)	(8)	<u>\$ -</u>	<u>\$ (8)</u>	492
Cash balance, beginning of year	<u>905</u>	<u>905</u>	<u>905</u>			<u>-</u>
Cash balance, end of year	<u>\$ 405</u>	<u>\$ 405</u>	<u>\$ 897</u>			<u>\$ 492</u>
Explanation of Differences:						
None				<u>\$ -</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, 2014

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:						
Capital outlay	-	-	-	-	-	-
Net change	-	-	-	<u>\$ -</u>	<u>\$ -</u>	-
Cash balance, beginning of year	<u>2,601</u>	<u>2,601</u>	<u>2,601</u>			-
Cash balance, end of year	<u>\$ 2,601</u>	<u>\$ 2,601</u>	<u>\$ 2,601</u>			<u>\$ -</u>
Explanation of Differences:						
None				<u>\$ -</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual on GAAP Basis</u>	<u>Budgetary Basis Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>				
Expenditures:						
Current:						
Public safety	\$ 1,500	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Net change	(1,500)	(1,500)	-	<u>\$ -</u>	<u>\$ -</u>	1,500
Cash balance, beginning of year	<u>2,395</u>	<u>2,395</u>	<u>2,395</u>			<u>-</u>
Cash balance, end of year	<u>\$ 895</u>	<u>\$ 895</u>	<u>\$ 2,395</u>			<u>\$ 1,500</u>
Explanation of Differences:						
None				<u>\$ -</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, 2014

	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:						
Federal	\$ -	\$ -	\$ 224	\$ (224)	\$ -	\$ 224
State	46,650	46,650	46,650	27,937	74,587	-
Charges for services	-	-	1,749	-	1,749	1,749
Miscellaneous	-	-	650	-	650	650
Interest	-	-	-	456	456	-
Total revenues	46,650	46,650	49,273	28,169	77,442	2,623
Expenditures:						
Current:						
Public safety	63,478	63,478	51,952	27,245	79,197	11,526
Capital outlay	2,000	2,000	111,704	-	111,704	(109,704)
Debt service:						
Principal	-	-	-	20,655	20,655	-
Interest and other charges	-	-	-	6,606	6,606	-
Total expenditures	65,478	65,478	163,656	54,506	218,162	(98,178)
(Deficiency) of revenues over expenditures	(18,828)	(18,828)	(114,383)	(26,337)	(140,720)	(95,555)
Other Financing Sources (Uses):						
Transfers in	-	-	-	224	224	-
Loan proceeds	-	-	19,436	(19,436)	-	19,436
Total other financing sources (uses)	-	-	19,436	(19,212)	224	19,436
Net change	(18,828)	(18,828)	(94,947)	<u>\$ (45,549)</u>	<u>\$ (140,496)</u>	(76,119)
Cash balance, beginning of year	41,157	41,157	41,157			-
Cash advanced from general fund	-	-	53,790			53,790
Cash balance, end of year	<u>\$ 22,329</u>	<u>\$ 22,329</u>	<u>\$ -</u>			<u>\$ (22,329)</u>
Explanation of Differences:						
Change in receivables				\$ 456		
Change in prepaid expenses				102		
Change in accounts payable				(27,347)		
Fire allotment intercept				27,937		
Debt service payment				(27,261)		
Reclassification of loan proceeds				(19,436)		
				<u>\$ (45,549)</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
DATIL FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 39,637	\$ 39,637	\$ 39,637	\$ 7,604	\$ 47,241	\$ -
Interest	-	-	25	1	26	25
Total revenues	39,637	39,637	39,662	7,605	47,267	25
Expenditures:						
Current:						
Public safety	44,036	44,036	29,846	(1,679)	28,167	14,190
Capital outlay	70,308	70,308	-	-	-	70,308
Debt service:						
Principal	-	-	-	7,528	7,528	-
Interest and other charges	-	-	-	76	76	-
Total expenditures	114,344	114,344	29,846	5,925	35,771	84,498
Net change	(74,707)	(74,707)	9,816	\$ 1,680	\$ 11,496	84,523
Cash balance, beginning of year	105,476	105,476	105,476			-
Cash balance, end of year	\$ 30,769	\$ 30,769	\$ 115,292			\$ 84,523
Explanation of Differences:						
Change in receivables				\$ 1		
Change in prepaid expenses				102		
Change in accounts payable				1,577		
				\$ 1,680		

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, 2014

	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:						
Federal	\$ -	\$ 4,490	\$ 4,490	\$ (2,824)	\$ 1,666	\$ -
State	65,898	65,898	65,898	-	65,898	-
Charges for services	-	-	1,107	-	1,107	1,107
Interest	-	-	38	-	38	38
Total revenues	65,898	70,388	71,533	(2,824)	68,709	1,145
Expenditures:						
Current:						
Public safety	132,458	136,948	32,085	994	33,079	104,863
Capital outlay	89,398	89,398	3,210	-	3,210	86,188
Total expenditures	221,856	226,346	35,295	994	36,289	191,051
Excess (deficiency) of revenues over expenditures	(155,958)	(155,958)	36,238	(3,818)	32,420	192,196
Other Financing Sources (Uses):						
Transfers in	-	-	-	4,490	4,490	-
Net change	(155,958)	(155,958)	36,238	672	\$ 36,910	192,196
Cash balance, beginning of year	146,185	146,185	146,185			-
Cash balance, end of year	\$ (9,773)	\$ (9,773)	\$ 182,423			\$ 192,196
Explanation of Differences:						
Change in receivables				\$ 1,666		
Change in prepaid expenses				102		
Reclassification of federal revenue				(4,490)		
Reclassification of transfer in				4,490		
Change in accounts payable				(1,096)		
				\$ 672		

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, 2014

	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>				
Revenues:						
Intergovernmental:						
State	\$ 70,858	\$ 70,858	\$ 70,858	\$ -	\$ 70,858	\$ -
Expenditures:						
Current:						
Public safety	81,869	81,869	42,023	(1,996)	40,027	39,846
Capital outlay	<u>106,092</u>	<u>106,092</u>	<u>19,230</u>	<u>-</u>	<u>19,230</u>	<u>86,862</u>
Total expenditures	<u>187,961</u>	<u>187,961</u>	<u>61,253</u>	<u>(1,996)</u>	<u>59,257</u>	<u>126,708</u>
Net change	(117,103)	(117,103)	9,605	<u>\$ 1,996</u>	<u>\$ 11,601</u>	126,708
Cash balance, beginning of year	<u>118,990</u>	<u>118,990</u>	<u>118,990</u>			<u>-</u>
Cash balance, end of year	<u>\$ 1,887</u>	<u>\$ 1,887</u>	<u>\$ 128,595</u>			<u>\$ 126,708</u>
Explanation of Differences:						
Change in prepaid expenses				\$ 102		
Change in accounts payable				<u>1,894</u>		
				<u>\$ 1,996</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, 2014

	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Budget to GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>				
Revenues:						
Intergovernmental:						
State	\$ 72,674	\$ 72,674	\$ 72,674	\$ 21,808	\$ 94,482	\$ -
Charges for services	-	-	355	-	355	355
Interest	-	-	-	3	3	-
Total revenues	<u>72,674</u>	<u>72,674</u>	<u>73,029</u>	<u>21,811</u>	<u>94,840</u>	<u>355</u>
Expenditures:						
Current:						
Public safety	107,825	107,825	40,247	3,500	43,747	67,578
Capital outlay	40,670	40,670	-	-	-	40,670
Debt service:						
Principal	-	-	-	18,945	18,945	-
Interest and other charges	-	-	-	2,863	2,863	-
Total expenditures	<u>148,495</u>	<u>148,495</u>	<u>40,247</u>	<u>25,308</u>	<u>65,555</u>	<u>108,248</u>
Net change	(75,821)	(75,821)	32,782	<u>\$ (3,497)</u>	<u>\$ 29,285</u>	108,603
Cash balance, beginning of year	<u>81,049</u>	<u>81,049</u>	<u>81,049</u>			-
Cash balance, end of year	<u>\$ 5,228</u>	<u>\$ 5,228</u>	<u>\$ 113,831</u>			<u>\$ 108,603</u>
Explanation of Differences:						
Interest on restricted investments				\$ 3		
Change in prepaid expenses				102		
Change in accounts payable				<u>(3,602)</u>		
				<u>\$ (3,497)</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, 2014

	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	\$ 28,960	\$ 28,960	\$ 28,960	\$ 18,281	\$ 47,241	\$ -
Charges for services	-	-	622	(622)	-	622
Interest	-	-	-	71	71	-
Total revenues	<u>28,960</u>	<u>28,960</u>	<u>29,582</u>	<u>17,730</u>	<u>47,312</u>	<u>622</u>
Expenditures:						
Current:						
Public safety	70,532	70,532	17,029	26	17,055	53,503
Capital outlay	-	-	9,397	(9,397)	-	(9,397)
Debt service:						
Principal	-	-	-	11,689	11,689	-
Interest and other charges	-	-	-	6,171	6,171	-
Total expenditures	<u>70,532</u>	<u>70,532</u>	<u>26,426</u>	<u>8,489</u>	<u>34,915</u>	<u>44,106</u>
Excess (deficiency) of revenues over expenditures	(41,572)	(41,572)	3,156	9,241	12,397	44,728
Other Financing Sources (Uses):						
Transfers (out)	-	-	(3,210)	-	(3,210)	(3,210)
Net change	(41,572)	(41,572)	(54)	<u>\$ 9,241</u>	<u>\$ 9,187</u>	41,518
Cash balance, beginning of year	<u>54,830</u>	<u>54,830</u>	<u>54,830</u>			<u>-</u>
Cash balance, end of year	<u>\$ 13,258</u>	<u>\$ 13,258</u>	<u>\$ 54,776</u>			<u>\$ 41,518</u>
Explanation of Differences:						
Change in receivables				\$ (622)		
Change in prepaid expenses				102		
Interest from restricted investments				71		
Change in payables				9,269		
Fire allotment intercept				18,281		
Debt service payment				(17,860)		
				<u>\$ 9,241</u>		

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

STATE OF NEW MEXICO
CATRON COUNTY
APACHE CREEK FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	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:						
Federal	\$ -	\$ 1,096	\$ 1,096	\$ (1,096)	\$ -	\$ -
State	149,174	149,174	149,174	-	149,174	-
Interest	-	-	-	73	73	-
Total revenues	149,174	150,270	150,270	(1,023)	149,247	-
Expenditures:						
Current:						
Public safety	283,538	284,634	89,810	(2,543)	87,267	194,824
Capital outlay	271,503	271,503	297,213	-	297,213	(25,710)
Debt service:						
Principal	-	-	6,719	(5)	6,714	(6,719)
Interest and other charges	-	-	-	6	6	-
Total expenditures	555,041	556,137	393,742	(2,542)	391,200	162,395
(Deficiency) of revenues over expenditures	(405,867)	(405,867)	(243,472)	1,519	(241,953)	162,395
Other Financing Sources (Uses):						
Transfers in	-	-	-	1,096	1,096	-
Net change	(405,867)	(405,867)	(243,472)	\$ 2,615	\$ (240,857)	162,395
Cash balance, beginning of year	205,972	205,972	205,972			-
Cash advanced from general fund	-	-	37,500			37,500
Cash balance, end of year	\$ (199,895)	\$ (199,895)	\$ -			\$ 199,895
Explanation of Differences:						
Change in prepaid expenses				\$ 102		
Change in accounts payable				2,440		
Interest on restricted investments				73		
				\$ 2,615		

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Actual on GAAP Differences	Actual on GAAP Basis	Budgetary Basis Variance With Final Budget Over (Under)
	Original Budget	Final Budget				
Revenues:						
Intergovernmental:						
State	\$ 37,669	\$ 37,669	\$ 37,669	\$ 9,572	\$ 47,241	\$ -
Charges for services	-	-	369	(369)	-	369
Interest	-	-	-	70	70	-
Total revenues	<u>37,669</u>	<u>37,669</u>	<u>38,038</u>	<u>9,273</u>	<u>47,311</u>	<u>369</u>
Expenditures:						
Current:						
Public safety	64,562	64,562	21,180	59	21,239	43,382
Capital outlay	42,327	42,327	176,942	-	176,942	(134,615)
Debt service:						
Principal	-	-	-	9,372	9,372	-
Interest and other charges	-	-	-	199	199	-
Total expenditures	<u>106,889</u>	<u>106,889</u>	<u>198,122</u>	<u>9,630</u>	<u>207,752</u>	<u>(91,233)</u>
(Deficiency) of revenues over expenditures	(69,220)	(69,220)	(160,084)	(357)	(160,441)	(90,864)
Other Financing Sources (Uses):						
Transfers in	-	-	3,210	-	3,210	(3,210)
Loan proceeds	-	-	184,883	(184,883)	-	184,883
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>188,093</u>	<u>(184,883)</u>	<u>3,210</u>	<u>188,093</u>
Net change	(69,220)	(69,220)	28,009	<u>\$ (185,240)</u>	<u>\$ (157,231)</u>	97,229
Cash balance, beginning of year	<u>70,741</u>	<u>70,771</u>	<u>70,771</u>			<u>-</u>
Cash balance, end of year	<u>\$ 1,521</u>	<u>\$ 1,551</u>	<u>\$ 98,780</u>			<u>\$ 97,229</u>
Explanation of Differences:						
Change in receivables				\$ (369)		
Change in prepaid expenses				102		
Change in accounts payable				(160)		
Interest earned in restricted investments				70		
Reclassification of loan proceeds				(184,883)		
				<u>\$ (185,240)</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, 2014

	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	\$ 28,536	\$ 28,536	\$ 28,536	\$ 18,705	\$ 47,241	\$ -
Miscellaneous	-	-	3,006	-	3,006	3,006
Interest	-	-	-	34	34	-
Total revenues	28,536	28,536	31,542	18,739	50,281	3,006
Expenditures:						
Current:						
Public safety	46,604	46,604	26,076	(2,128)	23,948	20,528
Capital outlay	-	-	197,250	(197,250)	-	(197,250)
Debt service:						
Principal	-	-	-	16,259	16,259	-
Interest and other charges	-	-	-	2,190	2,190	-
Total expenditures	46,604	46,604	223,326	(180,929)	42,397	(176,722)
Excess (deficiency) of revenues over expenditures	(18,068)	(18,068)	(191,784)	199,668	7,884	(173,716)
Other Financing Sources (Uses):						
Loan proceeds	-	-	189,454	(189,454)	-	189,454
Net change	(18,068)	(18,068)	(2,330)	\$ 10,214	\$ 7,884	15,738
Cash balance, beginning of year	48,610	48,610	48,610			-
Cash balance, end of year	\$ 30,542	\$ 30,542	\$ 46,280			\$ 15,738
Explanation of Differences:						
Change in prepaid expenses				\$ 102		
Interest earned on restricted investments				34		
Change in accounts payable				199,532		
Reclassification of loan proceeds				(189,454)		
				\$ 10,214		

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, 2014

	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	\$ 47,241	\$ 47,241	\$ 47,241	\$ -	\$ 47,241	\$ -
Expenditures:						
Current:						
Public safety	27,525	27,525	14,061	126	14,187	13,464
Capital outlay	31,580	31,580	-	-	-	31,580
Total expenses	59,105	59,105	14,061	126	14,187	45,044
Net change	(11,864)	(11,864)	33,180	\$ (126)	\$ 33,054	45,044
Cash balance, beginning of year	11,364	11,364	11,364			-
Cash balance, end of year	\$ (500)	\$ (500)	\$ 44,544			\$ 45,044
Explanation of Differences:						
Change in prepaid expenses				\$ 102		
Change in accounts payable				(228)		
				\$ (126)		

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, 2014

	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	\$ 33,320	\$ 33,320	\$ 33,320	\$ 13,921	\$ 47,241	\$ -
Miscellaneous	-	-	3,045	-	3,045	3,045
Interest	-	-	-	62	62	-
Total revenues	33,320	33,320	36,365	13,983	50,348	3,045
Expenditures:						
Current:						
Public safety	38,242	38,242	23,811	1,483	25,294	14,431
Capital outlay	1,219	1,219	-	-	-	1,219
Debt service:						
Principal	-	-	-	12,771	12,771	-
Interest and other charges	-	-	-	1,018	1,018	-
Total expenditures	39,461	39,461	23,811	15,272	39,083	15,650
Net change	(6,141)	(6,141)	12,554	\$ (1,289)	\$ 11,265	18,695
Cash balance, beginning of year	5,261	5,261	5,261			-
Cash balance, end of year	\$ (880)	\$ (880)	\$ 17,815			\$ 18,695

Explanation of Differences:

Change in prepaid expenses	\$ 102
Interest earned on restricted investments	62
Fire allotment intercepted	13,921
Payment to debt service	(13,921)
Change in accounts payable	(1,453)
	<u>\$ (1,289)</u>

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, 2014

	<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	\$ -	\$ 3,661	\$ 3,661	\$ (3,661)	\$ -	\$ -
State	63,400	63,400	63,400	-	63,400	-
Charges for services	-	-	2,555	-	2,555	2,555
Total revenues	<u>63,400</u>	<u>67,061</u>	<u>69,616</u>	<u>(3,661)</u>	<u>65,955</u>	<u>2,555</u>
Expenditures:						
Current:						
Public safety	67,566	71,227	49,249	(347)	48,902	21,978
Capital outlay	9,594	9,594	8,355	-	8,355	1,239
Total expenditures	<u>77,160</u>	<u>80,821</u>	<u>57,604</u>	<u>(347)</u>	<u>57,257</u>	<u>23,217</u>
Excess (deficiency) of revenues over expenditures	(13,760)	(13,760)	12,012	(3,314)	8,698	25,772
Other Financing Sources (Uses):						
Transfers in	-	-	-	3,661	3,661	-
Net change	<u>(13,760)</u>	<u>(13,760)</u>	<u>12,012</u>	<u>\$ 347</u>	<u>\$ 12,359</u>	<u>25,772</u>
Cash balance, beginning of year	<u>13,519</u>	<u>13,519</u>	<u>13,519</u>			<u>-</u>
Cash balance, end of year	<u>\$ (241)</u>	<u>\$ (241)</u>	<u>\$ 25,531</u>			<u>\$ 25,772</u>
Explanation of Differences:						
Reclassification of federal revenue				\$ (3,661)		
Reclassification of transfer in				3,661		
Change in accounts payable				347		
				<u>\$ 347</u>		

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

**OTHER CAPITAL PROJECTS FUND
BUDGETARY COMPARISON STATEMENT**

STATE OF NEW MEXICO
CATRON COUNTY
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
WITH RECONCILIATION TO GAAP
FOR THE YEAR ENDED JUNE 30, 2014

	<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:						
State	\$ 305,000	\$ 305,000	\$ 27,335	\$ (21,169)	\$ 6,166	\$ (277,665)
Expenditures:						
Current:						
Health and welfare	3,237	3,237	3,237	-	3,237	-
Culture and recreation	2,379	2,379	177	-	177	2,202
Capital outlay	<u>299,384</u>	<u>299,384</u>	<u>20,632</u>	<u>(20,632)</u>	<u>-</u>	<u>278,752</u>
Total expenditures	<u>305,000</u>	<u>305,000</u>	<u>24,046</u>	<u>(20,632)</u>	<u>3,414</u>	<u>280,954</u>
Excess (deficiency) of revenues over expenditures	-	-	3,289	(537)	2,752	3,289
Other Financing Sources (Uses):						
Transfers (out)	<u>-</u>	<u>-</u>	<u>(2,957)</u>	<u>-</u>	<u>(2,957)</u>	<u>(2,957)</u>
Net change	-	-	332	<u>\$ (537)</u>	<u>\$ (205)</u>	332
Cash balance, beginning of year	-	-	-			-
Payment of cash advanced from General Fund	<u>-</u>	<u>-</u>	<u>(332)</u>			<u>(332)</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>
Explanation of Differences:						
Change in prepaid expenses				\$ (21,169)		
Change in accounts payable				<u>20,632</u>		
				<u>\$ (537)</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, 2014

	Ambulance Fund	Airport Fund	Total
Assets:			
Current assets:			
Cash	\$ 92,787	\$ 723	\$ 93,510
Receivables, net	118,445	-	118,445
Prepaid expenses	-	843	843
	211,232	1,566	212,798
Total current assets			
Noncurrent assets:			
Capital assets:			
Capital assets, net of depreciation	84,712	-	84,712
	\$ 295,944	\$ 1,566	\$ 297,510
Total assets			
Liabilities:			
Current liabilities:			
Accounts payable	1,212	84	1,296
Accrued salaries	1,170	-	1,170
Due to other funds	57,611	26,295	83,906
	59,993	26,379	86,372
Total current liabilities			
Net position:			
Net investment in capital assets	84,712	-	84,712
Unrestricted (deficit)	151,239	(24,813)	126,426
	235,951	(24,813)	211,138
Total net position			
	\$ 295,944	\$ 1,566	\$ 297,510
Total liabilities and 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, 2014

	Ambulance Fund	Airport Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Charges for services	\$ 44,483	\$ -	\$ 44,483
Operating Expenses:			
Personnel services	25,242	-	25,242
Utilities	8,462	-	8,462
Contractual services	3,630	-	3,630
Repairs and maintenance	2,883	2,553	5,436
Insurance premiums	3,841	1,693	5,534
Other operating expenses	40,058	-	40,058
Depreciation	10,469	-	10,469
	<u>94,585</u>	<u>4,246</u>	<u>98,831</u>
Total operating expenses			
Operating (loss)	(50,102)	(4,246)	(54,348)
Non-Operating Revenues (Expenses):			
State shared taxes	<u>39,028</u>	<u>-</u>	<u>39,028</u>
(Loss) before capital contributions and transfers	(11,074)	(4,246)	(15,320)
Capital Contributions and Transfers:			
Capital contributions	729	-	729
Transfers in	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total capital contributions and transfers	<u>729</u>	<u>5,000</u>	<u>5,729</u>
Change in net position	(10,345)	754	(9,591)
Net position, beginning of year	<u>246,296</u>	<u>(25,567)</u>	<u>220,729</u>
Net position, end of year	<u>\$ 235,951</u>	<u>\$ (24,813)</u>	<u>\$ 211,138</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, 2014

	Ambulance Fund	Airport Fund	Total Non-Major Funds
	<u> </u>	<u> </u>	<u> </u>
Cash Flows From Operating Activities:			
Cash received from customers	\$ 122,882	\$ -	\$ 122,882
Cash payments to suppliers for goods and services	(64,077)	(4,277)	(68,354)
Cash payments to employees for services	(24,531)	-	(24,531)
	<u>34,274</u>	<u>(4,277)</u>	<u>29,997</u>
Net cash provided (used) by operating activities			
Cash Flows From Non-Capital and Related Financing Activities:			
Cash received from sales taxes	41,936	-	41,936
Transfers in	-	5,000	5,000
	<u>41,936</u>	<u>5,000</u>	<u>46,936</u>
Net cash provided by non-capital and related financing activities			
Net increase in cash	76,210	723	76,933
Cash and cash equivalents, beginning of year	<u>16,577</u>	<u>-</u>	<u>16,577</u>
Cash and cash equivalents, end of year	<u><u>\$ 92,787</u></u>	<u><u>\$ 723</u></u>	<u><u>\$ 93,510</u></u>
Displayed as:			
Cash	<u><u>\$ 92,787</u></u>	<u><u>\$ 723</u></u>	<u><u>\$ 93,510</u></u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:			
Operating (loss)	\$ (50,102)	\$ (4,246)	\$ (54,348)
Adjustment to Reconcile Operating Income to Cash Provided by Operating Activities:			
Depreciation	10,469	-	10,469
Changes in Assets and Liabilities:			
Decrease in receivables	78,399	-	78,399
Decrease in prepaid expenses	-	7	7
(Decrease) in accounts payable	(5,203)	-	(5,203)
Increase (Decrease) in accrued salaries	711	(38)	673
	<u>84,376</u>	<u>(31)</u>	<u>84,345</u>
Total adjustments			
Net cash provided (used) by operating activities	<u><u>\$ 34,274</u></u>	<u><u>\$ (4,277)</u></u>	<u><u>\$ 29,997</u></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, 2014

	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	\$ 273,000	\$ 273,000	\$ 318,704	\$ 4,840	\$ 323,544	\$ 45,704
Operating Expenses:						
Personnel services	104,600	104,600	90,202	5,447	95,649	14,398
Contractual services	68,550	68,550	34,114	757	34,871	34,436
Insurance premiums	18,800	18,800	16,792	-	16,792	2,008
Repairs and maintenance	29,500	29,500	20,196	(52)	20,144	9,304
Post-closure costs	103,260	103,260	103,260	(103,260)	-	-
Other operating expenses	94,461	94,461	59,693	(6,257)	53,436	34,768
Depreciation	-	-	-	46,341	46,341	-
Total operating expenses	<u>419,171</u>	<u>419,171</u>	<u>324,257</u>	<u>(57,024)</u>	<u>267,233</u>	<u>94,914</u>
Operating income (loss)	(146,171)	(146,171)	(5,553)	61,864	56,311	140,618
Non-Operating Revenues (Expenses):						
Gross receipts taxes	49,000	49,000	41,936	(2,908)	39,028	(7,064)
Intergovernmental:						
Federal	-	-	-	2,195	2,195	-
State	1,052,796	1,052,796	16,440	88,730	105,170	(1,036,356)
Capital outlay	<u>(1,053,625)</u>	<u>(1,053,625)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,053,625</u>
Total non-operating revenues (expenses)	<u>48,171</u>	<u>48,171</u>	<u>58,376</u>	<u>88,017</u>	<u>146,393</u>	<u>10,205</u>
Net change	(98,000)	(98,000)	52,823	<u>\$ 149,881</u>	<u>\$ 202,704</u>	150,823
Cash balance, beginning of year	<u>195,904</u>	<u>195,904</u>	<u>195,904</u>			<u>-</u>
Cash balance, end of year	<u>\$ 97,904</u>	<u>\$ 97,904</u>	<u>\$ 248,727</u>			<u>\$ 150,823</u>
Explanation of Differences:						
Change in receivables				\$ 92,857		
Change in accounts payable				5,552		
Change in accrued salaries				(692)		
Change in compensated absences				(4,755)		
Change in post-closure costs				103,260		
Depreciation				<u>(46,341)</u>		
				<u>\$ 149,881</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, 2014

	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	\$ 90,000	\$ 90,000	\$ 122,882	\$ (78,399)	\$ 44,483	\$ 32,882
Miscellaneous	173	173	-	-	-	(173)
Total operating revenues	90,173	90,173	122,882	(78,399)	44,483	32,709
Operating Expenses:						
Personnel services	32,550	32,550	24,531	711	25,242	8,019
Contractual services	6,000	6,000	4,880	(1,250)	3,630	1,120
Utilities	13,700	13,700	8,706	(244)	8,462	4,994
Repairs and maintenance	5,000	5,000	3,670	(787)	2,883	1,330
Insurance premiums	4,550	4,550	3,841	-	3,841	709
Other operating expenses	69,100	69,100	42,980	(2,922)	40,058	26,120
Depreciation	-	-	-	10,469	10,469	-
Total operating expenses	130,900	130,900	88,608	5,977	94,585	42,292
Operating income (loss)	(40,727)	(40,727)	34,274	(84,376)	(50,102)	75,001
Non-Operating Revenues (Expenses):						
Gross receipts taxes	40,000	40,000	41,936	(2,908)	39,028	1,936
Interest income	123	123	-	-	-	(123)
Capital outlay	(14,100)	(14,100)	-	-	-	14,100
Total non-operating revenues (expenses)	26,023	26,023	41,936	(2,908)	39,028	15,913
Net change	(14,704)	(14,704)	76,210	<u>\$ (87,284)</u>	<u>\$ (11,074)</u>	90,914
Cash balance, beginning of year	16,577	16,577	16,577			-
Cash balance, end of year	<u>\$ 1,873</u>	<u>\$ 1,873</u>	<u>\$ 92,787</u>			<u>\$ 90,914</u>
Explanation of Differences:						
Change in receivables				\$ (81,307)		
Change in accounts payable				5,203		
Change in accrued salaries				(711)		
Depreciation				<u>(10,469)</u>		
				<u>\$ (87,284)</u>		

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, 2014

	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	\$ -	\$ -	\$ 2,591	\$ (38)	\$ 2,553	\$ (2,591)
Insurance premiums	3,500	3,500	1,686	7	1,693	1,814
Total operating expenses	3,500	3,500	4,277	(31)	4,246	(777)
Operating (loss)	(3,500)	(3,500)	(4,277)	31	(4,246)	777
Transfers:						
Transfers in	5,000	5,000	5,000	-	5,000	-
Net change	1,500	1,500	723	<u>\$ 31</u>	<u>\$ 754</u>	(777)
Cash balance, beginning of year	-	-	-			-
Cash balance, end of year	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 723</u>			<u>\$ (777)</u>
Explanation of Differences:						
Change in prepaid expenses				\$ (7)		
Change in accounts payable				<u>38</u>		
				<u>\$ 31</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, 2014

	Balance 06/30/13	Increases/ Receipts	Decreases/ Disbursements	Balance 06/30/14
Property Tax Fund				
Assets:				
Cash	\$ 8,804	\$ 672,403	\$ 674,282	\$ 6,925
Taxes receivable	79,155	71,328	79,155	71,328
Total assets	<u>\$ 87,959</u>	<u>\$ 743,731</u>	<u>\$ 753,437</u>	<u>\$ 78,253</u>
Liabilities:				
Deposits held for others	\$ 8,804	\$ 672,403	\$ 674,282	\$ 6,925
Due to other tax units - future collections	79,155	71,328	79,155	71,328
Total liabilities	<u>\$ 87,959</u>	<u>\$ 743,731</u>	<u>\$ 753,437</u>	<u>\$ 78,253</u>
Children's Trust Fund				
Assets:				
Cash	\$ -	\$ 210	\$ 210	\$ -
Liabilities:				
Deposits held for others	\$ -	\$ 210	\$ 210	\$ -
Total Agency Funds				
Assets:				
Cash	\$ 8,804	\$ 672,613	\$ 674,492	\$ 6,925
Taxes receivable	79,155	71,328	79,155	71,328
Total assets	<u>\$ 87,959</u>	<u>\$ 743,941</u>	<u>\$ 753,647</u>	<u>\$ 78,253</u>
Liabilities:				
Deposits held for others	\$ 8,804	\$ 672,613	\$ 674,492	\$ 6,925
Due to other tax units - future collections	79,155	71,328	79,155	71,328
Total liabilities	<u>\$ 87,959</u>	<u>\$ 743,941</u>	<u>\$ 753,647</u>	<u>\$ 78,253</u>

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2014

Financial Institution/ Account Description	Type of Account	Financial Institution Balance	Reconciling Items	Reconciled Balance
First State Bank 103 Manzanaras Avenue Socorro, New Mexico 87801-0479				
Catron County	Checking	\$ 4,735,409	\$ (105,314)	\$ 4,630,095
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>\$ 6,935,409</u>	<u>\$ (105,314)</u>	<u>\$ 6,830,095</u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2014

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

<u>Security</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Market Value</u>
FHLB Non CBL	3133XN4B2	12/01/22	\$ 2,401,862
FHLB Non CBL	3133X8EW8	08/01/24	2,113,674
FFCB Non CBL	31331VKU9	04/01/25	<u>518,982</u>
		Total	<u><u>\$ 5,034,518</u></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, 2014

Property taxes receivable, beginning of year	\$	227,483
Changes to Tax Roll:		
Net taxes charged to treasurer for fiscal year		1,970,069
Adjustments:		
Net adjustments and charge offs-current year		(6,528)
Net adjustments and charge offs-prior years		(18,115)
Total receivables prior to collections		2,172,909
Collections for fiscal year ended June 30, 2014		(1,959,336)
Property taxes receivable, end of the year	\$	<u>213,573</u>
Property taxes receivable by years:		
2002	\$	115
2003		986
2004		1,535
2005		-
2006		1,285
2007		2,302
2008		3,787
2009		5,598
2010		6,053
2011		5,867
2012		37,596
2013		148,449
	\$	<u>213,573</u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2014

Agency	Undistributed Taxes 06/30/13	Collections	Distributions	Undistributed Taxes 06/30/14
Catron County:				
Current advalorem	\$ -	\$ 1,171,880	\$ 1,171,880	\$ -
Delinquent advalorem	-	112,187	112,187	-
Administration fee	-	1,324	1,324	-
Re-appraisal	-	19,580	19,580	-
Total	-	1,304,971	1,304,971	-
Special Districts:				
Sierra Soil & Water District	-	226	226	-
Municipalities:				
Village of Reserve	-	11,766	11,766	-
State of New Mexico:				
State levy	-	166,619	166,619	-
Cattle levy	-	55,827	55,827	-
Sheep/goat levy	-	96	96	-
Equine/horse levy	-	1,755	1,755	-
Dairy cattle levy	-	9	9	-
Total	-	224,306	224,306	-
Reserve Schools:				
Operational	-	20,469	20,469	-
Capital improvements	-	80,174	80,174	-
Total	-	100,643	100,643	-
Quemado Schools:				
Operational	-	33,105	33,105	-
Debt service	-	145,329	145,329	-
Capital improvements	-	140,318	140,318	-
Total	-	318,752	318,752	-
Subtotal	-	1,960,664	1,960,664	-
Miscellaneous:				
Overpayments	6,436	3,253	5,802	3,887
Taxes paid in advance	2,368	4,647	3,977	3,038
Total	8,804	7,900	9,779	6,925
Subtotal	8,804	1,968,564	1,970,443	6,925
Children's Trust Fund	-	210	210	-
Grand Total	\$ 8,804	\$ 1,968,774	\$ 1,970,653	\$ 6,925

STATE OF NEW MEXICO
CATRON COUNTY
COUNTY TREASURER'S – PROPERTY TAX SCHEDULE
JUNE 30, 2014

Year	Net Property Taxes Levied	Collected Current Year	Collected To Date	Distributed Current Year	Distributed To Date	County Receivable at Year End
Advalorem						
2002	\$ 1,093,800	\$ 227	\$ 1,093,685	\$ 227	\$ 1,093,685	\$ 115
2003	1,127,156	47	1,126,170	47	1,126,170	986
2004	987,957	228	986,422	228	986,422	1,535
2005	1,157,903	135	1,157,903	135	1,157,903	-
2006	1,249,647	195	1,248,362	195	1,248,362	1,285
2007	1,421,199	981	1,418,897	981	1,418,897	2,302
2008	1,623,207	2,010	1,619,420	2,010	1,619,420	3,787
2009	1,739,260	5,184	1,733,662	5,184	1,733,662	5,598
2010	1,823,602	12,722	1,817,549	12,722	1,817,549	6,053
2011	1,881,793	27,192	1,875,926	27,192	1,875,926	5,867
2012	1,736,269	95,323	1,698,673	95,323	1,698,673	37,596
2013	1,963,541	1,815,092	1,815,092	1,815,092	1,815,092	148,449
	<u>\$ 17,805,334</u>	<u>\$ 1,959,336</u>	<u>\$ 17,591,761</u>	<u>\$ 1,959,336</u>	<u>\$ 17,591,761</u>	<u>\$ 213,573</u>

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF JOINT POWERS AGREEMENTS
AND MEMORANDUMS OF UNDERSTANDING
JUNE 30, 2014

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, 2013 through June 30, 2014. 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, 2014

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, 2014

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	14-03-1152	\$ 160,905	\$ 160,905
Schools and Roads - Grants to States	10.665	FY2011 - Title I	1,965,106	654,353
Schools and Roads - Grants to States	10.665	FY2012 - Title III	261,935	26,326
Forest Service Patrol	10.670	12-LE-11030600-003	23,211	<u>12,353</u>
Total U.S. Department of Agriculture				<u>853,937</u>
U.S. Department of the Interior/ Bureau of Land Management				
Distribution of Receipts to State and Local Governments	15.227	Taylor Grazing Act	12,254	12,254
U.S. Department of Homeland Security				
Fire Management Assistance Grant	97.046	FEMA-2978-001	42,421	42,421
Disaster Grants - Public Assistance	97.036	FEMA-4152-DR-NM	714,981	<u>323,127</u>
Total U.S. Department of Homeland Security				<u>365,548</u>
Total Expenditures of Federal Awards				<u><u>\$ 1,231,739</u></u>

STATE OF NEW MEXICO
CATRON COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

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 \$1,231,739. The amounts of expenditures within the funds are reflected within the financial statements as follows:

General Fund	
General government	\$ 2,961
Public safety	79,941
Public works	939,538
Capital outlay	34,050
	1,056,490
 Special Revenue Funds	
<u>Farm and Range Fund</u>	
Health and welfare	12,254
 <u>Glenwood Fire Fund</u>	
Health and welfare	1,666
 <u>20 Communities Fund</u>	
Health and welfare	158,405
 Business-Type Funds	
<u>Landfill Fund</u>	
Other operating	2,195
 <u>Ambulance Fund</u>	
Other operating	729
	\$ 1,231,739

ADDITIONAL INDEPENDENT AUDITORS' REPORT

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

Independent Auditors' Report

Timothy Keller, 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 comparison of the general fund of Catron County (County), as of and for the year ended June 30, 2014, 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 February 27, 2015. The opinion was adverse on the governmental activities and business-type activities because the County did not maintain adequate capital asset records including the related accumulated depreciation, did not complete a reconciliation of its cash and, did not record a liability for landfill closure and post-closure costs. The opinion was adverse on each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund, major enterprise fund, each nonmajor governmental and nonmajor enterprise funds because the County did not complete a reconciliation of its cash.

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 2006-004, 2006-007, 2006-008, 2008-001, 2008-002, and 2010-001.

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 2006-009, 2006-013, 2007-005, 2010-03, 2011-004, 2012-001, 2013-002, 2013-003, 2013-004, 2013-006, 2014-001, 2014-002, 2014-003, and 2014-004.

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

February 27, 2015

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Report on Compliance for Each Major Federal Program; Report
on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditors' Report

Timothy Keller, 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, 2014. 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 County's compliance.

Basis for Qualified Opinion on CFDA No. 10.665 Schools and Roads – Grants to States and CFDA No. 97.036 Disaster Grants – Public Assistance.

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA No. 10.665 Schools and Roads – Grants to States and CFDA No. 97.036 Disaster Grants – Public Assistance as described in finding number 2014-006 for Cash Management. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to those programs.

Qualified Opinion on CFDA No. 10.665 Schools and Roads – Grants to States.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 CFDA No. 10.665 Schools and Roads – Grants to States and CFDA No. 97.036 Disaster Grants – Public Assistance for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-005 and 2014-007. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on the responses.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-005 and 2014-006 to be material weaknesses.

The County's responses to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the responses.

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.

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

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

February 27, 2015

**STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

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

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

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

Identification of major programs:

CFDA No.	Program
10.665	Schools & Roads - Grants to States
97.036	Diaster Grants - Public Assistance

- 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, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS

*Item 2006-004 – Material Weakness – Capital Asset
Subsidiary Records and Depreciation Expense*

Statement of Condition – The County had not maintained complete and accurate capital asset subsidiary records that detail all property and equipment owned by the County. Since the County did not have a detailed list of assets owned, the County was unable to calculate depreciation expense for the governmental activities. Additionally, the County was unable to substantiate the depreciation expense recorded for the enterprise funds. In the spring of 2014, the County hired an independent appraisal firm to conduct an inventory of all County capital assets. The inventory was completed by year end; however, the County has not fully reviewed the results. As such, as of June 30, 2014, the County had not determined the final balances for capital assets by fund type, including the related accumulated depreciation and current year depreciation expense.

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) Fixed asset number.
- 2) A description using words meaningful for identification.
- 3) Location.
- 4) Manufacturer's name.
- 5) Model number or model name.
- 6) Serial number or vehicle identification number.
- 7) Estimated useful life.
- 8) 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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

*Item 2006-004 – Material Weakness – Capital Asset
Subsidiary Records and Depreciation Expense (continued)*

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.

Recommendation – We recommend the County review the work performed by the appraisal company for accuracy and reasonableness. The capital asset accounting system that the County develops as a result of this review must meet the criteria established by the New Mexico Administrative Code 2.20.1. The review should include a reconciliation of the capital assets subsidiary records with the general ledger. Once the review process is complete, management should inform the Board of Commissioners of their conclusions.

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.

Item 2006-007 – Material Weakness – Landfill Closure and Post-Closure Costs

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

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2006-007 – Material Weakness – Landfill Closure and Post-Closure Costs (continued)

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 that the County has the appropriate information to 1) record the post closure liabilities for all its landfills and 2) identify what assets are restricted for payments of such liabilities which would satisfy financial assurance requirements, 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 initiated the RFP process and have a contractor working on the closures of Glenwood and Reserve. We intend to follow the 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 2006-008 – 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*.

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.

**STATE OF NEW MEXICO
CATRON COUNTY**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2006-008 – Material Weakness – Tax Roll Reconciliation (continued)

Criteria (continued) – 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 County Treasurer has not acquired the necessary knowledge of the system and the reporting requirements to produce the reconciliation statements as of June 30, 2014.

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 timely 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. The County has opened a new position of Finance Director for the County in which this hire will help with the Treasurer to provide reconciliation statements in the future.

Item 2006-009 – Compliance – Legal Compliance with Adopted Budget

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

Fund	Authorized Budget	Amounts Expended	Approved Budget
20 Communities Fund	\$ 110,000	\$ 232,419	\$ 122,419
Horse Mountain Fire Fund	\$ 106,889	\$ 198,122	\$ 91,233
Emergency Medical Services	\$ 71,509	\$ 92,930	\$ 21,421
Quemado Fire Fund	\$ 65,478	\$ 163,656	\$ 98,178
Quemado Lake Fire Fund	\$ 46,604	\$ 223,326	\$ 176,722
Airport Enterprise Fund	\$ 3,500	\$ 4,277	\$ 777

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, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2006-009 – Compliance – Legal Compliance with Adopted Budget (continued)

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

Cause – The County personnel did not monitor the expenditures to ensure that they did not exceed the authorized budget. In addition, the loan agreements with New Mexico 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 quarterly 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 Local Government Division, where necessary.

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. The Commission has allowed the County to address this finding, along with others, we will have a Finance Director on-site to address and rectify these finance issues.

Item 2006-013 – 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, 2014:

Fund	Amount
Apache Creek Fire	\$ 199,895
Medicaid	\$ 18,000
Glenwood Fire	\$ 9,773
Wild Horse Fire	\$ 880
Coyote Creek Fire	\$ 500
Catron County Fire	\$ 241

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.

**STATE OF NEW MEXICO
CATRON COUNTY**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2006-013 – Compliance – Deficit Ending Cash Balances for Budget (continued)

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

Recommendation – We recommend 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 and addressed 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 2007-005 – Other – Compensated Absences

Statement of Condition – While testing the accrual of compensated absences at year end, we discovered numerous variances in individual employee accrual of vacation hours. The variances are between the records maintained by the County and those maintained by the independent payroll company hired at mid-year to perform the payroll preparation functions. By department, the variances are as follows:

<u>Department</u>	<u>Per County Records</u>	<u>Per Payroll Company Records</u>	<u>Variance</u>
Assessor's Office	\$ 6,692	\$ 6,012	\$ 680
Clerk's Office	4,032	4,396	(364)
Commission's Office	3,141	3,787	(646)
Janitorial	178	833	(655)
Sheriff's Office	25,907	24,238	1,669
Road Department	26,925	22,129	4,796
Treasurer's Office	498	958	(460)
Solid Waste	8,736	8,878	(142)
Total	<u>\$ 76,109</u>	<u>\$ 71,231</u>	<u>\$ 4,878</u>

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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2007-005 – Other – Compensated Absences (continued)

Criteria (continued) – 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 accruals errors such as under and 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 – Unknown and unexplained by the County. In prior years, the County did not demonstrate a clear understanding concerning the meaning, importance, and effects of maintaining accurate records related to compensated absences.

Recommendation – We recommend the management in conjunction with the payroll company reconcile the differences to accurately determine the accrued compensated absences per employee. Further, the County should immediately expedite the establishment and maintenance of the appropriate internal controls to ensure periodic review procedures are working effectively.

Views of Responsible Officials and Planned Corrective Actions – We are currently working with an offsite payroll accounting company that is addressing these issues to be able to rectify the findings in regards to Compensated Absences.

Item 2008-001 – 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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2008-001 – Material Weakness – Financial Statements and Disclosures (continued)

Criteria – Auditing Standards AU-C 265.A37 issued by the American Institute of Certified Public Accountants provides examples of deficiencies in the design of internal controls. Two examples that apply are, (1) *“Inadequate design of controls over the preparation of the financial statements being audited”* and (2) *“Employees or management who lack the qualifications and training to fulfill their assigned functions. For example, in an entity that prepares financial statements with generally accepted auditing principles (GAAP), the person responsible for the accounting and reporting function lacks the skills and knowledge to apply GAAP in recording the entity’s financial transactions or preparing its financial statements.”*

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 flows and notes.

Ineffective oversight of the County’s financial reporting and internal control by those charged with governance is an indication of a material weakness in internal control.

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 – County staff is not qualified to understand the financial statements in accordance with GAAP. Further, the County has not placed an emphasis to understand their financial statements and associated disclosures.

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 in the process of hiring a director of finance and or working with an accounting firm to assist us in the preparation of the County’s financial statements and related notes.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2008-002 – 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.
- The County failed to record financial activity held in escrow accounts related to County debt with New Mexico Finance Authority.
- At year-end, the County failed to prepare a schedule of all receivables and prepaid expenses, 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.

Criteria – Auditing Standards AU-C 265.A37 issued by the American Institute of Certified Public Accountants provides examples of deficiencies in the design of internal controls. Two examples that apply are, (1) *“Inadequate design of controls over the preparation of the financial statements being audited”* and (2) *“Employees or management who lack the qualifications and training to fulfill their assigned functions. For example, in an entity that prepares financial statements with generally accepted auditing principles (GAAP), the person responsible for the accounting and reporting function lacks the skills and knowledge to apply GAAP in recording the entity’s financial transactions or preparing its financial statements.”*

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 flows and notes.

Ineffective oversight of the County’s accounting activity by those charged with governance is an indication of a material weakness in internal control.

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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2008-002 – Material Weakness – Accounting Activity (continued)

Cause – County staff is not qualified to understand the financial statements in accordance with GAAP. This includes the County's staff inability 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. Further, the County has not placed an emphasis to understand accounting activity.

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

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

Item 2010-001 – Material Weakness – Cash Reconciliation to General Ledger

Statement of Condition – The County pools cash for all funds into one bank account. The County did not prepare complete and accurate monthly bank reconciliations during the fiscal year ending June 30, 2014. 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, 2014 was \$4,462,011; however, the general ledger cash balance was \$4,630,095. The difference was \$168,084. It could not be readily determined what fund or funds contained the error or errors.

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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2010-001 – Material Weakness – Cash Reconciliation to General Ledger

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 – No response provided.

Auditing Firm Response – The County was provided ample time to reply to all audit findings. They failed to respond to this finding.

Item 2010-003 – 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 – Sections 10-11-124(A) and 10-11-126(A) NMSA 1978, state 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.”

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2010-003 – Compliance – Anti-Donation Clause (continued)

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.

Views of Responsible Officials and Planned Corrective Actions – No response provided.

Auditing Firm Response – The County was provided ample time to reply to all audit findings. They failed to respond to this finding.

Item 2011-004 – 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 six instances where the travel request form did not reflect written approval by the employee's authorized supervisor. The total travel requests totaled \$674.83.
- There was one instance which required mileage reimbursement that was calculated incorrectly. The County applied at rate of \$0.444 rather than the correct rate of \$0.452. In total, the employee was underpaid by \$1.47.
- There were two instances where an addition error caused an overpayment of \$20.
- There was one instance where the travel request form was not complete. The travel request totaled \$67.80.
- There was one instance where the employee was not paid for a partial day of travel. The employee was underpaid by \$12.00.
- There were five instances where partial day travel was calculated incorrectly. The employees were underpaid by \$20.00.

**STATE OF NEW MEXICO
CATRON COUNTY**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2011-004 – Compliance – Per Diem and Mileage Act (continued)

Statement of Condition (continued) –

- There were thirteen instances where the travel expenditures were incorrectly posted to other non-travel general ledger account balances for a total of \$3,384.31.

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.

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.”

Section 2.42.2.8C of the Travel and Per Diem regulations states, “On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed. Divide the number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:

- a) For less than 2 hours, none;
- b) For 2 hours, but less than 6 hours, \$12.00;
- c) For 6 hours or more, but less than 12 hours, \$20.00
- d) For 12 hours or more, \$30.00.

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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2011-004 – Compliance – Per Diem and Mileage Act (concluded)

Views of Responsible Officials and Planned Corrective Actions – We are pursuing hiring and 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 2012-001 – Compliance – Independent Contractor vs. Employee

Statement of Condition – The County contracts with an individual for the position of County Biomass Director. The County has classified the Biomass Director as an independent contractor and not an employee. However, not only has the County retained the right to control what the Biomass Director does and how the job is done, all business aspects of the job are controlled by the County. The Biomass Director does not work independently; the position reports directly to the County Manager.

Criteria – Section 3121(d)(2) of the Internal Revenue Code (code) defines the term *employee* as any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of employee. The question of whether an individual is an employee under the common law rules, or an independent contractor, is one 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 Biomass Director as an independent contractor.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2012-001 – Compliance – Independent Contractor vs. Employee (continued)

Recommendation – We recommend the County review code section 3121(d)(2), as well as the job description for the County Biomass Director position 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 – It's the opinion of the County that as of July 2014, this finding has been resolved and the County is aware to make sure we are in full compliance with federal regulation.

Item 2013-002 – Compliance – Untimely Payroll Reports and 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:

- The form 941 Employer's Quarterly Federal Tax Return for the quarter ending September 30, 2013 was due October 31, 2013. The County filed the form in January 2015. In addition, \$18.47 of delinquent payroll taxes related to the third quarter was paid on January 29, 2015.
- The form 941 Employer's Quarterly Federal Tax Return for the quarter ending December 30, 2013 was due January 31, 2014. The County filed the form in January 2015. In addition, \$50,070.14 of delinquent payroll taxes related to the fourth quarter was paid on January 29, 2015.
- On January 29, 2015, the County paid \$1,367.42 of delinquent payroll taxes related to the quarter ending March 31, 2014.

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. The failure to deposit penalty is computed by multiplying the amount of tax underpaid by a penalty percentage rate based on how many days late the deposit is made. For more than 16 days late, the penalty percentage is 10%. The County may be imposed a failure to deposit penalty of \$5,145.

Cause – The payroll clerk left the County employment in November 2013. Management of the County failed to follow up payroll filings and timely federal deposits.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2013-002 – Compliance – Untimely Payroll Reports and Payroll Tax Deposits (continued)

Recommendation – We recommend the County manager's finance staff review their procedures, including those established with the payroll company and verify they are complying with the IRS requirements for the remittance of payroll reports and payroll tax deposits.

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 the County. We have established controls in place to ensure that these deposits will be made in a timely manner.

Item 2013-003 – 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 wage and contribution report for the quarter ending September 30, 2013 was due October 31, 2013. The County could not determine if the form was filed. A file copy of the form could not be produced.
- The wage and contribution report for the quarter ending December 31, 2013 was due January 31, 2014. The County could not determine if the form was filed. A file copy of the form could not be produced.

Criteria – As per the New Mexico Administrative Code (NMAC), Section 11.3.400.404 A., *an employer's wage and contribution report must be filed on a form prescribed by the department or a reasonable facsimile of the prescribed form on or before the last day of the month immediately following the end of the calendar quarter.* Further, as per the New Mexico Administrative Code (NMAC), Section 11.3.400.404 C., *if the required report for any calendar quarter is not filed within ten (10) days after due date, a penalty of fifty dollars (\$50.00) is to be paid by the employer.*

Effect – Failure to file employer's wage and contribution reports subjects the County to penalties imposed by the New Mexico Workforce Solutions Department.

Cause – The payroll clerk left the County employment in November 2013. Management of the County failed to follow up payroll filings and timely federal deposits.

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.

**STATE OF NEW MEXICO
CATRON COUNTY**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

*Item 2013-003 – Compliance – Wage and Contribution Reports by
Employing Units to New Mexico Workforce Solutions Department (continued)*

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 the 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 2013-004 – 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 (June 30, 2014), 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:

<u>Quarter Ended</u>	<u>Date Submitted</u>
09/30/13	11/04/13
12/31/13	01/15/14
03/31/14	05/05/14
06/30/14	07/31/14

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.

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 treasurer and the County manager were experiencing difficulties with the reconciliation of cash balances. The County sought out independent assistance in an effort to submit accurate reports. This delayed the actual submission to LGD.

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

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

*Item 2013-004 – Compliance – Quarterly Reporting to Local Government
Division of the New Mexico Department of Finance and Administration (continued)*

Views of Responsible Officials and Planned Corrective Actions – We have had a recent and unexpected change in management in the County. We have communicated our situation to the Department of Finance and Administration and they are aware of the issues in the County. The fourth quarter report was submitted timely.

Item 2013-006 – Compliance – Submission of Audit Report

Statement of Condition – The audit report for the fiscal year ended June 30, 2014, was due to the New Mexico State Auditor's office by Monday, November 17, 2014. The audit report was submitted on Friday, April 17, 2015.

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

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

Cause – The County experienced numerous issues related to financial reporting and in particular the reconciliation of cash balances. In addition, the County manager unexpectedly resigned September 30, 2014 during the audit fieldwork. A new county manager was appointed in January 2015.

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 – Again, we have had a recent and unexpected change in management in the County. We have communicated our situation to the Department of Finance and Administration and they are aware of the issues in the County. With the creation of the new director of finance, we feel that this issue will be solved in the future.

Item 2014-001 – Compliance – Submission of Audit Contract and Recommendation

Statement of Condition – The County did not submit the signed IPA recommendation form for audits and the completed audit contract to the New Mexico State Auditor by May 1, 2014.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2014-001 – Compliance – Submission of Audit Contract and Recommendation (continued)

Criteria – As per section 2.2.2.8(G)(6)c New Mexico Administrative Code Audit Rule, a County shall deliver the fully completed and signed IPA Recommendation Form for Audits and the completed audit contract to the State Auditor by May 1, 2014.

Effect – Delays in submission of the recommendation and audit contract may lead to a delay in the timely submission of the completed audit report.

Cause – The County was unaware of such requirement.

Recommendation – We recommend the County management make an effort to understand and comply with the annual State Auditor rule. Further, the County should send a representative to the Audit Rule training sessions conducted by the State Auditor’s Office.

Views of Responsible Officials and Planned Corrective Actions – We agree and are taking steps for more training in finance. Also, with acquiring a new position, director of finance, this finding will be solved.

Item 2014-002 – Compliance – Submission of Timely PERA Reports

Statement of Condition – The County failed to submit accurate and complete PERA reports on a timely basis.

Criteria – PERA is a retirement association created in 1947 to administer pension benefits to those who have retired from public service with an affiliated employer. An “affiliated employer” is a public employer that has elected by resolution or been mandated by state law to participate in the PERA program. Affiliated employers are required to deduct, calculate, report, and remit to PERA, employee wages, member contributions and employer contributions. Both the Wage and Contribution Report (WCR) and the combined contributions are due to PERA no later than the fifth working day after the payday applicable to the payroll period being reported.

Effect – If an employer fails to make the required member contribution deductions, the employer will be responsible for correcting the omission and will be assessed interest charges. Delays in the submission of WCR ultimately affect the PERA retirement fund, which earns income on investments and pays pensions to those eligible under the coverage plans of the fund.

Cause – The payroll clerk left the County employment in November 2013. Management of the County failed to follow up on PERA report filings. Many of the reports that were submitted contain errors, which required resolution prior to the submission of future reports. Management did not always resolve the errors in a timely matter.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2014-002 – Compliance – Submission of Timely PERA Reports (continued)

Recommendation – We recommend County manager’s finance staff review procedures related to filing of Wage and Contributions Reports to verify compliance the regulations of PERA. This will involve communication with the payroll company who prepares and submits the reports.

Views of Responsible Officials and Planned Corrective Actions – With the outsource payroll company, the County is working with as we have only worked with them for a year, we feel that we are trying to address all these issues with them and feel confident that these concerns with PERA will be rectified in the near future.

Item 2014-003 – Compliance – Submission of 100% Payroll Reported to PERA

Statement of Condition – During the testing of the Public Employees Retirement Act (PERA), we could not determine whether or not the County reported 100% of payroll to PERA. Per the County’s accounting records, the total gross wages were \$1,406,951 and the PERA wages were \$1,261,987. The difference is \$144,964 and the County does not regularly perform reconciliations.

Criteria – New Mexico State Statutes (NMSA) 1978 Section 10-11-13 mandate each employee and elected official of every affiliated public employer shall be a member of the PERA association, unless excluded from membership in accordance with Subsection B of Section 10-11-13.

Effect – Noncompliance with state statutes subjects officials and employees of the County to penalties as required by state statutes. Without a full reconciliation, errors could occur while preparing the applicable reports and the associated member may not receive full credit for their service.

Cause – The County does not make it a standard procedure to reconcile gross wages to PERA wages.

Recommendation – We recommend County manager’s finance staff review procedures related to filing of Wage and Contributions Reports (WCR) to verify compliance the regulations of PERA. At a minimum, a reconciliation process and procedure should be established and reviewed prior to the submission of WCR reports.

Views of Responsible Officials and Planned Corrective Actions – We agree with the recommendation. With having the Finance Director, a member of the County’s finance department we will be having a full review regarding all the necessary requirements and regulations.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINDINGS – FINANCIAL STATEMENTS (continued)

Item 2014-004 – Compliance – Submission of Grant Progress Reports

Statement of Condition – During the testing of the grant compliance it was noted that the County failed to report at least quarterly to the Finance Authority on the status of the Colonias Infrastructure Project Fund.

Criteria – As per the grant agreement Article VI Administration Section 6.1 with the New Mexico Finance Authority, the governmental unit (grantee) shall provide a quarterly written report in a format designated by the Finance Authority and signed by an authorized officer of the grantee. The report is intended to describe project progress during the reporting period.

Effect – Non-compliance with state grant award requirements such as timely progress reporting and certifications could jeopardize future county funding.

Cause – Unknown.

Recommendation – We recommend the County explore avenues that would assist in completing the reporting on a timely basis.

Views of Responsible Officials and Planned Corrective Actions – The County will address all possible avenues for all reporting to be completed on a timely basis.

SECTION III – FEDERAL AWARDS AND QUESTIONED COSTS

Item 2014-005 – Material Weakness – Submission of the Reporting Package to the Federal Government

Federal Program Information –

Funding agency:	U.S. Department of Agriculture U.S. Department of Homeland Security
Pass through agency:	N/A
Title:	Schools and Roads – Grants to States Disaster Grants – Public Assistance
CFDA number:	10.665 and 97.036
Award year and number:	2011, FY2011 – Title I and Title III 2014, FEMA-4152-DR-NM

Statement of Condition – The audit report along with the data collection form is due to the federal government within nine months after the end of the fiscal year. The audit report was not completed until March 2015 and as such was not submitted to the federal government on a timely basis.

Criteria – Circular A-133, *Audits of States, Local Governments and Non-profit Organizations* issued by the U.S. Office of Management and Budget requires that the audit report along with the data collection form be submitted by nine months after the fiscal year end. In the case of the City audit for the fiscal year ended June 30, 2014 that due date was March 31, 2014.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION III – FEDERAL AWARDS AND QUESTIONED COSTS (continued)

Item 2014-005 – Material Weakness – Submission of the Reporting Package to the Federal Government (continued)

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

Cause – The County failed to prepare the necessary financial information to submit the reporting package to the federal government in a timely manner.

Recommendation – We recommend the County explore avenues that would assist in completing the preparation of the financial statements within ninety days after the close of the fiscal year. This should enable the County to ensure timely submission of the data collection form to the federal government by March 31st.

Views of Responsible Officials and Planned Corrective Actions – We agree with the recommendation and will put sufficient protocols in completing the financial statements within ninety days and to ensure timely submission of the data collection.

Item 2014-006 – Material Weakness – Cash Management

Federal Program Information –

Funding agency:	U.S. Department of Agriculture U.S. Department of Homeland Security
Pass through agency:	N/A
Title:	Schools and Roads – Grants to States Disaster Grants – Public Assistance
CFDA number:	10.665 and 97.036
Award year and number:	2011, FY2011 – Title I and Title III 2014, FEMA-4152-DR-NM

Statement of Condition – The County pools cash for all funds into one bank account. The County did not prepare complete and accurate monthly bank reconciliations during the fiscal year ending June 30, 2014. 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, 2014 was \$4,462,011; however, the general ledger cash balance was \$4,630,095. The difference was \$168,084. It could not be readily determined what fund or funds contained the error or errors.

Criteria – Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* issued by the U.S. Office of Management and Budget, requires that, “*recipients must follow procedures the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Pass-through entities must establish reasonable procedures to ensure receipt of reports on subrecipients’ cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity.*”

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION III – FEDERAL AWARDS AND QUESTIONED COSTS (continued)

Item 2014-006 – Material Weakness – Cash Management (continued)

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 – No response provided.

Auditing Firm Response – The County was provided ample time to reply to all audit findings. They failed to respond to this finding.

Item 2014-007 – Compliance – Submission of Grant Progress Reports

Federal Program Information –

Funding agency:	U.S. Department of Agriculture
Pass through agency:	N/A
Title:	Schools and Roads – Grants to States
CFDA number:	10.665
Award year and number:	2011, FY2011 – Title I and FY2011 – Title III

Statement of Condition – During the testing of the grant compliance it was noted that the County failed to prepare and report the certification of Title III expenditures and unobligated funds.

Criteria – The Secretary of Agriculture/U.S. Forest Service requires the county to certify Title III expenditures and unobligated funds on an annual basis.

Effect – Non-compliance with federal grant award requirements such as timely progress reporting and certifications could jeopardize future county funding.

Cause – Unknown.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION III – FEDERAL AWARDS AND QUESTIONED COSTS (continued)

Item 2014-007 – Compliance – Submission of Grant Progress Reports (continued)

Recommendation – We recommend the County explore avenues that would assist in completing the reporting on a timely basis.

Views of Responsible Officials and Planned Corrective Actions – The County will address all possible avenues for all reporting to be completed on a timely basis.

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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

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

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

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

Item 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.

STATE OF NEW MEXICO
CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

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

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
CATRON COUNTY
EXIT CONFERENCE AND
PREPARATION OF FINANCIAL STATEMENTS
JUNE 30, 2014

EXIT CONFERENCE

The audit report for the fiscal year ended June 30, 2014, was discussed during the exit conference held on March 9, 2015 in Reserve, New Mexico. Present for the County was Glyn Griffin, county commissioner; Kate Fletcher, 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, 2014. 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.