

State of New Mexico

Catron County  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S**  
**REPORT THEREON**

For The Fiscal Year Ended June 30, 2018

Catron County  
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Catron County  
**Directory of Officials**  
June 30, 2018

**Elected Officials**

Glyn Griffin

Chairman

Van J. (Bucky) Allred

Commissioner

Anita A. Hand

Commissioner

Susan Griffin

Assessor

M. Keith Riddle

Clerk

Ian Fletcher

Sheriff

Connie Shipley

Treasurer

Ed Wehrheim

Probate Judge

**Administrative Staff**

Bill F. Green

County Manager

Linda Cooke

Assistant Manager



MIKE STONE, C.P.A.  
LINDA STONE MCGEE, C.P.A.  
KAY STONE, C.P.A.  
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.  
P.O. BOX 2828  
SILVER CITY, NEW MEXICO 88062  
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## INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, State Auditor  
And  
Board of 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 comparisons for the general fund of Catron County, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise Catron County's basic financial statements 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.

### Auditor's 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 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.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Catron County as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that information related to the County's pension plan presented on pages 49 to 53 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 Catron County's financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards*, and the other schedules presented as other

supplementary information as listed in the table of contents 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 the other supplementary information 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, on our consideration of Catron County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 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 Catron County's internal control over financial reporting and compliance.

*Stone, McGee + Co., CPAs*

Silver City, New Mexico  
November 29, 2018

**Stone, McGee & Co.**  
Certified Public Accountants

Catron County  
**STATEMENT OF NET POSITION**  
June 30, 2018

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Current:			
Cash and investments	\$ 7,602,612	\$ 821,284	\$ 8,423,896
Prepays	52,129	7,527	59,656
Receivables, net	1,304,671	531,071	1,835,742
Interfund receivable	580,699		580,699
Total current assets	\$ 9,540,111	\$ 1,359,882	\$ 10,899,993
Noncurrent assets:			
Restricted:			
Cash and investments	\$ -	\$ -	\$ -
Capital assets, net	13,640,036	1,111,272	14,751,308
Total noncurrent assets	\$ 13,640,036	\$ 1,111,272	\$ 14,751,308
Total assets	\$ 23,180,147	\$ 2,471,154	\$ 25,651,301
<b>Deferred Outflows of Resources</b>			
Related to pensions	\$ 726,544	\$ 77,404	\$ 803,948
<b>LIABILITIES</b>			
Current:			
Accounts payable	\$ 237,441	\$ 6,194	\$ 243,635
Accrued liabilities	69,050	9,368	78,418
Interest payable	11,337		11,337
Interfund payable		580,699	580,699
Current maturities of long-term debt	143,630		143,630
Estimated liability for landfill postclosure costs			-
Total current liabilities	\$ 461,458	\$ 596,261	\$ 1,057,719
Noncurrent:			
Net pension liability	\$ 2,472,858	\$ 189,486	\$ 2,662,344
Estimated liability for landfill postclosure costs		979,235	979,235
Notes payable	1,818,346		1,818,346



Catron County  
**STATEMENT OF NET POSITION (concluded)**  
June 30, 2018

	Governmental Activities	Business- Type Activities	Total
Compensated absences	\$ 72,396	\$ 13,065	\$ 85,461
Total noncurrent liabilities	\$ 4,363,600	\$ 1,181,786	\$ 5,545,386
Total liabilities	\$ 4,825,058	\$ 1,778,047	\$ 6,603,105
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	\$ 320,653	\$ 14,643	\$ 335,296
Unavailable revenue	328,658	396,108	724,766
Total deferred inflows of resources	\$ 649,311	\$ 410,751	\$ 1,060,062
<b>NET POSITION</b>			
Net investment in capital assets	\$ 12,252,341	\$ 1,111,272	\$ 13,363,613
Restricted for:			
Capital projects	199,875		199,875
Debt service	83,043		83,043
Other purposes	6,331,419		6,331,419
Unrestricted	(434,356)	(751,512)	(1,185,868)
Total net position	\$ 18,432,322	\$ 359,760	\$ 18,792,082

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

Catron County  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 1,885,070	\$ 59,792	\$ 530,701
Public safety	2,331,059	193,104	1,278,409
Public works	2,648,068		
Health and welfare	262,128	120	99,355
Culture-recreation	93,806		
Loan issue costs	4,156		
Unallocated interest expense	24,120		
	<hr/>	<hr/>	<hr/>
Total governmental activities	\$ 7,248,407	\$ 253,016	\$ 1,908,465
	<hr/>	<hr/>	<hr/>
Business-type activities:			
Landfill	\$ 389,067	\$ 227,788	\$ 80,018
Ambulance	117,994	168,066	
Airport	45,815		
	<hr/>	<hr/>	<hr/>
Total business-type activities	\$ 552,876	\$ 395,854	\$ 80,018
	<hr/>	<hr/>	<hr/>
Total government	\$ 7,801,283	\$ 648,870	\$ 1,988,483
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
General revenues:			
Property taxes			
Gross receipts taxes			
Gas taxes			
Motor vehicle taxes			
Interest and investment earnings			
Miscellaneous			
Forest reserve			
Payment in lieu of taxes			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position--beginning of year			
Net position--end of year			

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

Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position		
	Governmental Activities	Business -Type Activities	Total
\$ -	\$ (1,294,577)	\$ -	\$ (1,294,577)
	(859,546)		(859,546)
2,602,185	(45,883)		(45,883)
	(162,653)		(162,653)
	(93,806)		(93,806)
	(4,156)		(4,156)
	(24,120)		(24,120)
<u>\$ 2,602,185</u>	<u>\$ (2,484,741)</u>	<u>\$ -</u>	<u>\$ (2,484,741)</u>
\$ -	\$ -	\$ (81,261)	\$ (81,261)
		50,072	50,072
		(45,815)	(45,815)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (77,004)</u>	<u>\$ (77,004)</u>
<u>\$ 2,602,185</u>	<u>\$ (2,484,741)</u>	<u>\$ (77,004)</u>	<u>\$ (2,561,745)</u>
	\$ 1,359,705	\$ -	\$ 1,359,705
	187,774	93,863	281,637
	169,832		169,832
	317,791		317,791
	13,050		13,050
	130,317		130,317
	1,164,187		1,164,187
	639,528		639,528
	(590,000)	590,000	-
	<u>\$ 3,392,184</u>	<u>\$ 683,863</u>	<u>\$ 4,076,047</u>
	\$ 907,443	\$ 606,859	\$ 1,514,302
	17,524,879	(247,099)	17,277,780
	<u>\$ 18,432,322</u>	<u>\$ 359,760</u>	<u>\$ 18,792,082</u>

Catron County  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
June 30, 2018

	General Fund
<b>Assets</b>	
Cash and investments	\$ 3,885,699
Interest receivable	5,088
Taxes receivable	308,785
Accounts receivable	
Prepaid expenses	25,558
Due from other governments	380,745
Interfund receivable	924,768
	\$ 5,530,643
Total assets	\$ 5,530,643
<b>Liabilities</b>	
Accounts payable	\$ 38,424
Salaries payable	69,050
Interfund payable	
	\$ 107,474
Total liabilities	\$ 107,474
<b>Deferred Inflows of Resources</b>	
Unavailable revenue	\$ 535,366
	\$ 535,366
Total deferred inflows of resources	\$ 535,366
<b>Fund balance:</b>	
Nonspendable	
Prepaid expenses	\$ 25,558
Restricted:	
Capital projects	
Debt service	
Public safety	
Health and welfare	
Public works	2,575,142
General government	715,168
Equipment purchases	
Culture and recreation	
Assigned:	
Culture and recreation	
Unassigned	1,571,935
	\$ 4,887,803
Total fund balance	\$ 4,887,803
Total liabilities, deferred inflows of resources and fund balances	\$ 5,530,643

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

<u>Road Improvements</u>	<u>Capital Projects</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 3,716,913	\$ 7,602,612
		222	5,310
		20,508	329,293
			-
		26,571	52,129
	282,491	306,832	970,068
			924,768
<u>\$ -</u>	<u>\$ 282,491</u>	<u>\$ 4,071,046</u>	<u>\$ 9,884,180</u>
\$ -	\$ 156,901	\$ 42,116	\$ 237,441
	94,564	249,505	69,050
			344,069
<u>\$ -</u>	<u>\$ 251,465</u>	<u>\$ 291,621</u>	<u>\$ 650,560</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535,366</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535,366</u>
\$ -	\$ -	\$ 26,571	\$ 52,129
	31,026	168,849	199,875
		659,583	659,583
		2,069,934	2,069,934
		686,893	686,893
			2,575,142
		124,878	840,046
		18,275	18,275
		98,078	98,078
			-
		(73,636)	1,498,299
<u>\$ -</u>	<u>\$ 31,026</u>	<u>\$ 3,779,425</u>	<u>\$ 8,698,254</u>
<u>\$ -</u>	<u>\$ 282,491</u>	<u>\$ 4,071,046</u>	<u>\$ 9,884,180</u>

Catron County  
**RECONCILIATION OF TOTAL GOVERNMENTAL  
 FUND BALANCE TO NET POSITION OF  
 GOVERNMENTAL ACTIVITIES**  
 June 30, 2018

Total governmental fund balances	\$	8,698,254
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		13,640,036
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred inflows of resources related to pensions		(320,653)
Deferred outflows of resources related to pensions		726,544
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes subject to the 60 day availability period		206,708
Receivables subject to the 60 day availability period		
Long-term liabilities are not reported in the funds:		
Net pension liability		(2,472,858)
Notes payable		(1,961,976)
Accrued interest payable		(11,337)
Compensated absences		(72,396)
		(4,522,567)
 <i>Net position of governmental activities</i>	 \$	 <u><u>18,432,322</u></u>

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

Catron County  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**  
For The Fiscal Year Ended June 30, 2018

	<u>General Fund</u>	<u>Road Improvements</u>
Revenues:		
Property taxes	\$ 1,288,318	\$ -
Gross receipts taxes	110,433	
Gas taxes	169,832	
Motor vehicle taxes	317,790	
Federal intergovernmental	2,147,735	
State intergovernmental	1,130,934	989,246
Fines, licenses and permits		
Charges for services	59,654	
Miscellaneous	106,619	
	<hr/>	<hr/>
Total revenues	\$ 5,331,315	\$ 989,246
	<hr/>	<hr/>
Expenditures:		
Current:		
General government	\$ 1,422,103	\$ -
Public safety	1,004,168	
Public works	2,410,754	
Health and welfare	131,738	
Culture recreation	33,219	
Debt service:		
Principal		
Interest		
Loan issue costs		
Capital outlay	281,461	1,071,233
	<hr/>	<hr/>
Total expenditures	\$ 5,283,443	\$ 1,071,233
	<hr/>	<hr/>
Revenues over (under) expenditures	\$ 47,872	\$ (81,987)
Other financing sources (uses):		
Transfer in		196,116
Transfer out	(1,322,561)	
Loan proceeds		
	<hr/>	<hr/>
Net change in fund balances	\$ (1,274,689)	\$ 114,129
Fund balance, July 1, 2017	6,162,492	(114,129)
	<hr/>	<hr/>
Fund balance, June 30, 2018	\$ 4,887,803	\$ -
	<hr/> <hr/>	<hr/> <hr/>

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

<u>Capital Outlay</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ -	\$ -	\$ 1,288,318
	77,341	187,774
	97,458	267,290
		317,790
244,649		2,392,384
147,977	1,714,636	3,982,793
	13,112	13,112
	35,092	94,746
	23,637	130,256
<u>\$ 392,626</u>	<u>\$ 1,961,276</u>	<u>\$ 8,674,463</u>
\$ -	\$ 9,285	\$ 1,431,388
	770,163	1,774,331
		2,410,754
	81,921	213,659
		33,219
	112,826	112,826
	15,339	15,339
	4,156	4,156
461,361	609,128	2,423,183
<u>\$ 461,361</u>	<u>\$ 1,602,818</u>	<u>\$ 8,418,855</u>
\$ (68,735)	\$ 358,458	\$ 255,608
15,032	521,413	732,561
		(1,322,561)
	554,158	554,158
<u>\$ (53,703)</u>	<u>\$ 1,434,029</u>	<u>\$ 219,766</u>
84,729	2,345,396	8,478,488
<u>\$ 31,026</u>	<u>\$ 3,779,425</u>	<u>\$ 8,698,254</u>



Catron County  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**  
For The Fiscal Year Ended June 30, 2018

Net change in fund balances-total governmental funds	\$ 219,766
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1,211,451
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change for the year.	71,387
Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense	
Pension contributions	187,219
Cost of benefits earned net of employee contributions	(336,881)
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	112,826
Bond and loan proceeds are reported as financing sources in the funds, In the Statement of Activities, however, issuing debt increased long term liabilities	(554,158)
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. This is the net change for the year.	(8,781)
Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change for the year.	<u>4,614</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 907,443</u></u>

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

Catron County  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,979,170	\$ 1,979,170	\$ 1,940,069	\$ (39,101)
State sources	981,022	2,912,545	1,694,887	(1,217,658)
Federal sources	1,206,956	1,206,956	1,481,470	274,514
Fines, licenses and permits				-
Charges for services	50,000	50,000	59,654	9,654
Miscellaneous	133,000	133,000	106,619	(26,381)
Total revenues	\$ 4,350,148	\$ 6,281,671	\$ 5,282,699	\$ (998,972)
Expenditures:				
Current:				
General government	\$ 1,422,430	\$ 1,579,530	\$ 1,418,067	\$ 161,463
Public safety	1,384,182	1,390,302	994,413	395,889
Public works	1,798,960	2,243,003	2,244,995	(1,992)
Health and welfare	54,255	43,905	132,282	(88,377)
Culture and recreation	96,385	96,765	16,660	80,105
Capital outlay	290,606	1,850,770	547,017	1,303,753
Total expenditures	\$ 5,046,818	\$ 7,204,275	\$ 5,353,434	\$ 1,850,841
Revenues over (under) expenditures	\$ (696,670)	\$ (922,604)	\$ (70,735)	\$ 851,869
Other financing sources (uses):				
Transfer in				-
Transfer out	(100,000)	(790,694)	(1,090,694)	(300,000)
Net change in fund balance	\$ (796,670)	\$ (1,713,298)	\$ (1,161,429)	\$ 551,869
Fund balance, July 1, 2017	5,390,619	5,234,040	5,234,040	-
Fund balance, June 30, 2018	\$ 4,593,949	\$ 3,520,742	\$ 4,072,611	\$ 551,869
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,274,689)	
Revenue accruals (net)			(48,616)	
Expenditure accruals (net)			(69,991)	
Other financing sources (uses)			231,867	
Net change in fund balance, NON-GAAP budgetary basis			\$ (1,161,429)	

The accompanying notes are an integral part of these financial statements

Catron County  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
June 30, 2018

<b>Assets</b>	<u>Landfill</u>	<u>Ambulance</u>	<u>Airport</u>	<u>Total</u>
Current:				
Cash and investments	\$ 247,609	\$ 287,025	\$ 286,650	\$ 821,284
Prepays	2,214	4,427	886	7,527
Receivables, net of allowances:				
Intergovernmental grants			396,108	396,108
Accounts	29,395	85,058		114,453
Taxes	10,255	10,255		20,510
<b>Total current assets</b>	<u>\$ 289,473</u>	<u>\$ 386,765</u>	<u>\$ 683,644</u>	<u>\$ 1,359,882</u>
Noncurrent assets:				
Restricted:				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Capital assets (net)	395,802	1	715,469	1,111,272
<b>Total noncurrent assets</b>	<u>\$ 395,802</u>	<u>\$ 1</u>	<u>\$ 715,469</u>	<u>\$ 1,111,272</u>
<b>Total assets</b>	<u>\$ 685,275</u>	<u>\$ 386,766</u>	<u>\$ 1,399,113</u>	<u>\$ 2,471,154</u>
<b>Deferred Outflows of Resources</b>				
Related to pensions	\$ 77,404	\$ -	\$ -	\$ 77,404
<b>Liabilities</b>				
Current:				
Accounts payable	\$ 5,717	\$ 477	\$ -	\$ 6,194
Accrued liabilities	6,770	2,598		9,368
Interfund payable	496,793	57,611	26,295	580,699
Estimated liability for landfill postclosure costs				-
<b>Total current liabilities</b>	<u>\$ 509,280</u>	<u>\$ 60,686</u>	<u>\$ 26,295</u>	<u>\$ 596,261</u>
Noncurrent liabilities:				
Estimated liability for landfill postclosure costs	\$ 979,235	\$ -	\$ -	\$ 979,235
Net pension liability	189,486			189,486
Compensated absences	13,065			13,065
<b>Total noncurrent liabilities</b>	<u>\$ 1,181,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181,786</u>
<b>Total liabilities</b>	<u>\$ 1,691,066</u>	<u>\$ 60,686</u>	<u>\$ 26,295</u>	<u>\$ 1,778,047</u>

Catron County  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS (concluded)**  
June 30, 2018

	Landfill	Ambulance	Airport	Total
<b>Deferred Inflows of Resources</b>				
Related to pensions	\$ 14,643	\$ -	\$ -	\$ 14,643
Unavailable revenue			396,108	396,108
Total deferred inflows of resources	\$ 14,643	\$ -	\$ 396,108	\$ 410,751
<b>Net Position</b>				
Net investment in capital assets	\$ 395,802	\$ 1	\$ 715,469	\$ 1,111,272
Restricted for:				
Debt service				-
Unrestricted	(1,338,832)	326,079	261,241	(751,512)
Total net position	\$ (943,030)	\$ 326,080	\$ 976,710	\$ 359,760

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

Catron County  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2018

	<u>Landfill</u>	<u>Ambulance</u>	<u>Airport</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 227,788	\$ 168,066	\$ -	\$ 395,854
Operating expenses:				
Personnel	\$ 220,324	\$ 53,073	\$ -	\$ 273,397
Operating	81,448	64,921	4,095	150,464
Depreciation	87,295		41,720	129,015
Total operating expenses	\$ 389,067	\$ 117,994	\$ 45,815	\$ 552,876
Net operating income	\$ (161,279)	\$ 50,072	\$ (45,815)	\$ (157,022)
Nonoperating revenue (expense):				
Investment income	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	53,943	39,920		93,863
State grants	80,018			80,018
Federal grants				-
Miscellaneous revenue				-
Interest expense				-
Total nonoperating revenue (expense)	\$ 133,961	\$ 39,920	\$ -	\$ 173,881
Net income before operating transfers	\$ (27,318)	\$ 89,992	\$ (45,815)	\$ 16,859
Transfers:				
In			590,000	590,000
Out				-
Change in net position	\$ (27,318)	\$ 89,992	\$ 544,185	\$ 606,859
Net position, beginning of year	(915,712)	236,088	432,525	(247,099)
Net position, end of year	<u>\$ (943,030)</u>	<u>\$ 326,080</u>	<u>\$ 976,710</u>	<u>\$ 359,760</u>

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

Catron County  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2018

	<u>Landfill</u>	<u>Ambulance</u>	<u>Airport</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers	\$ 255,359	\$ 141,743		\$ 397,102
Payments to suppliers	(78,631)	(67,250)	(4,095)	(149,976)
Payments to employees	(200,938)	(51,990)		(252,928)
Net cash provided (used) by operating activities	<u>\$ (24,210)</u>	<u>\$ 22,503</u>	<u>\$ (4,095)</u>	<u>\$ (5,802)</u>
Cash flows from noncapital financing activities:				
Dedicated tax receipts	\$ 50,018	\$ 35,995		\$ 86,013
Intergovernmental grants			(336,751)	(336,751)
Miscellaneous revenue				
Transfers from other funds			590,000	590,000
Transfers to other funds				-
Net cash provided (used) by noncapital financing activities	<u>\$ 50,018</u>	<u>\$ 35,995</u>	<u>\$ 253,249</u>	<u>\$ 339,262</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	\$ -	\$ -	\$ (7,976)	\$ (7,976)
Borrowings on capital debt				-
Principal paid on capital debt				-
Interest paid on capital debt				-
Net cash provided (used) by capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,976)</u>	<u>\$ (7,976)</u>
Cash flows from investing activities:				
Earnings on investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net cash provided (used) by investing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net increase (decrease) in cash and equivalents	\$ 25,808	\$ 58,498	\$ 241,178	\$ 325,484
Cash and equivalents, beginning of year	<u>221,801</u>	<u>228,527</u>	<u>45,472</u>	<u>495,800</u>
Cash and equivalents, end of year	<u><u>\$ 247,609</u></u>	<u><u>\$ 287,025</u></u>	<u><u>\$ 286,650</u></u>	<u><u>\$ 821,284</u></u>

Catron County  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (concluded)**  
For the Fiscal Year Ended June 30, 2018

	<u>Landfill</u>	<u>Ambulance</u>	<u>Airport</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (161,279)	\$ 50,072	\$ (45,815)	\$ (157,022)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	87,295		41,720	129,015
Changes in assets and liabilities:				
Prepaid expenses	46	(2,167)		(2,121)
Receivables, net	27,571	(26,323)		1,248
Accounts payable	2,771	(162)		2,609
Accrued expenses	14,123	1,083		15,206
Landfill postclosure				-
Compensated absences	5,263			5,263
Net cash provided (used) by operating activities	<u>\$ (24,210)</u>	<u>\$ 22,503</u>	<u>\$ (4,095)</u>	<u>\$ (5,802)</u>

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

Catron County  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2018

**Assets**

Cash and investments	\$ 31,559
Taxes receivable	<u>121,290</u>
Total assets	<u><u>\$ 152,849</u></u>

**Liabilities**

Due to others	<u>\$ 152,849</u>
Total liabilities	<u><u>\$ 152,849</u></u>

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



Catron County  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

Note 1 Summary of Significant Accounting Policies

**A. GENERAL**

Catron County, a political subdivision of the State of New Mexico, operates under the commissioner-manager form of government. The County provides the following authorized services: public safety, highways and streets, sanitation, health and welfare, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for State and Local Governments, through its pronouncements (Statements and Interpretations). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**B. FINANCIAL REPORTING ENTITY**

The County's basic financial statements include the accounts of all County operations. The criteria for include organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Based on the aforementioned criteria, the County has no component units.

**C. BASIS OF PRESENTATION**

*Governmental-wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the County and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are not allocated, but are presented as separate functions. Program revenues include charges paid by recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which a program or business segment is self-financing or draws from the general revenues of the County.

### *Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category of type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

### **Governmental Funds**

#### *General Fund*

The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

#### *Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

#### *Capital Project Fund*

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

### *Debt Service Fund*

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general obligation bonds of the County other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the County's general obligation bonds. The County currently has no general obligation bonds outstanding.

### **Proprietary Fund**

#### *Enterprise Fund*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

### **Fiduciary Funds (Not included in government-wide statements)**

#### *Agency Funds*

Agency funds account for assets held by the County in a purely custodial capacity. The reporting entity includes four agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The Agency funds are as follows:

Property Tax Fund – to account for the undistributed property taxes both received and yet to be received which are to be distributed to the various taxing entities at a later date.

#### *Major Funds*

These funds classified as major are as follows:

General – accounts for all activities except those accounted for in other funds.

Road Improvements and Capital Projects – to account for the revenues and expenditures associated with construction and renovation of the county properties, and both are Capital Project Funds.

#### *Non-major Funds*

Fund description for all funds are included in the "Other Supplementary Information" section of this report.

## **D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

## **Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item “b” below:

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or non-current) associated with their activities are reported. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from non-exchange transactions are recognized when the earnings process is complete. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

## **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Derived tax revenues are recognized when the exchange takes place, and grants are recognized when all eligibility requirements are met.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Revenues that are not available are recorded as deferred outflows of resources. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported when due.

All proprietary funds and fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

## **E. BUDGETS**

Budgets for the General, Special Revenue, Capital Projects, and Enterprise Funds are prepared by management and approved by the local governing body and the New Mexico Department of Finance and Administration. Phase II Rancho Grande and Road Improvements are funded directly through NMFA and, therefore, are not budgeted.

These budgets are prepared on the NON-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a by 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 also 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.

## **F. CASH AND INVESTMENTS**

For the purpose of the Statement of Net Position, “cash and investments” includes all demand, savings accounts, and certificates of deposits of the County. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of six months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

State statutes authorize the government to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivisions, and the State Treasurer’s investment pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the County. The pledged securities remain in the name of the financial institution. Premiums (discounts) on investments are amortized by the interest method, or methods approximating the interest method.

## **G. INTERFUND RECEIVABLES AND PAYABLES**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term inter-fund loans are reported as “inter-fund receivables or payables”. Inter-fund receivables and

payables between funds within governmental activities are eliminated in the Statement of Net Position.

## H. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and periodic aging of accounts receivable. Major receivable balances for the governmental activities include gross receipts and use taxes, franchise taxes, and grants. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as gross receipts tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

## I. CAPITAL ASSETS

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

### *Government-wide Statements*

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

The County has retroactively reported all infrastructure assets. The County has always maintained a capitalization policy which included infrastructure assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- |                           |             |
|---------------------------|-------------|
| • Buildings               | 25-50 years |
| • Improvements            | 10-50 years |
| • Machinery and Equipment | 03-10 years |
| • Infrastructure          | 25-75 years |

- Software and Library

5-10 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements. Assets acquired with an original cost of \$5,000 or more are capitalized. Construction period interest is capitalized in proprietary funds.

**J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or resource (expenses/expenditures) until then. The Government has deferred outflows related to pensions as discussed in Note 8.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The Government has three types of items, one of which arises under the full accrual basis of accounting and all of which arise under the modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the item unavailable revenue, is reported in the statement of net position, the governmental funds balance sheet and the proprietary funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Government reports unavailable revenue from the following sources:

	<u>Governmental Funds</u>		
	<u>Statement Of Net Position</u>	<u>General Fund</u>	<u>Total</u>
Advances under expenditure driven grants	\$ 328,658	\$ 328,658	\$ 328,658
Property taxes	<u>                    </u>	<u>206,708</u>	<u>206,708</u>
Total	<u>\$ 328,658</u>	<u>\$ 535,366</u>	<u>\$ 535,366</u>

In addition, the airport fund has deferred inflows of resources under expenditure driven grants of \$396,108.

Finally, the County has deferred inflows of resources related to pensions as disclosed in Note 8.

## **K. LONG-TERM DEBT**

The accounting treatment of long-term debt depends on whether the assets acquired with the debt are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

## **L. COMPENSATED ABSENCES**

The County's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

## **M. EQUITY CLASSIFICATIONS**

### *Government-wide Statements*

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

### *Fund Statements*

During the year ended June 30, 2011, the County implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:



- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by adoption of a resolution or a vote of the Board. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the Board of Commissioners through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes). Expenditures are normally made from the most highly constrained Group First.

## **N. REVENUES, EXPENDITURES, AND EXPENSES**

### *Gross Receipts Tax*

The County levies a gross receipts tax on taxable gross receipts within the County. The rate includes both County and State assessments. The tax is collected by the New Mexico Taxation and Revenue Department and remitted to the County in the month following receipt by the Department. The Department receives the tax one month after collection by vendors. Included in this tax is amounts dedicated to intercept agreements, and those dedicated amounts are recorded directly in those funds.

Gross receipts tax collected by the State in June and July (which represent May and June transactions) and received by the County in July and August have been accrued and are included under the caption “Taxes Receivable”.

### *Property Tax*

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the County by the County Treasurer, and are remitted to the County in the month following collection. Because the Treasurer of the County in which the county is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the County.

The County is permitted to levy taxes for general operating purposes based on a state formula, per \$1,000 of taxable value for both residential and nonresidential 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 voters of the County. The County's total tax rate to finance general government services for the year ended June 30, 2018 was \$11.85 per \$1,000 for non-residential property and \$9.70 for residential property. The County's tax rate for debt service was \$.00 per \$1,000 for both residential and nonresidential property.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year-end are reported as deferred inflows of resources in the fund statements.

*Operating Revenues and Expenses*

Operating revenue of governmental funds includes fees to users and license fees. Operating grants include operating-specific and discretionary grants while capital grants reflect capital-specific appropriations.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

*Expenditures/Expenses*

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Fund – By Character:   Current (further classified by function)
  - Debt Service
  - Capital Outlay
- Proprietary Fund – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The County does not allocate indirect costs.

**O. INTER-FUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity are classified as inter-fund transfers. For the purposes of the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

**P. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the Governments deposits may not be returned to it. The County does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2018, \$5,244 of the County’s bank balance of \$7,823,457 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized		<u>\$ 5,244</u>
	<u>Bank</u>	<u>Carrying</u>
	<u>Balance</u>	<u>Amount</u>
Deposits by custodial risk category:		
Insured	\$ 1,993,213	\$ 1,993,213
Collateral held by the pledging bank’s agent in the County’s name	5,825,000	5,825,000
Uninsured and uncollateralized	<u>5,244</u>	<u>(91,580)</u>
	<u>\$ 7,823,457</u>	<u>\$ 7,726,633</u>

The County does not have a risk policy beyond that required by State Statute.

The cash on deposit with NMFA is, in effect, loan proceeds or payments made by the County but not yet disbursed. Such deposits are subject to the collateral requirements of NMFA. Such deposits total \$677,858.

The County invests in the State Treasurer Local Governmental Investment Pool, a New Mexico sponsored investment alternative.

The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest money held in the short-term investment fund in accordance with Sections 6-10-10-10P and Sections 6-10-10.1 A and E, NMSA 1978. 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 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 fund were invested.

Investments are valued at amortized cost Withdrawal from the pool is not restricted, and the pool does not impose liquidity fees or redemption gates.

Participation in the pool is voluntary. The County has \$49,869 on deposit in the pool at June 30, 2018, which is AAAM rated with a weighted average maturity of 50 days (WAMLR) and 100 days (WAMLF).

Note 3 Receivables

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accounts receivable:		
Services (net)	\$ -0-	\$ 114,453
Property taxes	\$ 245,715	\$
Gross receipts tax	30,763	20,510
Motor Vehicle Taxes	26,871	
Gas Tax	<u>25,944</u>	
Total taxes receivable	<u>\$ 329,293</u>	<u>\$ 20,510</u>
Interest receivable	<u>\$ 5,310</u>	<u>\$ -0-</u>
Intergovernmental grants	<u>\$ 970,068</u>	<u>\$ 396,108</u>
Total	<u>\$ 1,304,671</u>	<u>\$ 531,071</u>

The County believes all receivables are collectible, therefore, no allowance for doubtful accounts has been established.

Note 4 Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 201,146	\$	\$	\$ 201,146
Construction in progress	<u>1,434,078</u>	<u>1,936,154</u>	<u>196,735</u>	<u>3,173,497</u>
Total capital assets not being depreciated	<u>\$ 1,635,224</u>	<u>\$ 1,936,154</u>	<u>\$ 196,735</u>	<u>\$ 3,374,643</u>
Capital assets being depreciated:				
Infrastructure	\$11,385,692	\$ 196,735	\$	\$ 11,582,427
Improvements	1,278,877			1,278,877
Buildings	6,579,054			6,579,054
Equipment/vehicles/machinery	<u>13,315,083</u>	<u>487,029</u>	<u>117,416</u>	<u>13,684,696</u>

Total capital assets being depreciated	<u>\$ 32,558,706</u>	<u>\$ 683,764</u>	<u>\$ 117,416</u>	<u>\$ 33,125,054</u>
Less accumulated depreciation for:				
Infrastructure	\$ (8,903,270)	\$ (315,138)	\$	\$ (9,218,408)
Improvements	(744,739)	(23,963)		(768,702)
Buildings	(2,824,805)	(237,187)		(3,061,992)
Equipment/vehicles/machinery	<u>(9,292,531)</u>	<u>(635,444)</u>	<u>(117,416)</u>	<u>(9,810,559)</u>
Total accumulated depreciation	<u>\$(21,765,345)</u>	<u>\$ (1,211,732)</u>	<u>(117,416)</u>	<u>\$ (22,859,661)</u>
Total capital assets being depreciated, net	<u>\$ 10,793,361</u>	<u>\$ (527,968)</u>	<u>\$ -</u>	<u>\$ 10,265,393</u>
Governmental activity, capital assets, net	<u>\$ 12,428,585</u>	<u>\$ 1,408,186</u>	<u>\$ 196,735</u>	<u>\$ 13,640,036</u>
<b>Other business-type activity programs:</b>				
	Balance <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2018</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 11,000	\$ -	\$ -	\$ 11,000
Construction in progress	<u>558,885</u>	<u>7,976</u>	<u>-</u>	<u>566,861</u>
Total capital assets not being depreciated	<u>\$ 569,885</u>	<u>\$ 7,976</u>	<u>\$ -</u>	<u>\$ 577,861</u>
Capital assets being depreciated:				
Equipment	\$ 1,416,811	\$	\$	\$ 1,416,811
Buildings	9,600			9,600
Infrastructure	613,243			613,243
Improvements	<u>291,205</u>	<u>-</u>	<u>-</u>	<u>291,205</u>
Total capital assets being depreciated	<u>\$ 2,330,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,330,859</u>
Less accumulated depreciation:				
Equipment	\$ (1,085,332)	\$ (75,426)	\$	\$ (1,160,758)
Buildings	(2,304)	(234)		(2,538)
Infrastructure	(437,375)	(26,855)		(464,230)
Improvements	<u>(143,422)</u>	<u>(26,500)</u>	<u>-</u>	<u>(169,922)</u>

Total accumulated depreciation	\$ (1,668,433)	\$ (129,015)	\$ _____ -	\$ (1,797,448)
Total capital assets being depreciated, net	\$ 662,426	\$ (129,015)	\$ _____ -	\$ 533,411
Other business-type activity programs capital assets, net	\$ 1,232,311	\$ (121,039)	\$ _____ -	\$ 1,111,272

Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 399,872
Public Safety	496,810
Public Works	205,994
Health and welfare	48,469
Culture-recreation	<u>60,587</u>
	<u>\$ 1,211,732</u>

Note 5 Landfill Post-closure Costs

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Estimated closure and post-closure costs	\$ <u>1,887,031</u>
Landfill capacity utilized	100%
Cost incurred to date	\$ <u>907,796</u>
Remaining post-closure liability	\$ <u>979,235</u>

The County has received grants for the initial closure of its landfills, and continues to solicit funding sources for post-closure costs.

Note 6 Accrued Expenses

At June 30, 2018, accrued expenses consisted of the following:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accruals payroll and benefits	\$ 69,050	\$ 9,368
	<u>\$ 69,050</u>	<u>\$ 9,368</u>

Note 7 Long-Term Debt

Changes in governmental funds long-term debt is as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Notes payable	<u>\$1,520,644</u>	<u>\$ 554,158</u>	<u>\$ 112,826</u>	<u>\$1,961,976</u>	<u>\$ 143,630</u>

Catron County has entered into several financing arrangements to purchase equipment and real property. The following are a synopsis of those loans.

*Fire Department Loans* – These loans are for equipment and real property. The loans are secured by the State Fire Allotments. The revenues pledged totaled \$1,861,448 at June 30, 2018, which is 22% of the future state fire allotments at their current rate. Interest rates range from 0% to 3.1% for individually scheduled retirements, and maturity dates range from 2019 through 2038. During the year ended June 30, 2018, the County recognized \$436,898 in pledged revenues, and retired \$119,028 in loan principal and interest.

*Jail Renovations* – These loans are for renovations to the jail facility. The loans are secured by gross receipts taxes. The revenues pledged totaled \$100,529 at June 30, 2018, which is 5% of gross receipts taxes at their current rate. Interest is not charged, and maturity rates range from 2018-2028. During the year ended June 30, 2018, the County recognized \$179,474 in pledged revenues, and retired \$9,139 in loan principal and interest.

Certain of these loans have covenants and restrictions related to pledged revenues and reserve balance requirements. The County is in compliance with these provisions at June 30, 2018.

The annual principal payment requirements for notes outstanding as of June 30, 2018 are summarized as follows:

	<u>Principal Payment</u>	<u>Interest Payment</u>
2019	\$ 143,630	\$ 30,990
2020	141,577	22,755
2021	143,116	21,058
2022	144,900	19,126
2023	146,907	16,962
2024-2028	712,231	52,581
2029-2033	441,205	16,417
2034-2038	<u>88,410</u>	<u>5,375</u>
	<u>\$ 1,961,976</u>	<u>\$ 185,264</u>

Compensated absences in governmental funds were as follows:

	<u>Balance July 1, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2018</u>	<u>Due in One Year</u>
Compensated absences	\$ <u>77,010</u>	\$ <u>53,410</u>	\$ <u>(58,024)</u>	\$ <u>72,396</u>	\$ <u>-0-</u>

Changes in Proprietary Funds Long-Term Debt were as follows during the year ended June 30, 2018:

	<u>Balance July 1, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2018</u>	<u>Due in One Year</u>
Compensated absences	\$ <u>7,802</u>	\$ <u>25,585</u>	\$ <u>(20,322)</u>	\$ <u>13,065</u>	\$ <u>-0-</u>

All compensated absences are considered non-current. Compensated absences are paid out of the fund that salaries for the respective employee are paid out of provided there are funds available. Otherwise, they are paid out of the general fund.

Note 8 Pension Plan – Public Employees Retirement Association

### Summary of Significant Accounting Policies

**Pensions** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



## General Information about the Pension Plan

**Plan Description** – The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State, General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

**Benefits Provided** – For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366PublicEmployeesRetirementAssociation2017.pdf).

**Contributions** – The contribution requirements of defined benefit plan members and Catron County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 40 of the PERA FY17 annual audit report at <http://osanm.org/media/audits/366PublicEmployeesRetirementAssociation2016.pdf>. The PERA coverage options that apply to the County are the Municipal General, and Municipal Police. Statutorily required contributions to the pension plan from the County were \$187,219 for the year ended June 30, 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore the employer's portion was established as of the measurement date June 30, 2017.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows

and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The County's proportion of the net pension liability for each member group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**For PERA Fund Division** – Municipal General, at June 30, 2018, the County reported a liability of \$1,820,662 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was .1325 percent, and was .0014 percent lower than its proportionate of .1339 percent measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized PERA Fund Division Municipal General pension expense of \$233,474. At June 30, 2018, the County reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 71,540	\$ 93,249
Changes of assumptions	83,960	18,814
Net difference between projected and actual earnings on pension plan investments	149,374	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	77,488	28,633
The County's contributions subsequent to the measurement date	<u>114,420</u>	<u>-</u>
Total	<u>\$ 496,782</u>	<u>\$ 140,696</u>

\$114,420 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 71,137
2020	190,013
2021	24,169
2022	(43,653)

**For PERA Fund Division** - Municipal Police, at June 30, 2018, the County reported a liability of \$841,682 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was .1515 percent, and was .1456 percent as of June 30 2016.

For the year ended June 30, 2018, the County recognized PERA Fund Division – Municipal Police pension expense of \$117,286. At June 30, 2018, the County reported PERA Fund Division – Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 51,120	\$ 157,260
Changes of assumptions	50,077	19,572
Net difference between projected and actual earnings on pension plan investments	67,786	-
Changes in proportion and differences between Catron County's contributions and proportionate share of contributions	65,384	17,768
Catron County's contributions subsequent to the measurement date	<u>72,799</u>	<u>-</u>
Total	<u>\$ 307,166</u>	<u>\$ 194,600</u>

\$72,799 reported as deferred outflows of resources related to pensions resulting from Catron County's contributions subsequent to the measurement date, June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	10,577
2020	65,258
2021	(16,248)
2022	(19,820)

**Actuarial Assumptions** – As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2016 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value

Actuarial assumptions:

- Investment rate of return 7.48% annual rate, net of investment expense
- Payroll growth 2.25% for 10 years, then 2.75% thereafter
- Projected salary increases Up to 11.25%
- Includes inflation at 2.25% for 10 years, and 2.75% thereafter

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>ALL FUNDS – Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	43.50%	7.39%
Risk Reduction and Mitigation	21.5 %	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets	<u>20.00%</u>	7.35%
Total	<u>100.0 %</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.51 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.48% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the County’s net pension liability in each PERA Fund Division that the County participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

	1% Decrease	Current Discount Rate	1% Increase
<b>PERA Fund Division Municipal General</b>	<u>(6.51%)</u>	<u>(7.51%)</u>	<u>(8.51%)</u>
The County’s proportionate share of the net pension liability	<u>\$2,853,579</u>	<u>\$ 1,820,662</u>	<u>\$ 961,648</u>
<b>PERA Fund Division Municipal Police</b>			
The County’s proportionate share of the net pension liability	<u>\$1,342,249</u>	<u>\$ 841,682</u>	<u>\$ 430,893</u>

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY17 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Note 9 Operating Leases

The County has entered into operating leases for road maintenance equipment and copy machines. The County expended \$164,536 under the leases during the year ended June 30, 2018.

Future commitments under the leases are:

2019	\$ 215,681
2020	198,718
2021	181,968
2022	<u>60,656</u>
	<u>\$ 657,023</u>

Note 10 Retiree Health Care Act Contributions

The County does not participate in the Retiree Health Care Act.

Note 11 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 government expects such amounts, if any, to be immaterial.

Note 12 Future Commitments

The County has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by federal and state agencies, constitute future commitments, and approximate \$500,000 at June 30, 2018.

Note 13 Risk Management

The County is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other agencies in the State and obtained insurance through the New Mexico Self Insurers Fund, a public 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 Insurers Fund for its general insurance coverage. No losses in excess of insurance coverage have been experienced.

Note 14 Expenditures in Excess of Budgetary Authority

The County incurred expenditures in excess of budgetary authority in the following funds:

Farm and Range	\$ 2,500
Wildhorse Fire Department	9,478
Luna Fire Department	56,399

The County intends to reestablish its policy of reviewing expenditures prior to year-end, and making the appropriate budget adjustments.

Note 15 Fund Balance Deficits

The County had fund balance deficits in the following funds:

DWI Monitoring	\$ (701)
Enhanced 911	(65,594)

These deficits are caused by the accrual of accounts payable, and the modified accrual basis limitation of 60 days on the accrual of revenue. As revenue is received and liabilities liquidated, the deficit fund balance will be reduced.

Note 16 Inter-fund Activity

Inter-fund balances at June 30, 2018, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Like Activities</u>					
	<u>Inter-Fund Payable</u>						
	<u>Capital Projects</u>	<u>Other Funds</u>	<u>Landfill</u>	<u>Ambulance</u>	<u>Airport</u>	<u>Total</u>	
<u>Inter-Fund Receivable</u>							
General	<u>\$ 94,564</u>	<u>\$ 249,505</u>	<u>\$ 496,793</u>	<u>\$ 57,611</u>	<u>\$ 26,295</u>	<u>\$ 924,768</u>	

These amounts are expected to be repaid within one year, and the advances were made to meet operating expenses.

Inter-fund transfers were as follows during the year ended June 30, 2018:

	<u>Transfers To</u>					
<u>Transfers From</u>	<u>Airport</u>	<u>Capital Outlay</u>	<u>Road Improvement</u>	<u>Other Funds</u>	<u>Total</u>	
General	<u>\$ 590,000</u>	<u>\$ 15,032</u>	<u>\$ 196,116</u>	<u>\$ 521,413</u>	<u>\$ 1,322,561</u>	

The transfers were made to fund construction projects and provide operating funds.

Note 17 Restricted Net Position

Net position restricted for other purposes consist of fund balances which are restricted by legislation to specific purposes. The restricting legislation is listed in the fund descriptions appearing in Note 1 and pages 46-48. Major restrictions are as follows:

General	\$3,315,868
Fairgrounds	83,018

Reappraisal	124,200
County Indigent Fund	639,833
Rural Fire Departments	2,034,087
Other	<u>134,413</u>
	<u>\$ 6,331,419</u>

The County reports \$7,199,955 in restricted assets, of which \$7,199,955 is restricted by enabling legislation.

Note 18 Evaluation of Subsequent Events

The County has evaluated subsequent events through November 29, 2018, the date which the financial statements were available to be issued.

Note 19 Tax Abatement Disclosures

The County has no need to make any tax abatement disclosures as required by Governmental Accounting Standards Board Statement 77, since no abatements exist.



## Special Revenue Funds

Farm and Range – to account for the maintenance, improvements and animal control of federal land under Section 10 of the Taylor Grazing Act of 6-28-34. The Taylor Grazing Co-Op agreement provides 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.

Recreation – to account for the operations and maintenance of County-owned recreation facilities. Financing is provided by the County's share of cigarette tax. State law requires the use of these cigarette taxes to be used for recreation purposes. The Authority for this fund was given by Section 7-12-15.

County Clerk's Equipment – to account for funds collected to be used for purchase of special equipment. The Authority for the fund is given by Section 14-8-12.2A, NMSA 1978.

Reappraisal – to account 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.

County Fairgrounds – to account for revenues and expenditures for the operations at the fairgrounds. The Authority for the fund is given by County resolution.

Emergency Medical Services – to account 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.

Indigent Fund – to account for the revenues received from state gross receipts taxes for hospital service for indigent citizens of the County. The Authority for the fund is given by Section 7-20E-9, NMSA 1978.

Enhanced 911 to account 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.

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

Corrections – to account for revenues and expenditures for the operation and maintenance of the County's corrections facilities. The Authority for the fund is given by Section 35-3-25, NMSA 1978.

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

Confiscated Drugs – to account for the revenues allocated to this fund from confiscated drug money. The Authority for the fund is given by County resolution.

COPS Grant – to account for the federal grant revenues from the Department of Justice and the related public safety expenditures. The Authority for the fund is given by County resolution.

Legal – to account for donations to the County to help defray the cost of legal expenditures. The Authority for the fund is given by County resolution.

DWI/DWI Alcohol Monitoring – to account for the state revenues to aid in education and prevention of DWI.

Safety Net – to account for state gross receipts revenues. Authority is County resolution.

Glenwood Library –to account for grant revenues to enhance the library in Glenwood. Authority is County resolution.

Quemado – to account 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.

Datil Fire - to account 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.

Glenwood Fire –to account 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.

Pie Town Fire – to account 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-53-8, NMSA 1978.

Rancho Grande Fire – to account 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.

Luna Fire Fund to account 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.

Apache Creek – to account 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.

Horse Mountain Fire to account 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.

Quemado Lake Fire to account 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.

Coyote Creek Fire – to account 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.

Wild Horse Fire – to account 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.

Catron County Fire – to account 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.

### **Capital Projects Funds**

Capital Projects - to account 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.

### **Proprietary Funds**

Airport – to account for federal, state and local match revenues and expenditures for the Glenwood and Reserve airports within the County. The Authority for the fund is given by Section 3-39-1, NMSA 1978.

Ambulance – to account for the operations and maintenance of the County ambulances. The Authority for the fund is given by Section 5-1-1, NMSA 1978.

Catron County  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF  
PERA FUND DIVISION MUNICIPAL GENERAL  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION )(PERA) PLAN  
LAST 10 FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Catron County's proportion of the net pension liability	.1325%	.1339%	.1194%	.1247%
Catron County's proportionate share of the net pension liability	\$ 1,820,662	\$ 2,139,721	\$ 1,217,386	\$ 972,794
Catron County's covered payroll	\$ 1,351,163	\$ 1,099,528	\$ 915,137	\$ 1,048,224
Catron County's proportionate share of the net pension liability as a percentage of its covered payroll	135%	195%	133%	93%
Plan fiduciary net position as a percentage of the total pension liability	74%	69%	77%	81%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, Catron County will present information for those years for which information is available.

Catron County  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF  
PERA FUND DIVISION MUNICIPAL POLICE  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION )(PERA) PLAN  
LAST 10 FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Catron County's proportion of the net pension liability	.1515%	.1456%	.1280%	.1409%
Catron County's proportionate share of the net pension liability	\$ 841,682	\$ 1,074,280	\$ 615,496	\$ 459,319
Catron County's covered payroll	\$ 438,979	\$ 412,166	\$ 397,784	\$ 269,427
Catron County's proportionate share of the net pension liability as a percentage of its covered payroll	192%	261%	155%	170%
Plan fiduciary net position as a percentage of the total pension liability	74%	69%	77%	81%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, Catron County will present information for those years for which information is available.

Catron County  
**SCHEDULE OF CONTRIBUTIONS-PUBLIC EMPLOYEES RETIREMENT  
ASSOCIATION (PERA) PLAN-PERA FUND DIVISION MUNICIPAL GENERAL  
\*LAST 10 FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 114,420	\$ 86,783	\$ 80,782	\$ 91,975
Contributions in relation to contractually required contributions	<u>(114,420)</u>	<u>(86,783)</u>	<u>(80,782)</u>	<u>(91,975)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Catron County's covered payroll	\$1,351,163	\$ 1,099,528	\$ 915,137	\$ 1,048,824
Contributions as a percentage of covered payroll	8.50%	7.89%	8.82%	8.77%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Catron County will present information for those years for which information is available.

Catron County  
**SCHEDULE OF CONTRIBUTIONS-PUBLIC EMPLOYEES RETIREMENT  
ASSOCIATION (PERA) PLAN-PERA FUND DIVISION MUNICIPAL POLICE  
\*LAST 10 FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 72,799	\$ 77,044	\$ 66,855	\$ 49,844
Contributions in relation to contractually required contributions	<u>(72,799)</u>	<u>(77,044)</u>	<u>(66,855)</u>	<u>(49,844)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Catron County's covered payroll	\$ 438,979	\$ 412,166	\$ 397,784	\$ 269,427
Contributions as a percentage of covered payroll	16.58%	18.69%	16.80%	18.50%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Catron County will present information for those years for which information is available.

Catron County  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2018

**Change in benefit terms** – The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202017.pdf).

**Changes of valuation** – The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at:

[http://www.pera.state.nm.us/pdf/Investment/RetirementFundValuationReports/6-30-2017%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investment/RetirementFundValuationReports/6-30-2017%20PERA%20Valuation%20Report_FINAL.pdf).

The Summary of Financial Information for the PERA Fund states “The return on the actuarial value of assets was 11.1% compared to the expected return of 7.48%”. The report indicates the total decrease to the unfunded actuarial accrued liability is \$890,154,980 and results in an increase to the funded ratio from 69.17% to 73.74%. For details about the actuarial assumptions, see the actuarial section of the report.



Catron County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2018

	Special Revenue Funds			
	Farm and Range	Recreation	Clerk's Equipment	Reappraisal
<b>Assets</b>				
Cash and investments	\$ 18,380	\$ 2,615	\$ 8,165	\$ 124,050
Interest receivable				160
Taxes receivable				
Due from other governments				
Grants receivable				
Prepaid expenses				
<b>Total assets</b>	<b>\$ 18,380</b>	<b>\$ 2,615</b>	<b>\$ 8,165</b>	<b>\$ 124,210</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 10
Interfund payable			7,487	
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,487</b>	<b>\$ 10</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ -	\$ -	\$ -	\$ -
<b>Total deferred inflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund balances:</b>				
Nonspendable:				
Prepaid expenses	\$ -	\$ -	\$ -	\$ -
Restricted:				
Capital projects				
Debt service				
Public safety				
Health and welfare	18,380			
General government			678	124,200
Equipment purchases				
Culture and recreation		2,615		
Assigned:				
Culture and recreation				
Unassigned				
<b>Total fund balance</b>	<b>\$ 18,380</b>	<b>\$ 2,615</b>	<b>\$ 678</b>	<b>\$ 124,200</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 18,380</b>	<b>\$ 2,615</b>	<b>\$ 8,165</b>	<b>\$ 124,210</b>

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

Special Revenue Funds

<u>Fairgrounds</u>	<u>EMS</u>	<u>Indigent</u>	<u>Enhanced 911</u>	<u>20 Communities</u>	<u>Corrections</u>
\$ 84,412	\$ 12,815	\$ 629,746	\$ 8,995	\$ 7,646	\$ 9,197
		10,254			
<u>\$ 84,412</u>	<u>\$ 12,815</u>	<u>\$ 640,000</u>	<u>\$ 8,995</u>	<u>\$ 7,646</u>	<u>\$ 9,197</u>
\$ -	\$ 1,392	\$ 167	\$ -	\$ -	\$ 899
<u>1,394</u>		<u>-</u>	<u>74,589</u>	<u>366</u>	<u>6,442</u>
<u>\$ 1,394</u>	<u>\$ 1,392</u>	<u>\$ 167</u>	<u>\$ 74,589</u>	<u>\$ 366</u>	<u>\$ 7,341</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	11,423	639,833		7,280	9,197
83,018					
			(65,594)		(7,341)
<u>\$ 83,018</u>	<u>\$ 11,423</u>	<u>\$ 639,833</u>	<u>\$ (65,594)</u>	<u>\$ 7,280</u>	<u>\$ 1,856</u>
<u>\$ 84,412</u>	<u>\$ 12,815</u>	<u>\$ 640,000</u>	<u>\$ 8,995</u>	<u>\$ 7,646</u>	<u>\$ 9,197</u>

Catron County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (continued)**  
June 30, 2018

	Special Revenue Funds			
	Law Enforcement	Confiscated Drugs	Cops	Legal
<b>Assets</b>				
Cash and investments	\$ 24,200	\$ 764	\$ 2,601	\$ 2,395
Interest receivable				
Taxes receivable				
Due from other governments				
Grants receivable				
Prepaid expenses				
Total assets	\$ 24,200	\$ 764	\$ 2,601	\$ 2,395
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interfund payable		40		
Total liabilities	\$ -	\$ 40	\$ -	\$ -
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ -
<b>Fund balances:</b>				
Nonspendable:				
Prepaid expenses	\$ -	\$ -	\$ -	\$ -
Restricted:				
Capital projects				
Debt service				
Public safety	24,200	724	2,601	2,395
Health and welfare				
General government				
Equipment purchases				
Culture and recreation				
Assigned:				
Culture and recreation				
Unassigned				
Total fund balance	\$ 24,200	\$ 724	\$ 2,601	\$ 2,395
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,200	\$ 764	\$ 2,601	\$ 2,395

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

Special Revenue Funds

DWI	DWI Alcohol Monitoring	Safety Net	Glenwood Library	Rural Fire Departments
\$ 21,138	\$ -	\$ 11,146	\$ 12,445	\$ 2,736,203 62
		10,254		26,571
<u>\$ 21,138</u>	<u>\$ -</u>	<u>\$ 21,400</u>	<u>\$ 12,445</u>	<u>\$ 2,762,836</u>
\$ 63	\$ 701	\$ -	\$ -	\$ 3,112 56,976
<u>\$ 63</u>	<u>\$ 701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,088</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 26,571
21,075		21,400		650,386 2,007,516
			12,445	18,275
	(701)			
<u>\$ 21,075</u>	<u>\$ (701)</u>	<u>\$ 21,400</u>	<u>\$ 12,445</u>	<u>\$ 2,702,748</u>
<u>\$ 21,138</u>	<u>\$ -</u>	<u>\$ 21,400</u>	<u>\$ 12,445</u>	<u>\$ 2,762,836</u>

Catron County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (concluded)**  
June 30, 2018

	Capital Projects		Total
<b>Assets</b>	Kiehne	Middle	
	Frisco		
Cash and investments	\$ -		\$ 3,716,913
Interest receivable			222
Taxes receivable			20,508
Due from other governments			-
Grants receivable	306,832		306,832
Prepaid expenses			26,571
	\$ 306,832		\$ 4,071,046
<b>Liabilities</b>			
Accounts payable	\$ 35,772		\$ 42,116
Interfund payable	102,211		249,505
	\$ 137,983		\$ 291,621
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ -		\$ -
	\$ -		\$ -
Fund balances:			
Nonspendable:			
Prepaid expenses	\$ -		\$ 26,571
Restricted:			
Capital projects	168,849		168,849
Debt service			659,583
Public safety			2,069,934
Health and welfare			686,893
General government			124,878
Equipment purchases			18,275
Culture and recreation			98,078
Assigned:			
Culture and recreation			-
Unassigned			(73,636)
	\$ 168,849		\$ 3,779,425
	\$ 306,832		\$ 4,071,046

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

Catron County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For The Fiscal Year Ended June 30, 2018

	Special Revenue Funds			
	Farm and Range	Recreation	Clerk's Equipment	Reappraisal
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes				
Federal sources	20,167			
State sources				
Fines and forfeitures				
Charges for services			9,427	23,847
Miscellaneous				80
Total revenues	\$ 20,167	\$ -	\$ 9,427	\$ 23,927
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ 1,867	\$ 7,418
Public safety				
Health and welfare	28,763			
Culture recreation				
Debt service:				
Principal				
Interest				
Loan issue costs				
Capital outlay				
Total expenditures	\$ 28,763	\$ -	\$ 1,867	\$ 7,418
Revenues over (under) expenditures	\$ (8,596)	\$ -	\$ 7,560	\$ 16,509
Other financing sources (uses):				
Transfer in	-			
Loan proceeds				
Net changes in fund balances	\$ (8,596)	\$ -	\$ 7,560	\$ 16,509
Fund balance, July 1, 2017	26,976	2,615	(6,882)	107,691
Fund balance, June 30, 2018	\$ 18,380	\$ 2,615	\$ 678	\$ 124,200

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

Special Revenue Funds

<u>Fairgrounds</u>	<u>EMS</u>	<u>Indigent</u>	<u>Enhanced 911</u>	<u>20 Communities</u>	<u>Corrections</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45,427	73,212	37,421			13,112
					342
<u>\$ 45,427</u>	<u>\$ 73,212</u>	<u>\$ 37,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,454</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	61,246	11,421			32,119
					9,140
<u>\$ -</u>	<u>\$ 61,246</u>	<u>\$ 11,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,259</u>
\$ 45,427	\$ 11,966	\$ 26,000	\$ -	\$ -	\$ (27,805)
		300,000			20,000
<u>\$ 45,427</u>	<u>\$ 11,966</u>	<u>\$ 326,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,805)</u>
<u>37,591</u>	<u>(543)</u>	<u>313,833</u>	<u>(65,594)</u>	<u>7,280</u>	<u>9,661</u>
<u><u>\$ 83,018</u></u>	<u><u>\$ 11,423</u></u>	<u><u>\$ 639,833</u></u>	<u><u>\$ (65,594)</u></u>	<u><u>\$ 7,280</u></u>	<u><u>\$ 1,856</u></u>

Catron County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (continued)**  
For The Fiscal Year Ended June 30, 2018

	Special Revenue Funds		
	Law Enforcement	Confiscated Drugs	Cops
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Gross receipts taxes			
Federal sources			
State sources	24,200		
Fines and forfeitures			
Charges for services			
Miscellaneous			
Total revenues	\$ 24,200	\$ -	\$ -
Expenditures:			
Current:			
General government	\$ -	\$ -	\$ -
Public safety			
Health and welfare			
Culture recreation			
Debt service			
Principal			
Interest			
Loan issue costs			
Capital outlay			
Total expenditures	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ 24,200	\$ -	\$ -
Other financing sources (uses):			
Transfer in			
Loan proceeds			
Net changes in fund balances	\$ 24,200	\$ -	\$ -
Fund balance, July 1, 2017	-	724	2,601
Fund balance, June 30, 2018	\$ 24,200	\$ 724	\$ 2,601

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



Special Revenue Funds

<u>Legal</u>	<u>DWI</u>	<u>DWI Alcohol Monitoring</u>	<u>Safety Net</u>	<u>Glenwwod Library</u>	<u>Rural Fire Departments</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			39,920		
	79,188				77,291
					1,064,340
	120				1,698
				4	23,211
<u>\$ -</u>	<u>\$ 79,308</u>	<u>\$ -</u>	<u>\$ 39,920</u>	<u>\$ 4</u>	<u>\$ 1,166,540</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	61,494	701	-	-	614,603
			41,737		
					103,686
					15,339
					4,156
					137,715
<u>\$ -</u>	<u>\$ 61,494</u>	<u>\$ 701</u>	<u>\$ 41,737</u>	<u>\$ -</u>	<u>\$ 875,499</u>
\$ -	\$ 17,814	\$ (701)	\$ (1,817)	\$ 4	\$ 291,041
					554,158
\$ -	\$ 17,814	\$ (701)	\$ (1,817)	\$ 4	\$ 845,199
<u>2,395</u>	<u>3,261</u>	<u>-</u>	<u>23,217</u>	<u>12,441</u>	<u>1,857,549</u>
<u>\$ 2,395</u>	<u>\$ 21,075</u>	<u>\$ (701)</u>	<u>\$ 21,400</u>	<u>\$ 12,445</u>	<u>\$ 2,702,748</u>

Catron County  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (concluded)**  
For The Fiscal Year Ended June 30, 2018

	Capital Projects		Total
	Kiehne		
	Middle		
	Frisco		
Revenues:			
Property taxes	\$ -		\$ -
Gross receipts taxes			77,341
Federal sources			97,458
State sources	428,269		1,714,636
Fines and forfeitures			13,112
Charges for services			35,092
Miscellaneous			23,637
Total revenues	\$ 428,269		\$ 1,961,276
Expenditures:			
Current:			
General government	\$ -		\$ 9,285
Public safety			770,163
Health and welfare			81,921
Culture recreation			-
Debt service			
Principal			112,826
Interest			15,339
Loan issue costs			4,156
Capital outlay	471,413		609,128
Total expenditures	\$ 471,413		\$ 1,602,818
Revenues over (under) expenditures	\$ (43,144)		\$ 358,458
Other financing sources (uses):			
Transfer in	201,413		521,413
Loan proceeds			554,158
Net changes in fund balances	\$ 158,269		\$ 1,434,029
Fund balance, July 1, 2017	10,580		2,345,396
Fund balance, June 30, 2018	\$ 168,849		\$ 3,779,425

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

Catron County  
**NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS**  
**COMBINING BALANCE SHEET**  
For the Fiscal Year Ended June 30, 2018

	Quemado Fire	Datil Fire	Glenwood Fire	Pie Town Fire
<b>Assets</b>				
Cash	\$ 196,333	\$ 174,854	\$ 165,374	\$ 320,873
Interest receivable		25	37	-
Prepaid expenses	2,214	2,214	2,215	2,214
Total assets	<u>\$ 198,547</u>	<u>\$ 177,093</u>	<u>\$ 167,626</u>	<u>\$ 323,087</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,163	\$ -	\$ 162
Interfund payable	273	16,084	-	-
Total liabilities	<u>\$ 273</u>	<u>\$ 17,247</u>	<u>\$ -</u>	<u>\$ 162</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances:</b>				
Nonspendable:				
Prepaid expenses	\$ 2,214	\$ 2,214	\$ 2,215	\$ 2,214
Restricted:				
Capital projects	-	-	-	-
Public safety	177,901	157,632	147,053	320,711
Equipment purchase	-	-	18,275	-
Debt service	18,159	-	83	-
Unassigned	-	-	-	-
Total fund balance	<u>\$ 198,274</u>	<u>\$ 159,846</u>	<u>\$ 167,626</u>	<u>\$ 322,925</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 198,547</u>	<u>\$ 177,093</u>	<u>\$ 167,626</u>	<u>\$ 323,087</u>

<u>Rancho Grande Fire</u>	<u>Luna Fire</u>	<u>Apache Creek Fire</u>	<u>Horse Mountain Fire</u>	<u>Quemado Lake Fire</u>	<u>Coyote Creek Fire</u>
\$ 368,797	\$ 82,114	\$ 839,606	\$ 172,992	\$ 92,637	\$ 175,246
-	-	-	-	-	-
<u>2,214</u>	<u>2,215</u>	<u>2,214</u>	<u>2,214</u>	<u>2,215</u>	<u>2,214</u>
<u>\$ 371,011</u>	<u>\$ 84,329</u>	<u>\$ 841,820</u>	<u>\$ 175,206</u>	<u>\$ 94,852</u>	<u>\$ 177,460</u>
\$ 1,387	\$ -	\$ 211	\$ 36	\$ -	\$ -
-	-	-	-	-	29,427
<u>\$ 1,387</u>	<u>\$ -</u>	<u>\$ 211</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ 29,427</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,214	\$ 2,215	\$ 2,214	\$ 2,214	\$ 2,215	\$ 2,214
-	-	-	-	-	-
-	-	-	-	-	-
367,211	6,476	283,387	172,864	92,430	145,819
-	-	556,006	-	-	-
199	75,638	2	92	207	-
-	-	-	-	-	-
<u>\$ 369,624</u>	<u>\$ 84,329</u>	<u>\$ 841,609</u>	<u>\$ 175,170</u>	<u>\$ 94,852</u>	<u>\$ 148,033</u>
<u>\$ 371,011</u>	<u>\$ 84,329</u>	<u>\$ 841,820</u>	<u>\$ 175,206</u>	<u>\$ 94,852</u>	<u>\$ 177,460</u>

Catron County  
**NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS**  
**COMBINING BALANCE SHEET (concluded)**  
For the Fiscal Year Ended June 30, 2018

	<u>Wild Horse Fire</u>	<u>Catron County Fire</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 50,057	\$ 97,320	\$ 2,736,203
Interest receivable	-	-	62
Prepaid expenses	<u>2,214</u>	<u>2,214</u>	<u>26,571</u>
Total assets	<u><u>\$ 52,271</u></u>	<u><u>\$ 99,534</u></u>	<u><u>\$ 2,762,836</u></u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 153	\$ 3,112
Interfund payable	<u>11,192</u>	<u>-</u>	<u>56,976</u>
Total liabilities	<u><u>\$ 11,192</u></u>	<u><u>\$ 153</u></u>	<u><u>\$ 60,088</u></u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total deferred inflows of resources	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Fund balances:</b>			
Nonspendable:			
Prepaid expenses	\$ 2,214	\$ 2,214	\$ 26,571
Restricted:			
Capital projects	-	-	-
Public safety	38,865	97,167	2,007,516
Equipment purchase	-	-	574,281
Debt service	-	-	94,380
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u><u>\$ 41,079</u></u>	<u><u>\$ 99,381</u></u>	<u><u>\$ 2,702,748</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 52,271</u></u>	<u><u>\$ 99,534</u></u>	<u><u>\$ 2,762,836</u></u>

Catron County  
**NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2018

	<u>Quemado Fire</u>	<u>Datil Fire</u>	<u>Glenwood Fire</u>
Revenues:			
Federal sources	\$ -	\$ 35,718	\$ -
State sources	175,209	52,806	107,072
Charges for services	1,422		
Miscellaneous	330	1,074	2,067
	<u>176,961</u>	<u>89,598</u>	<u>109,139</u>
Total revenues	\$ 176,961	\$ 89,598	\$ 109,139
Expenditures:			
Current			
Public safety	\$ 68,270	\$ 61,968	\$ 31,722
Debt service:			
Principal	22,950		10,420
Interest	4,790		1,717
Loan issue costs			
Capital outlay	8,990		
	<u>105,000</u>	<u>61,968</u>	<u>43,859</u>
Total expenditures	\$ 105,000	\$ 61,968	\$ 43,859
Revenues over (under) expenditures	\$ 71,961	\$ 27,630	\$ 65,280
Other financing sources (uses):			
Transfer in			
Transfer (out)			
Loan proceeds			
	<u>          </u>	<u>          </u>	<u>          </u>
Net change in fund balances	\$ 71,961	\$ 27,630	\$ 65,280
Fund balance, July 1, 2017	<u>126,313</u>	<u>132,216</u>	<u>102,346</u>
Fund balance, June 20, 2018	<u>\$ 198,274</u>	<u>\$ 159,846</u>	<u>\$ 167,626</u>

<u>Pie Town Fire</u>	<u>Rancho Grande Fire</u>	<u>Luna Fire</u>	<u>Apache Creek Fire</u>	<u>Horse Mountain Fire</u>	<u>Quemado Lake Fire</u>	<u>Coyote Creek Fire</u>
\$ -	\$ -	\$ -	\$ 41,573	\$ -	\$ -	\$ -
79,262	105,688	52,844	168,050	52,844	75,091	52,844
4,344	3,397	3,247	6,006	41	276 1,443	1,136
<u>\$ 83,606</u>	<u>\$ 109,085</u>	<u>\$ 56,091</u>	<u>\$ 215,629</u>	<u>\$ 52,885</u>	<u>\$ 76,810</u>	<u>\$ 53,980</u>
\$ 37,172	\$ 25,880	\$ 75,203	\$ 132,720	\$ 23,643	\$ 24,655	\$ 20,960
	19,945	13,746		9,419	27,206	
	2,514	4,535		152	1,631	
36,177		39,696	4,156			
<u>\$ 73,349</u>	<u>\$ 48,339</u>	<u>\$ 133,180</u>	<u>\$ 136,876</u>	<u>\$ 33,214</u>	<u>\$ 53,492</u>	<u>\$ 20,960</u>
\$ 10,257	\$ 60,746	\$ (77,089)	\$ 78,753	\$ 19,671	\$ 23,318	\$ 33,020
			554,158			
\$ 10,257	\$ 60,746	\$ (77,089)	\$ 632,911	\$ 19,671	\$ 23,318	\$ 33,020
312,668	308,878	161,418	208,698	155,499	71,534	115,013
<u>\$ 322,925</u>	<u>\$ 369,624</u>	<u>\$ 84,329</u>	<u>\$ 841,609</u>	<u>\$ 175,170</u>	<u>\$ 94,852</u>	<u>\$ 148,033</u>

Catron County  
**NONMAJOR SPECIAL REVENUE FUNDS - RURAL FIRE DEPARTMENTS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (concluded)**  
For the Fiscal Year Ended June 30, 2018

	Wild Horse Fire	Catron County Fire	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Federal sources	\$ -	\$ -	\$ 77,291
State sources	67,539	75,091	1,064,340
Charges for services			1,698
Miscellaneous	122	4	23,211
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	\$ 67,661	\$ 75,095	\$ 1,166,540
Expenditures:			
Current			
Public safety	\$ 48,766	\$ 63,644	\$ 614,603
Debt service:			
Principal			103,686
Interest			15,339
Loan issue costs			4,156
Capital outlay	39,450	13,402	137,715
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	\$ 88,216	\$ 77,046	\$ 875,499
Revenues over (under) expenditures	\$ (20,555)	\$ (1,951)	\$ 291,041
Other financing sources (uses):			
Transfer in			\$ -
Transfer (out)			-
Loan proceeds			554,158
	<u>          </u>	<u>          </u>	<u>          </u>
Net change in fund balances	\$ (20,555)	\$ (1,951)	\$ 845,199
Fund balance, July 1, 2017	61,634	101,332	1,857,549
	<u>          </u>	<u>          </u>	<u>          </u>
Fund balance, June 20, 2018	\$ 41,079	\$ 99,381	\$ 2,702,748
	<u>          </u>	<u>          </u>	<u>          </u>



Catron County  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Property Tax Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 13,544	\$ 967,595	\$ 949,580	\$ 31,559
Taxes receivable	<u>89,769</u>	<u>994,590</u>	<u>963,069</u>	<u>121,290</u>
Total assets	<u>\$ 103,313</u>	<u>\$ 1,962,185</u>	<u>\$ 1,912,649</u>	<u>\$ 152,849</u>
<b>Liabilities</b>				
Due to others	<u>\$ 103,313</u>	<u>\$ 1,962,185</u>	<u>\$ 1,912,649</u>	<u>\$ 152,849</u>

Catron County  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
June 30, 2018

	<u>First State Bank</u>	<u>Morten Capital Investments</u>	<u>Total</u>
Checking, Savings and CD's	\$ 6,330,244	\$ 1,493,213	\$ 7,823,457
Total on deposit	\$ 6,330,244	\$ 1,493,213	\$ 7,823,457
Less: FDIC insurance	<u>(500,000)</u>	<u>(1,493,213)</u>	<u>(1,993,213)</u>
Total uninsured public funds	<u>\$ 5,830,244</u>	<u>\$ -</u>	<u>\$ 5,830,244</u>
 50% collateralization requirement (Section 6-10-17 NMSA)	 <u>\$ 2,915,122</u>	 <u>\$ -</u>	 <u>\$ 2,915,122</u>
 Pledged Securities:			
FHLB non CBL #3133SN4B2, 12/9/2022	\$ 2,325,000	\$ -	\$ 2,325,000
FHLB non CBL #3133S8EW8, 8/15/2024	2,000,000		2,000,000
FHLB Cusip 3133XV5J6 9/28/2029	1,000,000		1,000,000
FFCB non CBL #31331VKU9, 4/16/2025	<u>500,000</u>		<u>500,000</u>
Total pledged securities	<u>\$ 5,825,000</u>	<u>\$ -</u>	<u>\$ 5,825,000</u>
 Pledged securities over (under) requirement	 <u>\$ 2,909,878</u>	 <u>\$ -</u>	 <u>\$ 2,909,878</u>

Securities pledged are held by the First State Bank trust department in Minneapolis, Minnesota.

Catron County  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS**  
June 30, 2018

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>First State Bank</u>			
Operational Checking	Checking	\$ 2,376,459	\$ 2,285,343
Operational Savings	Savings	\$ 1,753,785	\$ 1,753,785
Certificates of Deposit	CD	<u>2,200,000</u>	<u>2,200,000</u>
Total First State Bank		<u>\$ 6,330,244</u>	<u>\$ 6,239,128</u>
<u>LGIP</u>			
Operational	LGIP	<u>\$ 49,869</u>	<u>\$ 49,869</u>
Total LGIP		<u>\$ 49,869</u>	<u>\$ 49,869</u>
<u>Morten Capital Investments</u>			
Operational Investment Account	CD	<u>\$ 1,493,213</u>	<u>\$ 1,487,505</u>
Total LGIP		<u>\$ 1,493,213</u>	<u>\$ 1,487,505</u>
<u>NMFA</u>			
Cash on deposit with paying agent	NMFA	<u>\$ 677,858</u>	<u>\$ 677,858</u>
Cash on hand			<u>\$ 1,095</u>
Total cash and investments		<u><u>\$ 8,551,184</u></u>	<u><u>\$ 8,455,455</u></u>

Catron County  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Fiscal Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
 <b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Direct:				
Schools and Roads - Grants to States	10.665	N/A	<u>\$ -</u>	<u>\$ 1,306,136</u>
 <b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>				
Direct:				
Distribution of receipts	15.227	Taylor Grazing Act	<u>\$ -</u>	<u>\$ 17,500</u>
 <b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
Passed through NM Department of Homeland Security:				
Hazard Mitigation Grant	97.039	FEMA-4152-DR-NM	\$ -	\$ -
Disaster Grants - Public Assistance	97.036	FEMA-4152-074	<u>                    </u>	<u>73,549</u>
Total U.S. Department of Homeland Security			<u>\$ -</u>	<u>\$ 73,549</u>
 <b><u>U.S. DEPARTMENT OF TRASPORTATION</u></b>				
Passed through the NM Department of Transportation:				
Airport Improvement Program	20.106	T16-15-04	<u>\$ -</u>	<u>\$ 7,977</u>
 <b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
Passed through the NM Dept of Housing and Urban Development:				
Community Development Block Grant	14.228	16-C-RS-I-03-G-12	<u>\$ -</u>	<u>\$ 244,649</u>
Total expenditures of federal awards			<u><u>\$ -</u></u>	<u><u>\$ 1,649,811</u></u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

Catron County  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2018

Note 1    Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Catron County, under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Catron County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Catron County.

Note 2    Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Note 3    Catron County has elected not to use the de Minimis indirect cost rate allowed under the Uniform Guidance.

Catron County  
**TAX ROLL RECONCILIATION**  
For the Fiscal Year Ended June 30, 2018

Property taxes receivable, July 1, 2017	\$	284,144
Net taxes charged to the Treasurer for 2017		2,354,295
Collections/Distributions/Changes		<u>(2,271,434)</u>
Property taxes receivable, June 30, 2018	\$	<u><u>367,005</u></u>
Property taxes receivable, by year		
2017	\$	181,277
2016		60,885
2015		33,028
2014		17,546
2013		6,944
2012		2,276
2011		4,247
2010		35,178
2009		15,317
2008		9,534
2007		<u>773</u>
	\$	<u><u>367,005</u></u>

Catron County  
**SCHEDULE OF LEGISLATIVE ALLOCATIONS**  
 June 30, 2018

	Communication Repeater 16-A4029	Fair Building 14-L-1888	Court House Improvements 16-A2398	Health Clinic 12-L-G-1424	CC Senior Citizens Vehicles A14-1107	Glenwood Senior Ctr Renovation A16A5007	Fair Building 18-C4035	Ambulance Purchase 18-C2466
Original appropriation	\$ 175,000	\$ 141,570	\$ 148,500	\$ 198,000	\$ 125,000	\$ 51,000	\$ 96,142	\$ 100,000
Funds reverted	-	(96,142)		(7,221)	(9,403)	-	-	-
Appropriation remaining	<u>\$ 175,000</u>	<u>\$ 45,428</u>	<u>\$ 148,500</u>	<u>\$ 190,779</u>	<u>\$ 115,597</u>	<u>\$ 51,000</u>	<u>\$ 96,142</u>	<u>\$ 100,000</u>
Expended through June 30, 2018	<u>\$ 141,401</u>	<u>\$ 45,428</u>	<u>\$ 27,782</u>	<u>\$ 190,779</u>	<u>\$ 115,597</u>	<u>\$ -</u>	<u>\$ 24,810</u>	<u>\$ -</u>
Total committed	<u>\$ 175,000</u>	<u>\$ 45,428</u>	<u>\$ 27,782</u>	<u>\$ 190,779</u>	<u>\$ 115,597</u>	<u>\$ -</u>	<u>\$ 24,810</u>	<u>\$ -</u>
Project expiration date	6/30/2020	6/30/2018	6/30/2020	6/30/2018	6/30/2018	6/30/2021	6/30/2020	6/30/2020

Catron County  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Fiscal Year Ended June 30, 2018

<b>Findings – Financial Statement Audit</b>	<u>Current Status</u>
2017-001(2006-008) Tax roll reconciliation not in required format	Repeated
2017-002(2014-001) IPA recommendation and audit contract submitted late	Resolved
2017-003(2016-001) Purchases through credit cards lack evidence	Repeated
2017-004(2016-002) Reconciled cash does not balance to general ledger	Repeated
2017-005 Incomplete payroll documents	Repeated
2017-006 Expenditures in excess of budgetary authority	Repeated

**Findings – Major Federal Award Programs**

None



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**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITOR'S REPORT**

Wayne Johnson, 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, and the budgetary comparisons for the general fund of Catron County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Catron County's basic financial statements, and have issued our report thereon dated November 29, 2018.

**Internal Control Over financial Reporting**

In planning and performing our audit of the financial statements, we considered Catron 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 Catron County's internal control.

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 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. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catron County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2018-001 through 2018-006.

### Catron County's Responses to Findings

Catron 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 subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Stone, McGee & Co., CPAs*

Silver City, New Mexico  
November 29, 2018

**Stone, McGee & Co.**  
Certified Public Accountants

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Wayne Johnson, 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 compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Catron County's major federal programs for the year ended June 30, 2018. Catron County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Catron 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Catron County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Catron County's compliance.

#### Opinion on Each Major Federal Program

In our opinion, Catron County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

#### Report on Internal Control over Compliance

Management of Catron 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 Catron County's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 the Uniform Guidance, 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 Catron County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Stone, McGee + Co., CPAs*

Silver City, New Mexico  
November 29, 2018

**Stone, McGee & Co.**  
Certified Public Accountants

Catron County  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2018

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Catron County were prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of Catron County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal award programs for Catron County expresses an unmodified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) were noted during the audit.
7. The programs tested as major programs were: Schools and Roads – Grants to States, CFDA No. 10.665.
8. The threshold for distinguishing types A and B programs was \$750,000.
9. Catron County was a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

2018-001 (2006-008) Property Tax Schedule (Other Noncompliance)

Condition – The County Treasurer's property tax schedule does not include ten years of information in the format required by the New Mexico State Auditor. The County has been unable to implement a corrective action plan due to lack of personnel availability, and the limitations of the software currently in use.

Criteria – Section 2.2.2.12D(1) of NMAC 2018 requires property tax information be presented in a specific format, and presented in that format in the audited financial statements.

Effect – Records relating to amounts due to other taxing entities is not available in a by-year format, and the County has not complied with 2.2.2 NMAC 2018.

Cause – The County has been unable to compile the information in the requested format, due to computer vendor problems, and the availability of staff to compile this information.

Recommendation – We recommend that the County compile the information necessary to comply with 2.2.2 NMAC 2018.

Agency Response – The County's is working with its software vendor to develop a report which is expected to be able to compile the information required by 2.2.2 NMAC. The Assistant County Manager and the County Treasurer are responsible for working with the software vendor, and it is expected that this task will be complete by June 30, 2019.

#### 2018-002 Maintenance of Fixed Asset/Grant Records (Other Noncompliance)

Condition - The County had not reconciled its fixed asset additions recorded in its fixed asset inventory to capital outlay amounts recorded in the general ledger. In particular, grant files had not been maintained in a manner which would lend itself to identifying grant expenditures which should be capitalized.

Criteria – Generally accepted accounting principles and sound accounting practice require the reconciliation of capital outlay expenditures to additions to the fixed asset records. In addition, grantors required adequate documentation of grant expenditures be maintained and readily available for review.

Effect – Significant amounts of time were necessary to reconcile the fixed asset and capital outlay records so that the financial statements could be issued. In addition, future grantor funding could be jeopardized if grant records are not adequately maintained and readily available.

Cause – The County has undergone significant personnel changeover, and duties have been reassigned. As a result, the Assistant County Manager has assumed significantly more duties, and has been unable to reconcile fixed asset records and maintain the grant files. The persons assigned to grant file maintenance were not sufficiently knowledgeable to maintain the files in the required order.

Recommendation – The County should develop a timeline, such as quarterly, to reconcile fixed asset records to capital outlay expended. In addition, personnel duties need to be reassigned in such a way that grant files can be adequately maintained.

Agency Response – The County Manger and the Assistant County Manager will evaluate personnel duties and reassign duties in such a way as to ensure fixed asset records are maintained, and grant files are appropriately maintained. It is expected that this reassignment of duties will be accomplished before June 30, 2019.

#### 2018-003 (2016-001) Procurement of Goods and Services (Other Noncompliance)

Condition – The County utilizes purchasing cards, which allow department heads to purchase up to specified amounts without going through the central purchasing office. We noted the following during our review related to these purchasing cards:

1. Receipts for items purchased with these purchasing cards were not always available to compare to the billing, totaling 43 instances and \$3,219.
2. Gross receipts tax was paid on goods purchased in some instances.

In addition, in a review of 89 procurements, we noted 30 instances where the purchase order was not attached to the invoice.

Although the County had implemented a corrective action plan, personnel changeover and in some instances, non-cooperation from elected officials, led to a continuance of this finding.

Criteria – Section 13-1-97 of NMSA 1978 requires, in part, that expenditures be properly evidenced by verifiable receipts, and that expenditures be made only for allowable and eligible purchases.

Effect – There is an increased likelihood of expenditures that are not for eligible and allowable purchases.

Cause – The County employees using purchasing cards have not been properly instructed in their use, and have not in all instances followed direction of the central purchasing office.

Recommendation – We recommend that the certified purchasing officer provide instruction to County personnel in the use of purchasing cards. We further recommend that use of these cards be discontinued if the central purchasing officer's instructions are not followed.

Agency Response – The County will discontinue purchasing card use if cooperation is not obtained from the user. In addition, procurement documents will undergo a secondary review to ensure that purchase orders are properly attached. The County Manager and the certified purchasing officer are responsible for plan implementation, which will occur during the year ending June 30, 2019.

#### 2018-004 (2016-002) Financial Reporting (Other Noncompliance)

Condition – The County has not followed its procedures to reconcile cash in the bank to general ledger cash by individual fund on a monthly basis. Although cash is reconciled monthly, minor discrepancies exist between the actual reconciled cash and the general ledger. At June 30, 2018, the amounts differed by \$10,883.

The County's corrective action plan was not fully enacted due to personnel changeover, principally the County Manager.

Criteria – Sound internal control requires that cash in bank be reconciled to general ledger cash monthly.

Effect – There is an increased likelihood that the County's general ledger will not reflect the actual cash balances.

Cause – The County Treasurer and the County Manager have not been able to implement the corrective action plan, and since the County is currently without a finance director, no one has been charged with performing this reconciliation.

Recommendation – We recommend that reconciled cash be compared to general ledger balances monthly, and any reconciling items be properly investigated and adjustments made. We further recommend that the County Commission require this reconciliation as a part of the monthly financial statement review.

Agency Response – The County Manager and the County Treasurer will perform this function monthly, and now believe they have the appropriate personnel in place to complete this reconciliation monthly.

2018-005(2017-005) Completion of Payroll Documents (Other Noncompliance)

Condition – In a total of 25 payroll files tested, we noted 11 instances where the I-9 documentation was incomplete.

Although the County had an implementation plan in place, the person responsible, the County Manager, left the County and the implementation plan was not executed.

Criteria – Federal regulations require that documentation be maintained regarding employee citizenship and authorization for withholding on each employee.

Effect – Federal regulations have been violated, and the County has exposed itself to possible significant penalties if an Internal Revenue Service audit is conducted.

Cause – The County has undergone significant employee turnover, and the required documents were not obtained or properly filed for all employees.

Recommendation – The County should conduct a review of all current employee files to ensure that the proper documentation is on file for each employee, and develop a process to ensure that new hires provide the required information.

Agency Response – The recommendation will be adopted, and the County Manager will be responsible for overseeing the receipt of appropriate documentation. The process has already begun, and it is expected to be complete by June 30, 2019.

2018-006(2017-006) Expenditures in excess of Budgetary Authority (Other Noncompliance)

Condition – The County incurred expenditures in excess of budgetary authority in the following funds:

Farm and Range	\$	2,500
Wildhorse Fire Department		9,478
Luna Fire Department		56,399

The County had implemented a plan to make the necessary budget adjustments at year-end, but personnel turnover near year-end precluded the County from making the necessary adjustments.

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority. The fund is the legal level of budgetary control for the County.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. In addition, New Mexico statutes have been violated.

Cause – The County did not request the budget adjustments to alleviate these budget overruns.



Recommendation – We recommend that the County adhere to their policy of reviewing expenditures and requesting budget adjustments where necessary.

Agency Response – We will continue to adhere to our policy of reviewing expenditures and making the appropriate budgetary adjustments. These were unusual circumstances where personnel turnover late in the year required adjustments to duties, and the budget adjustments were not properly reassigned to continuing personnel. The Assistant County Manager has been tasked with making the appropriate budgetary adjustments, and it is expected that they will be made for the year ending June 30, 2019.

### **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

None

### **OTHER – FINANCIAL STATEMENT PREPARATION**

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s, with substantial assistance from County personnel. County personnel have approved and accepted responsibility for the financial statements.

### **EXIT CONFERENCE**

The contents of this report were discussed in a meeting on November 29, 2018. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Glyn Griffin	Commission Chairman	Catron County
Bill Green	County Manager	Catron County
Linda Cooke	Assistant County Manager	Catron County
Mike Stone	Shareholder	Stone, McGee & Co., CPA's