

STATE OF NEW MEXICO

CATRON COUNTY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2019

CATRON COUNTY
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CATRON COUNTY
OFFICIAL ROSTER
JUNE 30, 2019

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>
<i>John (Cliff) Snyder.</i>	<i>Chairman</i>
<i>Van J. (Bucky) Allred</i>	<i>Commissioner</i>
<i>Anita A. Hand</i>	<i>Commissioner</i>
<i>Lillie M. Laney</i>	<i>Assessor</i>
<i>M. Keith Riddle</i>	<i>Clerk</i>
<i>Ian Fletcher</i>	<i>Sheriff</i>
<i>Connie Shipley</i>	<i>Treasure</i>
<i>Beverly Laude</i>	<i>Probate Judge</i>

ADMINISTRATIVE STAFF

<i>Bill F. Green</i>	<i>County Manager</i>
<i>Linda Cooke</i>	<i>Assistant Manager</i>

INDEPENDENT AUDITORS' REPORT

Mr. Brian S. Colón, 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, 2019, and the related notes to the financial statements which collectively comprise Catron County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Catron County's nonmajor governmental funds, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2019, 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Mr. Brian S. Colón, State Auditor and
Board of Commissioners
Catron County
Reserve, New Mexico
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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, 2019, and the respective changes in financial position 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. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental funds of Catron County as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America 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 that missing information.

Accounting principles generally accepted in the United States of America require that the pension liability schedules on pages 46 through 50 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 sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on Catron County's financial statements, the combining and individual fund financial statements, and the budgetary comparisons of the general fund. The Schedule of Expenditures of Federal Awards required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the other schedules required by 2.2.2.NMAC* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Mr. Brian S. Colón, State Auditor and
Board of Commissioners
Catron County
Reserve, New Mexico
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The *Schedule of Expenditures of Federal Awards and other supplementary information required by 2.2.2 NMAC* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards and other supplementary information required by 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2019 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 Catron agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catron County's internal control over financial reporting and compliance.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

November 24, 2019

CATRON COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash	\$5,258,748	\$584,035	\$5,842,783
Investments	3,575,403	0	3,575,403
Cash held by trustee	1,204,583	0	1,204,583
Prepays	35,690	6,691	42,381
Due from other governments	81,915	223,573	305,488
Taxes receivable	256,219	15,824	272,043
Interest receivable	15,986	0	15,986
Receivables, net	0	136,625	136,625
Internal balances	580,699	(580,699)	0
Receivable - external parties	11,565	0	11,565
<i>Total current assets</i>	<u>11,020,808</u>	<u>386,049</u>	<u>11,406,857</u>
Noncurrent Assets			
Capital assets, net	14,227,703	1,336,099	15,563,802
<i>Total noncurrent assets</i>	<u>14,227,703</u>	<u>1,336,099</u>	<u>15,563,802</u>
Deferred Outflow of Resources			
Related to pensions	1,124,776	88,644	1,213,420
<i>Total deferred outflow of resources</i>	<u>1,124,776</u>	<u>88,644</u>	<u>1,213,420</u>
Total assets and deferred outflow of resources	<u>\$26,373,287</u>	<u>\$1,810,792</u>	<u>\$28,184,079</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$187,384	\$5,063	\$192,447
Salaries payable	77,041	10,688	87,729
Interest payable	3,398	0	3,398
Current maturities of long-term debt	238,241	496	238,737
<i>Total current liabilities</i>	<u>506,064</u>	<u>16,247</u>	<u>522,311</u>
Noncurrent Liabilities			
Net pension liability	3,291,874	251,592	3,543,466
Estimated liability for landfill postclosure costs	0	1,823,479	1,823,479
Notes payable	1,615,573	12,004	1,627,577
Capital leases	1,315,174	8,978	1,324,152
Compensated absences	111,575	0	111,575
<i>Total noncurrent liabilities</i>	<u>6,334,196</u>	<u>2,096,053</u>	<u>8,430,249</u>
<i>Total liabilities</i>	<u>6,840,260</u>	<u>2,112,300</u>	<u>8,952,560</u>

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
Deferred Inflow of Resources			
Related to pensions	197,511	9,140	206,651
Unavailable revenue	0	0	0
<i>Total deferred inflows of resources</i>	197,511	9,140	206,651
Net Pension			
Net investment in capital assets	11,058,715	1,336,099	12,394,814
Restricted for:			0
Capital projects	1,001,447	0	1,001,447
Debt service	659,963	0	659,963
Other purposes	6,934,247	0	6,934,247
Unrestricted	(318,856)	(1,646,747)	(1,965,603)
<i>Total net position</i>	19,335,516	(310,648)	19,024,868
<i>Total liabilities, deferred inflow of resources, and net position</i>	\$26,373,287	\$1,810,792	\$28,184,079

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities:							
General government	\$2,161,776	\$35,261	\$549,000	\$99,537	(\$1,477,978)	\$0	(\$1,477,978)
Public safety	2,624,755	0	3,130,171	102,425	607,841	0	607,841
Public works	2,114,658	0	0	1,581,662	(532,996)	0	(532,996)
Health and welfare	46,643	0	0	19,049	(27,594)	0	(27,594)
Cultural and recreational	144,358	0	0	167,290	22,932	0	22,932
Interest expense	137,160	0	0	0	(137,160)	0	(137,160)
<i>Total governmental activities</i>	<i>7,229,350</i>	<i>35,261</i>	<i>3,679,171</i>	<i>1,969,963</i>	<i>(1,544,955)</i>	<i>0</i>	<i>(1,544,955)</i>
Business-Type Activities:							
Landfill	1,313,917	329,855	0	237,500	0	(746,562)	(746,562)
Ambulance	189,245	134,530	0	0	0	(54,715)	(54,715)
Airport	48,790	0	0	374,602	0	325,812	325,812
<i>Total business-type activities</i>	<i>1,551,952</i>	<i>464,385</i>	<i>0</i>	<i>612,102</i>	<i>0</i>	<i>(475,465)</i>	<i>(475,465)</i>
Total primary government	\$8,781,302	\$499,646	\$3,679,171	\$2,582,065	(\$1,544,955)	(\$475,465)	(\$2,020,420)

General Revenues

Property taxes	\$1,339,969	\$0	\$1,339,969
Gross receipts taxes	162,805	59,568	222,373
Motor vehicle/gas taxes	602,183	0	602,183
Interest and investment earnings	67,071	0	67,071
Miscellaneous	69,921	2,344	72,265
Payment in lieu of taxes	668,680	0	668,680
Transfers	590,000	(590,000)	0
Capital transfer - Village of Reserve	(98,819)	0	(98,819)
<i>Total general revenues and transfers</i>	<i>3,401,810</i>	<i>(528,088)</i>	<i>2,873,722</i>
Change in net position	1,856,855	(1,003,553)	853,302
Net position, beginning of year, as previously stated	18,432,322	359,760	18,792,082
Restatement	(953,661)	333,145	(620,516)
Net position, beginning of year, as restated	17,478,661	692,905	18,171,566
Net position (deficit), end of year	\$19,335,516	(\$310,648)	\$19,024,868

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
GOVERNMENTAL FUNDS
BALANCE SHEETS
June 30, 2019

	General Fund	Capital Projects	Other Funds	Total Governmental Funds
ASSETS				
Cash	\$1,680,665	\$840,270	\$2,737,813	\$5,258,748
Investments	3,575,403	0	0	3,575,403
Cash held by trustee	535,103	0	669,480	1,204,583
Interest receivable	15,986	0	0	15,986
Taxes receivable	240,395	0	15,824	256,219
Accounts receivable	0	0	0	0
Prepaid expenses	8,922	0	26,768	35,690
Due from other governments	0	45,207	36,708	81,915
Interfund receivable	749,421	0	0	749,421
Total assets	\$6,805,895	\$885,477	\$3,486,593	\$11,177,965
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$64,893	\$40,202	\$82,289	\$187,384
Salaries payable	75,655	0	1,386	77,041
Interfund payable	0	12,679	144,478	157,157
Total liabilities	140,548	52,881	228,153	421,582
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	83,893	0	0	83,893
Total deferred inflows of resources	83,893	0	0	83,893
Fund Balance:				
Nonspendable				
Prepaid expenses	8,922	0	26,767	35,689
Restricted:				
Capital projects	0	832,596	168,851	1,001,447
Debt service	0	0	659,963	659,963
Public safety	847,743	0	1,640,917	2,488,660
Health and welfare	0	0	635,269	635,269
Public works	3,601,985	0	0	3,601,985
General governments	0	0	101,149	101,149
Culture and recreation	0	0	107,184	107,184
Unassigned	2,122,804	0	(81,660)	2,041,144
Total fund balance	6,581,454	832,596	3,258,440	10,672,490
Total liabilities, deferred inflows of resources, and fund balances	\$6,805,895	\$885,477	\$3,486,593	\$11,177,965

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY

RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS TO GOVERNMENTAL ACTIVITIES NET POSITION

June 30, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:

FUND BALANCE of Governmental Funds	\$10,672,490
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,227,703
Deferred outflow and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds.	
Deferred outflows of resources related to pensions	1,124,776
Deferred inflows of resources related to pensions	(197,511)
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	83,893
Long-term liabilities are not reported in the funds:	
Net pension liability	(3,291,874)
Notes payable	(1,745,581)
Capital leases	(1,423,407)
Accrued interest payable	(3,398)
Compensated absences	(111,575)
<i>Net position of governmental activities</i>	<i>\$19,335,516</i>

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED June 30, 2019

	General Fund	Capital Projects	Other Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$1,438,641	\$0	\$24,143	\$1,462,784
Gross receipts	103,237	0	59,568	162,805
Motor vehicle/gasoline tax	602,183	0	0	602,183
Intergovernmental:				
Federal Operating	1,564,747	0	19,801	1,584,548
Federal Capital	0	0	167,290	167,290
State Operating	549,000	0	1,545,623	2,094,623
State Capital	481,593	1,200,719	120,361	1,802,673
Charges for services	25,706	0	9,555	35,261
Payment in lieu of taxes	668,680	0	0	668,680
Miscellaneous	20,268	0	49,653	69,921
Investment income	52,477	0	14,594	67,071
<i>Total revenues</i>	5,506,532	1,200,719	2,010,588	8,717,839
EXPENDITURES				
Current:				
General government	1,610,553	0	36,436	1,646,989
Public safety	1,089,660	0	900,392	1,990,052
Public works	1,188,073	0	150,079	1,338,152
Health and welfare	18,405	0	7,491	25,896
Culture and recreation	94,620	0	0	94,620
Debt Service				
Lease payment	206,201	0	0	206,201
Principal and interest	0	0	309,609	309,609
Capital outlay	118,746	315,401	1,551,145	1,985,292
<i>Total expenditures</i>	4,326,258	315,401	2,955,152	7,596,811
<i>Excess (deficiency) of revenues over expenditures</i>	1,180,274	885,318	(944,564)	1,121,028
Other Financing Sources (Uses):				
Transfer in	825,193	170,000	79,065	1,074,258
Transfer (out)	(309,066)	(170,000)	(5,192)	(484,258)
Loan proceeds	53,510	0	265,958	319,468
<i>Total other financing sources (uses)</i>	569,637	0	339,831	909,468
<i>Net changes in fund balances</i>	1,749,911	885,318	(604,733)	2,030,496
Fund balance - beginning of year, as previously stated	4,887,803	31,026	3,779,425	8,698,254
Restatements	(56,260)	(83,748)	83,748	(56,260)
<i>Fund balance - beginning of year, as restated</i>	4,831,543	(52,722)	3,863,173	8,641,994
<i>Fund balance - end of year</i>	\$6,581,454	\$832,596	\$3,258,440	\$10,672,490

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED June 30, 2019

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

Net change in fund balances - Governmental Funds	\$2,030,496
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 and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	317,693
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. This is the net change for the year.	(122,815)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense.	(297,642)
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position, net of loan proceeds.	59,182
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the net change for the year.	7,939
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 expenditure in governmental funds. This is the net change for the year.	(39,179)
Governmental funds do not report movement of capital assets and debt. Therefore, the transfer of capital assets and related debt to the Village is only recorded in the government wide statements.	(98,819)
<i>Change in net position of governmental activities</i>	\$1,856,855

CATRON COUNTY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Approved Budget	Final Adjusted Budget	Actual	Favorable (Unfavorable)
REVENUES				
Taxes	\$1,971,000	\$1,971,000	\$2,089,660	\$118,660
Payment in lieu of taxes	617,000	617,000	668,680	51,680
State sources	530,000	530,000	549,000	19,000
Federal sources	1,266,762	1,266,762	1,564,747	297,985
Fines, licenses and permits	0	0	0	0
Charges for services	23,000	23,000	25,681	2,681
Miscellaneous	42,000	42,000	20,269	(21,731)
Investment income	11,500	11,500	11,849	349
<i>Total revenues</i>	<u>4,461,262</u>	<u>4,461,262</u>	<u>4,929,886</u>	<u>468,624</u>
EXPENDITURES				
Current:				
General government	1,542,528	1,542,528	1,452,684	89,844
Public safety	1,018,060	1,018,060	1,068,626	(50,566)
Public works	1,658,791	1,658,791	1,377,204	281,587
Health and welfare	20,000	20,000	17,941	2,059
Culture and recreation	75,500	75,500	91,807	(16,307)
Capital outlay	16,000	76,000	118,746	(42,746)
<i>Total expenditures</i>	<u>4,330,879</u>	<u>4,390,879</u>	<u>4,127,008</u>	<u>263,871</u>
<i>Excess (deficiency) of revenues over expenditures</i>	130,383	70,383	802,878	732,495
Other Financing Sources (Uses):				
Transfers in	825,193	825,193	825,193	0
Transfers (out)	(320,631)	(320,631)	(309,066)	11,565
<i>Total other financing sources (uses)</i>	<u>504,562</u>	<u>504,562</u>	<u>516,127</u>	<u>11,565</u>
<i>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</i>	<u>\$634,945</u>	<u>\$574,945</u>	<u>\$1,319,005</u>	<u>\$744,060</u>
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$1,319,005	
Adjustments for revenue accruals			576,646	
Adjustments for expenditures accruals			(199,250)	
Adjustments for loan proceeds			53,510	
<i>Net changes in fund balance (GAAP basis)</i>			<u><u>\$1,749,911</u></u>	

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Landfill	Ambulance	Airport	Total
ASSETS				
Current Assets				
Cash	\$233,529	\$311,391	\$39,115	\$584,035
Investments	0	0	0	0
Cash held by trustee	0	0	0	0
Prepays	2,230	4,461	0	6,691
Receivables, net of allowance:				
Intergovernmental grants	223,573	0	0	223,573
Accounts	73,401	63,224	0	136,625
Taxes	7,912	7,912	0	15,824
<i>Total current assets</i>	<i>540,645</i>	<i>386,988</i>	<i>39,115</i>	<i>966,748</i>
Noncurrent Assets				
Restricted:				
Cash and cash equivalents	0	0	0	0
Capital assets, net	531,950	95,183	708,966	1,336,099
<i>Total noncurrent assets</i>	<i>531,950</i>	<i>95,183</i>	<i>708,966</i>	<i>1,336,099</i>
Deferred Outflow of Resources				
Related to pensions	88,644	0	0	88,644
<i>Total deferred outflow of resources</i>	<i>88,644</i>	<i>0</i>	<i>0</i>	<i>88,644</i>
Total assets and deferred outflow of resources	\$1,161,239	\$482,171	\$748,081	\$2,391,491
LIABILITIES				
Current Liabilities				
Accounts payable	\$3,351	\$1,712	\$0	\$5,063
Salaries payable	6,524	4,164	0	10,688
Interfund payable	496,793	57,611	26,295	580,699
Current portion of long term debt	496	0	0	496
<i>Total current liabilities</i>	<i>507,164</i>	<i>63,487</i>	<i>26,295</i>	<i>596,946</i>
Noncurrent Liabilities				
Note payable	12,004	0	0	12,004
Estimated liability for landfill postclosure costs	1,823,479	0	0	1,823,479
Net pension liability	251,592	0	0	251,592
Compensated absences	7,121	1,857	0	8,978
<i>Total noncurrent liabilities</i>	<i>2,094,196</i>	<i>1,857</i>	<i>0</i>	<i>2,096,053</i>
<i>Total liabilities</i>	<i>2,601,360</i>	<i>65,344</i>	<i>26,295</i>	<i>2,692,999</i>

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Landfill	Ambulance	Airport	Total
Deferred Inflow of Resources				
Related to pensions	9,140	0	0	9,140
Unavailable revenue	0	0	0	0
<i>Total deferred inflows of resources</i>	9,140	0	0	9,140
Net Position				
Net investment in capital assets	531,950	95,183	708,966	1,336,099
Restricted for:				
Debt service	0	0	0	0
Unrestricted	(1,981,211)	321,644	12,820	(1,646,747)
<i>Total net position</i>	(1,449,261)	416,827	721,786	(310,648)
<i>Total liabilities, deferred inflow of resources, and net position</i>	\$1,161,239	\$482,171	\$748,081	\$2,391,491

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY

PROPRIETARY FUNDS

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED June 30, 2019

	Landfill	Ambulance	Airport	Total
Operating revenues:				
Charges for services	\$329,855	\$134,530	\$0	\$464,385
Operating expense:				
Personnel	249,449	57,226	0	306,675
Operating	980,556	113,866	6,719	1,101,141
Depreciation	83,912	18,153	42,071	144,136
<i>Total operating expenses</i>	1,313,917	189,245	48,790	1,551,952
<i>Net operating income</i>	(984,062)	(54,715)	(48,790)	(1,087,567)
Nonoperating revenue (expense)				
Investment income	0	0	0	0
Gross receipts taxes	29,784	29,784	0	59,568
State grants	237,500	0	0	237,500
Federal grants	0	0	374,602	374,602
Miscellaneous revenue	0	2,344	0	2,344
Interest expense	0	0	0	0
<i>Total nonoperating revenue (expense)</i>	267,284	32,128	374,602	674,014
<i>Net income (loss) before operating transfers</i>	(716,778)	(22,587)	325,812	(413,553)
Transfers:				
In	0	0	0	0
Out	0	0	(590,000)	(590,000)
Change in net position	(716,778)	(22,587)	(264,188)	(1,003,553)
Net position, beginning of year restated	(943,030)	326,080	976,710	359,760
Prior period adjustment	210,547	113,334	9,264	333,145
<i>Net position, beginning of year</i>	(732,483)	439,414	985,974	692,905
<i>Net position, end of year</i>	(\$1,449,261)	\$416,827	\$721,786	(\$310,648)

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED June 30, 2019

	Landfill	Ambulance	Airport	Total
Cash flows from operating activities:				
Receipts from customers	\$64,619	\$158,707	\$396,108	\$619,434
Payments to supplies	(126,194)	(110,809)	(401,941)	(638,944)
Payment to employees	(210,276)	(55,660)	0	(265,936)
<i>Net cash provided (used) by operating activities</i>	<i>(271,851)</i>	<i>(7,762)</i>	<i>(5,833)</i>	<i>(285,446)</i>
Cash flows from noncapital financing activities:				
Dedicated tax receipts	29,784	29,784	0	59,568
Intergovernmental grants	237,500	0	374,602	612,102
Miscellaneous revenue	0	2,344	0	2,344
Transfers from other funds	0	0	0	0
Transfers to other funds	0	0	(590,000)	(590,000)
<i>Net cash provided (used) by noncapital financing activities</i>	<i>267,284</i>	<i>32,128</i>	<i>(215,398)</i>	<i>84,014</i>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(9,513)	0	(26,304)	(35,817)
Borrowings on capital debt	0	0	0	0
Principal paid on capital debt	0	0	0	0
Interest paid on capital debt	0	0	0	0
<i>Net cash provided (used) by capital and related financing activities</i>	<i>(9,513)</i>	<i>0</i>	<i>(26,304)</i>	<i>(35,817)</i>
Cash flows from investing activities:				
Earnings on investments	0	0	0	0
<i>Net cash provided (used) by investing activities</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Net increase (decrease) in cash and equivalents</i>	<i>(14,080)</i>	<i>24,366</i>	<i>(247,535)</i>	<i>(237,249)</i>
<i>Cash and equivalents, beginning of year</i>	<i>247,609</i>	<i>287,025</i>	<i>286,650</i>	<i>821,284</i>
<i>Cash and equivalents, end of year</i>	<i>\$233,529</i>	<i>\$311,391</i>	<i>\$39,115</i>	<i>\$584,035</i>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(\$984,062)	(\$54,715)	(\$48,790)	(\$1,087,567)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	83,912	18,153	42,071	144,136
Changes in assets and liabilities:				
Prepaid expenses	(16)	(34)	886	836
Receivables, net	(265,236)	24,177	0	(241,059)
Accounts payable	(2,366)	1,234	0	(1,132)
Accrued expenses	(246)	1,566	0	1,320
Note payable current	496	0	0	496
Note payable long term	12,004	0	0	12,004
Net pension liability	45,363	0	0	45,363
Landfill postclosure	844,244	0	0	844,244
Compensated absences	(5,944)	1,857	0	(4,087)
<i>Net cash provided (used) by operating activities</i>	<i>(\$271,851)</i>	<i>(\$7,762)</i>	<i>(\$5,833)</i>	<i>(\$285,446)</i>

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
AGENCY FUNDS
STATEMENT OF FUDICIARY ASSETS AND LIABILITIES
JUNE 30, 2019

	<u>Total</u>
ASSETS	
Cash and investments	\$44,115
Taxes receivable	96,987
<i>Total assets</i>	<u>141,102</u>
LIABILITIES	
Due to others	129,537
Due to general fund	11,565
<i>Total liabilities</i>	<u>141,102</u>

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Financial Reporting Entity

The County's basic financial statements include the accounts of all County operations. The criteria for including 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.

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.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The funds classified as major are as follows:

General – Accounts for all activities except those accounted for in the 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.

Proprietary Funds

Landfill – Accounts for solid waste activities including user charges and operating expenses.

Ambulance – Accounts for ambulance services including user charges and operating expense.

Airport – Accounts for airport operating and grant funding for improvements.

Nonmajor Funds

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

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Inter-Fund 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.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

<u>Assets</u>	<u>Years</u>
Buildings	25 - 50
Improvements	10 - 50
Machinery and Equipment	3 - 10
Infrastructure	25 - 75
Software and Library	5 - 10

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

	Statement of Net Position	Governmental Funds Balance	
		General Fund	Total
Property taxes	\$0	\$83,893	\$83,893
<i>Total</i>	\$0	\$83,893	\$83,893

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

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Equity Classifications

Government wide Statements

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

- a. Net investment in capital assets, net of related debt – 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 “net investment in capital assets, net of related debt.”

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- Nonspendable 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.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019 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.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Interfund 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.

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.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, \$7,404,509 of the County’s bank balance of \$7,904,509 was exposed to custodial credit risk as follows:

	Uninsured and collateralized but not in County name	\$7,404,509
	Bank Balance	Carrying Amount
Deposits by custodial risk category:		
Insured	\$500,000	\$500,000
Collateral held by the pledging bank’s agent in the County’s name	6,111,380	6,111,380
Collateral requirement 50%	3,702,255	3,702,255
(Over) under collateralized	(2,409,125)	(2,409,125)
Uninsured and uncollateralized	0	0
<i>Total</i>	\$7,904,510	\$7,904,510

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 \$1,204,583.

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, 2019, which is AAAM rated with a weighted average maturity of 50 days (WAMLR) and 100 days (WAMLF).

The County has investment in Moreton Capital Investments of \$1,553,213. Investments consist of CD’s and other securities. Securities and cash are protected up to \$500,000 (including a \$250,000 limit for cash only) by the Securities Investors Protection Corporation (SIPC). RBC has purchased an additional policy coverage up to \$99.5 million per SIPC – qualified account (of which \$900,000 may be cash) subject to a total maximum aggregate for RBC of \$400 million.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3. RECEIVABLES

	Governmental Activities	Business Type Activities
Accounts receivables:		
Services (net)	\$0	\$136,625
Property taxes	133,724	0
Gross receipts taxes	23,736	15,824
Motor vehicle taxes	69,068	0
Gas taxes	29,691	0
<i>Total taxes receivable</i>	256,219	15,824
Interest receivable	15,986	0
Intergovernmental grants	81,915	223,573
<i>Total receivables</i>	\$354,120	\$376,022

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

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Restatements	Adjusted Balance	Increases	Retirements	Transfers	Balance June 30, 2019
Governmental Activities:							
Capital assets not being depreciated							
Construction in progress	\$3,173,497	\$159,773	\$3,333,270	\$603,183	\$0	(\$1,093,728)	\$2,842,725
Land	201,146	0	201,146	0	0	0	201,146
<i>Total capital assets not being depreciated</i>	3,374,643	159,773	3,534,416	603,183	0	(1,093,728)	3,043,871
Capital assets being depreciated							
Improvements	1,278,877	(262,923)	1,015,954	0	(9,714)	0	1,006,240
Buildings	6,579,054	(184,853)	6,394,201	0	(504,728)	565,493	6,454,966
Infrastructure	11,582,427	(1,176,962)	10,405,465	11,652	0	528,235	10,945,352
Equipment/vehicles/machinery	13,684,696	2,075,676	15,760,372	1,083,617	(382,703)	0	16,461,286
<i>Total capital assets being depreciated</i>	33,125,054	450,938	33,575,992	1,095,269	(897,145)	1,093,728	34,867,844
Less accumulated depreciation for:							
Improvements	(768,702)	21,001	(747,701)	(30,682)	7,601	0	(770,782)
Buildings	(3,061,992)	183,010	(2,878,982)	(145,559)	152,824	0	(2,871,717)
Infrastructure	(9,218,408)	268,328	(8,950,080)	(47,053)	0	0	(8,997,133)
Equipment/vehicles/machinery	(9,810,559)	(455,022)	(10,265,581)	(1,157,465)	378,666	0	(11,044,380)
<i>Total accumulated depreciation</i>	(22,859,661)	17,317	(22,842,344)	(1,380,759)	539,091	0	(23,684,012)
Governmental activities capital assets, net	\$13,640,036	\$628,028	\$14,268,064	\$317,693	(\$358,054)	\$0	\$14,227,703

Depreciation was charged to the Governmental Activities as follows:

General Government	\$85,558
Public Safety	448,210
Public Works	776,506
Health and Welfare	20,747
Culture/Recreation	49,738
	<u>\$1,380,759</u>

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2018	Restatements	Adjusted Balance	Increases	Retirement	Transfers	Balance June 30, 2019
Business Type Activities:							
Capital assets not being depreciated							
Construction in progress	\$566,861	\$0	\$566,861	\$35,818	\$0	(\$566,861)	\$35,818
Land	11,000	0	11,000	0	0	0	11,000
<i>Total capital assets not being depreciated</i>	577,861	0	577,861	35,818	0	(566,861)	46,818
Capital assets being depreciated							
Improvements	291,205	(20,586)	270,619	0	0	0	270,619
Buildings	9,600	206,066	215,666	0	0	0	215,666
Infrastructure	613,243	0	613,243	0	0	566,861	1,180,104
Equipment/vehicles/machinery	1,416,811	350,361	1,767,172	0	0	0	1,767,172
<i>Total capital assets being depreciated</i>	2,330,859	535,841	2,866,700	0	0	566,861	3,433,561
Less accumulated depreciation for:							
Improvements	(169,922)	17,946	(151,976)	(13,788)	0	0	(165,764)
Buildings	(2,538)	(96,727)	(99,265)	(6,212)	0	0	(105,477)
Infrastructure	(464,230)	8,859	(455,371)	(42,071)	0	0	(497,442)
Equipment/vehicles/machinery	(1,160,758)	(132,774)	(1,293,532)	(82,065)	0	0	(1,375,597)
<i>Total accumulated depreciation</i>	(1,797,448)	(202,696)	(2,000,144)	(144,136)	0	0	(2,144,280)
<i>Business type activities capital assets, net</i>	\$1,111,272	\$333,145	\$1,444,417	(\$108,318)	\$0	\$0	\$1,336,099

Depreciation was charged to Business Type Activities as follows:

Airport	\$42,071
Ambulance	18,153
Solid Waste	83,912
	<u>\$144,136</u>

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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. All three landfills are considered closed and no longer accepting waste and therefore are considered to be at 100% capacity.

<u>Estimated closure and post-closure costs</u>	<u>\$1,823,479</u>
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The County has received grants for the initial closure of its landfills, and continues to solicit funding sources for post-closure costs.

NOTE 6. LONG-TERM DEBT

Long-Term Debt and Other Liabilities

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

	Balance				Balance		Amounts
	June 30, 2018	Restatements	Additions	Deletions	June 30, 2019	Due Within	One Year
Notes payable - NMFA Fire Depts	\$1,861,448	\$0	\$265,958	\$526,792	\$1,600,681	\$120,878	
Jail Facility Dispatch - NMFA	100,529	0	0	9,139	91,390	9,130	
Road & Drainage Improv - NMFA	0	0	53,510	0	53,510	0	
Capital Lease	0	1,525,429	0	102,052	1,423,407	108,233	
Compensated Absences	72,396	0	514,034	474,855	111,575	0	
	<u>\$2,034,373</u>	<u>\$1,525,429</u>	<u>\$833,502</u>	<u>\$1,112,838</u>	<u>\$3,280,563</u>	<u>\$238,241</u>	

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

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6. LONG-TERM DEBT (CONTINUED)

Fire Department Loans

These loans are for equipment and real property. The loans are secured by the State Fire Allotments. The revenues pledged totaled \$1,741,818 at June 30, 2019, 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 2020 through 2038. During the year ended June 30, 2019, the County recognized \$157,424 in pledged revenues, and retired \$267,490 in loan principal. Two loans (\$259,235 remaining balance) for Rancho Grande VFD were transferred to the Village of Reserve when the entities agreed to transfer the fire department.

<u>Due in Fiscal Year Ended June 30:</u>	Principal	Interest	Total
2020	\$120,878	\$20,476	\$141,354
2021	135,905	20,036	155,941
2022	138,448	17,496	155,944
2023	142,719	15,270	157,989
2024	145,243	13,390	158,633
2025 - 2029	543,867	38,183	582,050
2030 - 2034	302,199	12,680	314,879
2035 - 2039	71,422	3,606	75,028
Total	\$1,600,681	\$141,137	\$1,741,818

Jail Renovations

These loans are for renovations to the jail facility. The loans are secured by correction fees. The revenues pledged totaled \$91,390 at June 30, 2019, which is 58% of correction fees from the State of New Mexico at their current rate. Interest is not charged, and maturity rates range from 2020-2028. During the year ended June 30, 2019, the County recognized \$9,139 in pledged revenues, and retired \$9,139 in loan principal and interest.

The annual principal payment requirements for notes outstanding as of June 30, 2019 are summarized as follows:

<u>Due in Fiscal Year Ended June 30:</u>	Principal	Interest	Total
2020	\$9,139	\$0	\$9,139
2021	9,139	0	9,139
2022	9,139	0	9,139
2023	9,139	0	9,139
2024	9,139	0	9,139
2025 - 2029	45,695	0	45,695
	\$91,390	\$0	\$91,390

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE6. LONG-TERM DEBT (CONTINUED)

Roads and Drainage – NMFA

Funding from the Colonias Infrastructure project loan/grant is for improvements to roads. The loan is secured by one-eighth of one percent of County Local Option Gross Receipts Tax. The revenue pledged totaled \$53,510 at June 30, 2019. Interest is not charged and the loan matures 2040. During the year ended June 30, 2019, the County recognized \$0 in pledged revenues, and retired \$0 in loan principal and interest.

<u>Due in Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$0	\$0	\$0
2021	2,676	0	2,676
2022	2,676	0	2,676
2023	2,676	0	2,676
2024	2,676	0	2,676
2025 - 2029	13,380	0	13,380
2030 - 2034	13,375	0	13,375
2035 - 2039	13,375	0	13,375
2040 - 2045	2,676	0	2,676
	<u>\$53,510</u>	<u>\$0</u>	<u>\$53,510</u>

Lease Payable

The County entered into leases for the road maintenance equipment. These leases are considered financing arrangements and therefore are considered to be long-term debt.

The future commitments under the leases are as follows:

<u>Due in Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$108,233	\$83,055	\$191,288
2021	114,804	76,484	191,288
2022	121,787	69,502	191,289
2023	1,078,583	47,282	1,125,865
	<u>\$1,423,407</u>	<u>\$276,323</u>	<u>\$1,699,730</u>

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6. LONG-TERM DEBT (CONTINUED)

BTA

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

	Balance			Balance	Amounts
	June 30, 2018	Additions	Deletions	June 30, 2019	Due Within
					One Year
NMED Loan	\$0	\$12,500	\$0	\$12,500	\$496
Compensated absences	13,065	47,632	51,719	8,978	0
	<u>\$13,065</u>	<u>\$60,132</u>	<u>\$51,719</u>	<u>\$21,478</u>	<u>\$496</u>

NMED Loan

The County borrowed \$12,500 from the New Mexico Environment Department (along with a grant of \$237,500) to assist in the costs of the Pie Town landfill closure/post closure costs. The loan bears interest at 2.375% and requires annual payments of \$792 for twenty years, maturing in 2039.

<u>Due in Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$496	\$297	\$793
2021	507	285	792
2022	520	273	793
2023	532	261	793
2024	544	248	792
2025 - 2029	2,921	1,041	3,962
2030 - 2034	3,286	677	3,963
2035 - 2039	3,694	266	3,960
	<u>\$12,500</u>	<u>\$3,348</u>	<u>\$15,848</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.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. 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, 2018 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2018.pdf.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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 FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures of the PERA FY18 annual audit report at <http://osanm.org/media/audits/366PublicEmployeesRetirementAssociation2018.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 \$176,902 for the year ended June 30, 2019.

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, 2017. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2018, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2018.

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, 2018. Only employer contributions for the pay period end dates that fell within the period of July 1, 2017 to June 30, 2018 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2018 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, 2019, the County reported a liability of \$2,515,916 for its proportionate share of the net pension liability. At June 30, 2018, the County's proportion was 0.1578 percent, and was .0253 percent higher than its proportionate of 0.1325 percent measured as of June 30, 2017.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For the year ended June 30, 2019, the County recognized PERA Fund Division Municipal General pension expense of \$394,268. At June 30, 2019, the County reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$72,715	\$66,054
Changes of assumptions	228,103	14,466
Net difference between projected and actual earnings on pension plan investments	186,593	0
Changes in proportion and differences between the County's contributions and proportionate share of contributions	273,726	10,882
The County contributions subsequent to the measurement date	125,613	0
Total	\$886,750	\$91,402

\$125,613 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:	
2020	\$374,654
2021	182,885
2022	102,060
2023	10,136
	\$669,735

For PERA Fund Division, Municipal Police, at June 30, 2019, the County reported a liability of \$1,027,550 for its proportionate share of the net pension liability. At June 30, 2018, the County's proportion was 0.1506 percent, and was 0.1515 percent as of June 30 2017.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For the year ended June 30, 2019, the County recognized PERA Fund Division – Municipal Police pension expense of \$125,624. At June 30, 2019, the County reported PERA Fund Division – Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$50,304	\$101,857
Changes of assumptions	117,245	6,282
Net difference between projected and actual earnings on pension plan investments	70,710	0
Changes in proportion and differences between the County's contributions and proportionate share of contributions	37,122	7,110
The County contributions subsequent to the measurement date	51,289	0
Total	\$326,670	\$115,249

\$51,289 reported as deferred outflows of resources related to pensions resulting from Catron County's contributions subsequent to the measurement date, June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:	
2020	\$107,429
2021	26,312
2022	22,709
2023	3,682
	\$160,132

Actuarial Assumption. 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.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Actuarial assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases*	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

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:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Client Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate Equity	20.00%	6.48%
Total	100.00%	

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 7.25% 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 (6.25%) or one percentage point higher (8.25%) than the single discount rate.

PERA Fund Division Municipal General	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
The County’s proportionate share of the net pension liability	\$3,876,859	\$2,515,916	\$1,390,880
PERA Fund Division Municipal Police	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Catron County’s proportionate share of the net pension liability	\$1,579,951	\$1,027,550	\$577,213

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY18 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. The County is legally required to make defined contributions to the cost sharing pension plan on behalf of its’ participant employees. At June 30, 2019, Catron County had paid all required contributions and therefore, there is no payable to the pension plan.

NOTE 8. RETIREE HEALTH CARE ACT CONTRIBUTIONS

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

NOTE 9. 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.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10. 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 \$1,200,000 at June 30, 2019.

NOTE 11. 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 12. EXPENDITURES IN EXCESS OF BUDGETARY AUTHORITY

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

Law Enforcement	\$1,975
DWI Grant	\$1,339
Ambulance	\$2,500
Capital Project Fund	\$275,200
Indigent Care	\$37,536

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

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13. FUND BALANCE DEFICITS

The County had fund balance/net position deficits in the following funds:

Clerks Equipment	(\$2,426)
Corrections	(\$13,640)
Enhanced 911	(\$65,594)
Landfill	(\$1,449,261)

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 14. INTER-FUND ACTIVITY

Inter-fund balances at June 30, 2019, consisted of the following:

	Inter-fund Payable					Total
	Capital Projects	Other Funds	Landfill	Ambulance	Airport	
Inter-fund Recievable						
General	\$12,679	\$144,478	\$496,793	\$57,611	\$26,295	\$737,856

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, 2019:

Transfers In:	Transfers Out				Total
	General Fund	Airport	Capital Outlay	Other Funds	
General	\$230,001	\$590,000	\$0	\$5,192	\$825,193
Capital Projects	0	0	170,000	0	170,000
Other Funds	79,065	0	0	0	79,065
	\$309,066	\$590,000	\$170,000	\$5,192	\$1,074,258

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

NOTE 15. EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through November 24, 2019, the date which the financial statements were available to be issued.

CATRON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16. 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.

NOTE 17. RESTATEMENTS

Governmental beginning fund balances were restated as follows:

General Fund	
Correction for duplicate cash	(\$2,395)
Accounts receivable correction	(53,865)
Capital Projects	
Correction receivable and payables related to fairground project recorded in another fund	(83,748)
Other Funds	
Correction receivable and payables related to fairground project recorded in another fund	83,748
	<u>(\$56,260)</u>

Proprietary beginning fund balances were restated as follows:

Landfill	
Correction of capital assets	(\$210,547)
Ambulance	
Correction of capital assets	(113,334)
Airport	
Correction of capital assets	(9,264)
	<u>(\$333,145)</u>

The governmental activities beginning net position was restated as follows:

Long Term Debt for Capital Leases	(\$1,525,429)
Capital Asset corrections	628,028
Governmental funds corrections above	(56,260)
	<u>(\$953,661)</u>

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CATRON COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL GENERAL**

Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	As of Measurement Date				
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2019	2018	2017	2016	2015
Catron County's proportion of the net pension liability (asset)	0.1578%	0.1325%	0.1339%	0.1194%	0.1247%
Catron County's proportionate share of the net pension liability (asset)	\$2,515,916	\$1,820,662	\$2,139,721	\$1,217,386	\$972,794
Catron County's covered-employee payroll	\$1,351,163	\$1,099,528	\$915,137	\$1,048,824	\$1,048,224
Catron County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	186.20%	165.58%	233.81%	116.07%	93.00%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	74.00%	69.00%	69.00%	81.00%

*The amounts presented were determined as of June 30. 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.

**SCHEDULE OF CATRON COUNTY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION
MUNICIPAL POLICE**

Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	As of Measurement Date				
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2019	2018	2017	2016	2015
Catron County's proportion of the net pension liability (asset)	0.1506%	0.1552%	0.1456%	0.1280%	0.1409%
Catron County's proportionate share of the net pension liability (asset)	\$1,027,550	\$841,862	\$1,074,280	\$615,496	\$459,319
Catron County's covered-employee payroll	\$438,979	\$412,166	\$397,784	\$269,427	\$269,427
Catron County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	234.07%	192.00%	261.00%	155.00%	170.00%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	74.00%	69.00%	77.00%	81.00%

*The amounts presented were determined as of June 30. 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.

SCHEDULE OF CATRON COUNTY'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA FUND DIVISION - MUNICIPAL GENERAL
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015
Contractually required contribution	\$125,613	\$114,420	\$86,783	\$80,782	\$91,975
Contributions in relation to the contractually required contribution	\$125,613	\$114,420	\$86,783	\$80,782	\$91,975
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
Catron County's covered-employee payroll	\$1,315,324	\$1,351,163	\$1,099,528	\$915,137	\$1,048,824
Contributions as a percentage of covered-employee payroll	9.55%	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.

SCHEDULE OF CATRON COUNTY'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA FUND DIVISION MUNICIPAL POLICE
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015
Contractually required contribution	\$51,289	\$72,799	\$77,044	\$66,855	\$49,844
Contributions in relation to the contractually required contribution	\$51,289	\$72,799	\$77,044	\$66,855	\$49,844
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
Catron County's covered-employee payroll	\$271,370	\$438,979	\$412,166	\$397,784	\$269,427
Contributions as a percentage of covered-employee payroll	18.90%	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, the County will present information for those years for which information is available.

CATRON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2018.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2018 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2017%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) provides summary information for each division.

SUPPLEMENTARY INFORMATION

CATRON COUNTY
SPECIAL REVENUE FUNDS
JUNE 30, 2019

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than expendable trusts and major capital projects that are legally restricted to expenditures for specific purposes.

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.

CATRON COUNTY
SPECIAL REVENUE FUNDS
JUNE 30, 2019

Special Revenue Funds (Continued)

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– 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.

CATRON COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
June 30, 2019

	Farm and Range	Recreation	Clerk's Equipment	Reappraisal	Fairgrounds
ASSETS					
Cash	\$0	\$2,615	\$5,061	\$113,144	\$93,961
Cash held by trustee	0	0	0	0	0
Taxes receivable	0	0	0	0	0
Due from other governments	16,685	0	0	0	0
Prepaid expenses	0	0	0	0	0
Total assets	\$16,685	\$2,615	\$5,061	\$113,144	\$93,961
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$33,659	\$443
Salaries payable	0	0	0	0	0
Interfund payable	0	0	7,487	0	1,394
Total liabilities	0	0	7,487	33,659	1,837
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund Balance:					
Nonspendable:					
Prepaid expenses	0	0	0	0	0
Restricted for:					
Capital projects	0	0	0	0	0
Debt service	0	0	0	0	0
Public safety	0	0	0	0	0
Health and welfare	16,685	0	0	0	0
General governments	0	0	0	79,485	0
Culture and recreation	0	2,615	0	0	92,124
Unassigned	0	0	(2,426)	0	0
Total fund balance	16,685	2,615	(2,426)	79,485	92,124
Total liabilities, deferred inflows of resources, and fund balances	\$16,685	\$2,615	\$5,061	\$113,144	\$93,961

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
June 30, 2019

	EMS	Indigent	Enhanced 911	20 Communities	Corrections
ASSETS					
Cash	\$23,966	\$584,143	\$8,995	\$7,646	\$0
Cash held by trustee	0	0	0	0	9,347
Taxes receivable	0	7,912	0	0	0
Due from other governments	0	0	0	0	0
Prepaid expenses	0	0	0	0	0
Total assets	\$23,966	\$592,055	\$8,995	\$7,646	\$9,347
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$4,700	\$17	\$0	\$0	\$22,987
Salaries payable	0	0	0	0	0
Interfund payable	0	0	74,589	366	0
Total liabilities	4,700	17	74,589	366	22,987
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund Balance:					
Nonspendable:					
Prepaid expenses	0	0	0	0	0
Restricted for:					
Capital projects	0	0	0	0	0
Debt service	0	0	0	0	0
Public safety	0	0	0	0	0
Health and welfare	19,266	592,038	0	7,280	0
General governments	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Unassigned	0	0	(65,594)	0	(13,640)
Total fund balance	19,266	592,038	(65,594)	7,280	(13,640)
Total liabilities, deferred inflows of resources, and fund balances	\$23,966	\$592,055	\$8,995	\$7,646	\$9,347

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
June 30, 2019

	Confiscated Drugs	Law Enforcement	Cops	Legal	DWI
ASSETS					
Cash	\$289	\$58,116	\$2,601	\$1,895	\$7,505
Cash held by trustee	0	0	0	0	0
Taxes receivable	0	0	0	0	0
Due from other governments	0	0	0	0	6,997
Prepaid expenses	0	0	0	0	0
Total assets	\$289	\$58,116	\$2,601	\$1,895	\$14,502
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	\$769
Salaries payable	0	0	0	0	1,386
Interfund payable	40	0	0	0	0
Total liabilities	40	0	0	0	2,155
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund Balance:					
Nonspendable:					
Prepaid expenses	0	0	0	0	0
Restricted for:					
Capital projects	0	0	0	0	0
Debt service	0	0	0	0	0
Public safety	249	58,116	2,601	1,895	12,347
Health and welfare	0	0	0	0	0
General governments	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balance	249	58,116	2,601	1,895	12,347
Total liabilities, deferred inflows of resources, and fund balances	\$289	\$58,116	\$2,601	\$1,895	\$14,502

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
June 30, 2019

	Safety Net	Glenwood Library	Rural Fire Departments	Totals
ASSETS				
Cash	\$21,132	\$12,445	\$1,621,822	\$2,565,336
Cash held by trustee	0	0	660,133	669,480
Taxes receivable	7,912	0	0	15,824
Due from other governments	0	0	13,026	36,708
Prepaid expenses	0	0	26,768	26,768
<i>Total assets</i>	\$29,044	\$12,445	\$2,321,749	\$3,314,116
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$7,380	\$0	\$12,334	\$82,289
Salaries payable	0	0	0	1,386
Interfund payable	0	0	56,976	140,852
<i>Total liabilities</i>	7,380	0	69,310	224,527
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue:	0	0	0	0
<i>Total deferred inflows of resources</i>	0	0	0	0
Fund Balance:				
Nonspendable:				
Prepaid expenses	0	0	26,767	26,767
Restricted for:				
Capital projects	0	0	0	0
Debt service	0	0	659,963	659,963
Public safety	0	0	1,565,709	1,640,917
Health and welfare	0	0	0	635,269
General governments	21,664	0	0	101,149
Culture and recreation	0	12,445	0	107,184
Unassigned	0	0	0	(81,660)
<i>Total fund balance</i>	21,664	12,445	2,252,439	3,089,589
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$29,044	\$12,445	\$2,321,749	\$3,314,116

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED June 30, 2019

	Farm and Range	Recreation	Clerk's Equipment	Reappraisal	Fairgrounds
REVENUES					
Taxes:					
Property	\$0	\$0	\$0	\$24,143	\$0
Gross receipts	0	0	0	0	0
Motor vehicle/gasoline tax	0	0	0	0	0
Intergovernmental:					
Federal operating	16,685	0	0	0	0
Federal capital	0	0	0	0	167,290
State operating	0	0	0	0	0
State capital	0	0	0	0	0
Charges for services	0	0	9,555	0	0
Miscellaneous	0	0	0	675	15,979
Interest on investment	0	0	0	(80)	0
Total revenues	16,685	0	9,555	24,738	183,269
EXPENDITURES					
Current:					
General government	0	0	5,035	1,881	0
Public safety	0	0	0	0	0
Health and welfare	18,462	0	0	0	0
Culture and recreation	0	0	0	0	7,491
Debt Service					
Principal and interest	0	0	0	0	0
Capital outlay	0	0	7,624	67,572	250,420
Total expenditures	18,462	0	12,659	69,453	257,911
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(1,777)</i>	<i>0</i>	<i>(3,104)</i>	<i>(44,715)</i>	<i>(74,642)</i>
Other Financing Sources (Uses):					
Transfer in	82	0	0	0	0
Transfer (out)	0	0	0	0	0
Loan proceeds	0	0	0	0	0
Total other financing sources (uses)	82	0	0	0	0
<i>Net changes in fund balances</i>	<i>(1,695)</i>	<i>0</i>	<i>(3,104)</i>	<i>(44,715)</i>	<i>(74,642)</i>
Fund balance - beginning of year (restated)	18,380	2,615	678	124,200	83,018
Prior year adjustments	0	0	0	0	83,748
Fund balance - beginning of year	18,380	2,615	678	124,200	166,766
Fund balance - end of year	\$16,685	\$2,615	(\$2,426)	\$79,485	\$92,124

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED June 30, 2019

	EMS	Indigent	Enhanced 911	20 Communities	Corrections
REVENUES					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	29,784	0	0	0
Motor vehicle/gasoline tax	0	0	0	0	0
Intergovernmental:					
Federal operating	0	0	0	0	0
Federal capital	0	0	0	0	0
State operating	67,026	0	0	0	15,874
State capital	0	0	0	0	0
Charges for services	0	0	0	0	0
Miscellaneous	47	0	0	0	0
Interest on investment	0	0	0	0	156
Total revenues	67,073	29,784	0	0	16,030
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	0	0	0	0	101,370
Health and welfare	59,230	72,387	0	0	0
Culture and recreation	0	0	0	0	0
Debt Service					
Principal and interest	0	0	0	0	9,139
Capital outlay	0	0	0	0	0
Total expenditures	59,230	72,387	0	0	110,509
<i>Excess (deficiency) of revenues over expenditures</i>	<i>7,843</i>	<i>(42,603)</i>	<i>0</i>	<i>0</i>	<i>(94,479)</i>
Other Financing Sources (Uses):					
Transfer in	0	0	0	0	78,983
Transfer (out)	0	(5,192)	0	0	0
Loan proceeds	0	0	0	0	0
Total other financing sources (uses)	0	(5,192)	0	0	78,983
<i>Net changes in fund balances</i>	<i>7,843</i>	<i>(47,795)</i>	<i>0</i>	<i>0</i>	<i>(15,496)</i>
Fund balance - beginning of year (restated)	11,423	639,833	(65,594)	7,280	1,856
Prior year adjustments	0	0	0	0	0
Fund balance - beginning of year	11,423	639,833	(65,594)	7,280	1,856
Fund balance - end of year	\$19,266	\$592,038	(\$65,594)	\$7,280	(\$13,640)

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED June 30, 2019

	Confiscated Drugs	Law Enforcement	Cops	Legal	DWI
REVENUES					
Taxes:					
Property	\$0	\$0	\$0	\$0	\$0
Gross receipts	0	0	0	0	0
Motor vehicle/gasoline tax	0	0	0	0	0
Intergovernmental:					
Federal operating	0	3,116	0	0	0
Federal capital	0	0	0	0	0
State operating	0	24,800	0	0	76,687
State capital	0	0	0	0	0
Charges for services	0	0	0	0	0
Miscellaneous	0	32,174	0	0	313
Interest on investment	0	0	0	0	0
<i>Total revenues</i>	<u>0</u>	<u>60,090</u>	<u>0</u>	<u>0</u>	<u>77,000</u>
EXPENDITURES					
Current:					
General government	0	0	0	0	0
Public safety	475	26,174	0	500	85,027
Health and welfare	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Debt Service					
Principal and interest	0	0	0	0	0
Capital outlay	0	0	0	0	0
<i>Total expenditures</i>	<u>475</u>	<u>26,174</u>	<u>0</u>	<u>500</u>	<u>85,027</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(475)</u>	<u>33,916</u>	<u>0</u>	<u>(500)</u>	<u>(8,027)</u>
Other Financing Sources (Uses):					
Transfer in	0	0	0	0	0
Transfer (out)	0	0	0	0	0
Loan proceeds	0	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	<u>(475)</u>	<u>33,916</u>	<u>0</u>	<u>(500)</u>	<u>(8,027)</u>
Fund balance - beginning of year (restated)	724	24,200	2,601	2,395	20,374
Prior year adjustments	0	0	0	0	0
Fund balance - beginning of year	<u>724</u>	<u>24,200</u>	<u>2,601</u>	<u>2,395</u>	<u>20,374</u>
<i>Fund balance - end of year</i>	<u>\$249</u>	<u>\$58,116</u>	<u>\$2,601</u>	<u>\$1,895</u>	<u>\$12,347</u>

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED June 30, 2019

	Safety Net	Glenwood Library	Rural Fire Departments	Totals
REVENUES				
Taxes:				
Property	\$0	\$0	\$0	\$24,143
Gross receipts	29,784	0	0	59,568
Motor vehicle/gasoline tax	0	0	0	0
Intergovernmental:				
Federal operating	0	0	0	19,801
Federal capital	0	0	0	167,290
State operating	0	0	1,361,236	1,545,623
State capital	0	0	100,000	100,000
Charges for services	0	0	0	9,555
Miscellaneous	0	0	465	49,653
Interest on investment	0	0	14,518	14,594
<i>Total revenues</i>	29,784	0	1,476,219	1,990,227
EXPENDITURES				
Current:				
General government	29,520	0	0	36,436
Public safety	0	0	686,846	900,392
Health and welfare	0	0	0	150,079
Culture and recreation	0	0	0	7,491
Debt Service				
Principal and interest	0	0	300,470	309,609
Capital outlay	0	0	1,205,170	1,530,786
<i>Total expenditures</i>	29,520	0	2,192,486	2,934,793
<i>Excess (deficiency) of revenues over expenditures</i>	264	0	(716,267)	(944,566)
Other Financing Sources (Uses):				
Transfer in	0	0	0	79,065
Transfer (out)	0	0	0	(5,192)
Loan proceeds	0	0	265,958	265,958
<i>Total other financing sources (uses)</i>	0	0	265,958	339,831
<i>Net changes in fund balances</i>	264	0	(450,309)	(604,735)
Fund balance - beginning of year (restated)	21,400	12,445	2,702,748	3,610,576
Prior year adjustments	0	0	0	83,748
Fund balance - beginning of year	21,400	12,445	2,702,748	3,694,324
<i>Fund balance - end of year</i>	<i>\$21,664</i>	<i>\$12,445</i>	<i>\$2,252,439</i>	<i>\$3,089,589</i>

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
RURAL FIRE DEPARTMENTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
June 30, 2019

	Quemado Fire	Datil Fire	Glenwood Fire	Pie Town Fire	Rancho Grande Fire	Luna Fire
ASSETS						
Cash	\$380,525	\$144,962	\$89,720	\$64,555	\$1,166	\$29,516
Cash held by trustee	523	0	18,873	0	170	58,910
Due from other governments	0	0	0	0	0	0
Prepaid expenses	2,230	2,230	2,231	2,231	2,230	2,231
Total assets	\$383,278	\$147,192	\$110,824	\$66,786	\$3,566	\$90,657
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$5,931	\$129	\$0	\$1,100	\$0	\$0
Interfund payable	273	16,084	0	0	0	0
Total liabilities	6,204	16,213	0	1,100	0	0
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue:	0	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0	0
Fund Balance:						
Nonspendable:						
Prepaid expenses	2,230	2,230	2,231	2,231	2,230	2,231
Restricted:						
Capital projects	0	0	0	0	0	0
Public safety	374,321	128,749	89,720	63,455	1,336	29,516
Equipment purchase	0	0	0	0	0	0
Debt service	523	0	18,873	0	0	58,910
Unassigned	0	0	0	0	0	0
Total fund balance	377,074	130,979	110,824	65,686	3,566	90,657
Total liabilities, deferred inflows of resources, and fund balances	\$383,278	\$147,192	\$110,824	\$66,786	\$3,566	\$90,657

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
RURAL FIRE DEPARTMENTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
June 30, 2019

	Apache Creek Fire	Horse Mountain Fire	Quemado Lake Fire	Coyote Creek Fire	Wild Horse Fire	Catron County Fire	Totals
ASSETS							
Cash	\$257,560	\$62,491	\$85,602	\$200,360	\$171,691	\$133,674	\$1,621,822
Cash held by trustee	316,234	0	89,559	0	175,864	0	660,133
Due from other governments	13,026	0	0	0	0	0	13,026
Prepaid expenses	2,231	2,231	2,231	2,231	2,231	2,230	26,768
Total assets	\$589,051	\$64,722	\$177,392	\$202,591	\$349,786	\$135,904	\$2,321,749
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$1,032	\$592	\$0	\$3,400	\$0	\$150	\$12,334
Interfund payable	0	0	0	29,427	11,192	0	56,976
Total liabilities	1,032	592	0	32,827	11,192	150	69,310
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue:	0	0	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0	0	0
Fund Balance:							
Nonspendable:							
Prepaid expenses	2,231	2,231	2,231	2,230	2,231	2,230	26,767
Restricted:							
Capital projects	0	0	0	0	0	0	0
Public safety	269,554	61,899	85,602	167,534	160,499	133,524	1,565,709
Equipment purchase	0	0	0	0	0	0	0
Debt service	316,234	0	89,559	0	175,864	0	659,963
Unassigned	0	0	0	0	0	0	0
Total fund balance	588,019	64,130	177,392	169,764	338,594	135,754	2,252,439
Total liabilities, deferred inflows of resources, and fund balances	\$589,051	\$64,722	\$177,392	\$202,591	\$349,786	\$135,904	\$2,321,749

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
RURAL FIRE DEPARTMENTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED June 30, 2019

	Quemado Fire	Datil Fire	Glenwood Fire	Pie Town Fire	Rancho Grande Fire	Luna Fire
REVENUES						
Federal operating	\$0	\$0	\$0	\$0	\$0	\$0
Federal capital	0	0	0	0	0	0
State operating	291,308	53,945	112,031	82,306	141,796	54,939
State capital	0	0	0	0	0	0
Charges for services	0	0	0	0	0	0
Miscellaneous	0	0	0	0	8	0
Interest on investment	468	15	620	0	168	1,553
<i>Total revenues</i>	<u>291,776</u>	<u>53,960</u>	<u>112,651</u>	<u>82,306</u>	<u>141,972</u>	<u>56,492</u>
EXPENDITURES						
Current:						
Public safety	55,696	82,827	121,815	44,047	48,080	20,232
Debt Service:						
Principal and interest	27,740	0	12,138	0	22,326	18,280
Loan issue costs	0	0	0	0	0	0
Capital outlay	29,540	0	35,500	295,498	437,624	11,652
<i>Total expenditures</i>	<u>112,976</u>	<u>82,827</u>	<u>169,453</u>	<u>339,545</u>	<u>508,030</u>	<u>50,164</u>
<i>Excess (deficiency) of revenues over expenditures</i>	178,800	(28,867)	(56,802)	(257,239)	(366,058)	6,328
Other Financing Sources (Uses):						
Transfer in	0	0	0	0	0	0
Transfer (out)	0	0	0	0	0	0
Loan proceeds	0	0	0	0	0	0
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net changes in fund balances</i>	178,800	(28,867)	(56,802)	(257,239)	(366,058)	6,328
Fund balance - beginning of year	198,274	159,846	167,626	322,925	369,624	84,329
<i>Fund balance - end of year</i>	<u>\$377,074</u>	<u>\$130,979</u>	<u>\$110,824</u>	<u>\$65,686</u>	<u>\$3,566</u>	<u>\$90,657</u>

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
RURAL FIRE DEPARTMENTS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED June 30, 2019

	Apache Creek Fire	Horse Mountain Fire	Quemado Lake Fire	Coyote Creek Fire	Wild Horse Fire	Catron County Fire	Totals
REVENUES							
Federal operating	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal capital	0	0	0	0	0	0	0
State operating	299,965	54,605	76,655	54,685	54,868	84,133	1,361,236
State capital	0	0	0	0	100,000	0	100,000
Charges for services	0	0	0	0	0	0	0
Miscellaneous	400	57	0	0	0	0	465
Interest on investment	10,112	125	923	0	534	0	14,518
<i>Total revenues</i>	310,477	54,787	77,578	54,685	155,402	84,133	1,476,219
EXPENDITURES							
Current:							
Public safety	134,515	23,261	42,442	32,954	33,217	47,760	686,846
Debt Service:							
Principal and interest	46,587	142,566	29,508	0	1,325	0	300,470
Loan issue costs	0	0	0	0	0	0	0
Capital outlay	382,965	0	12,391	0	0	0	1,205,170
<i>Total expenditures</i>	564,067	165,827	84,341	32,954	34,542	47,760	2,192,486
<i>Excess (deficiency) of revenues over expenditures</i>	(253,590)	(111,040)	(6,763)	21,731	120,860	36,373	(716,267)
Other Financing Sources (Uses):							
Transfer in	0	0	0	0	0	0	0
Transfer (out)	0	0	0	0	0	0	0
Loan proceeds	0	0	89,303	0	176,655	0	265,958
<i>Total other financing sources (uses)</i>	0	0	89,303	0	176,655	0	265,958
<i>Net changes in fund balances</i>	(253,590)	(111,040)	82,540	21,731	297,515	36,373	(450,309)
Fund balance - beginning of year	841,609	175,170	94,852	148,033	41,079	99,381	2,702,748
<i>Fund balance - end of year</i>	\$588,019	\$64,130	\$177,392	\$169,764	\$338,594	\$135,754	\$2,252,439

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
CAPITAL PROJECT FUNDS
JUNE 30, 2019

Capital Project Funds

Kiehne Middle Frisco - to account for water drainage project in conjunction with Arizona.

CATRON COUNTY
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	Kiehne Middle Frisco
ASSETS	
Cash	\$172,477
Investments	0
Cash held by trustee	0
Interest receivable	0
Taxes receivable	0
Due from other governments	0
Grants receivable	0
Prepaid expenses	0
<hr/>	
Total assets	\$172,477
<hr/>	
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$0
Interfund payable	3,626
<i>Total liabilities</i>	<i>3,626</i>
<hr/>	
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue:	0
<i>Total deferred inflows of resources</i>	<i>0</i>
<hr/>	
Fund Balance:	
Nonspendable:	
Prepaid expenses	0
Restricted for:	
Capital projects	168,851
Debt service	0
Public safety	0
Health and welfare	0
General governments	0
Equipment purchases	0
Culture and recreation	0
Assigned:	
Culture and recreation	0
Unassigned	0
<i>Total fund balance</i>	<i>168,851</i>
<hr/>	
Total liabilities, deferred inflows of resources, and fund balances	\$172,477
<hr/>	

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY

NONMAJOR CAPITAL PROJECT FUND

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Kiehne Middle Frisco
REVENUES	
Taxes:	
Property	\$0
Gross receipts	0
Intergovernmental:	
Federal sources	0
State sources	20,361
Fines and forfeitures	0
Charges for services	0
Miscellaneous	0
Investment income	0
<i>Total revenues</i>	20,361
EXPENDITURES	
Current:	
General government	0
Public safety	0
Health and welfare	0
Culture and recreation	0
Debt Service	
Principal	0
Interest	0
Loan issue costs	0
Capital outlay	20,359
<i>Total expenditures</i>	20,359
<i>Excess (deficiency) of revenues over expenditures</i>	2
Other Financing Sources (Uses):	
Transfer in	0
Loan proceeds	0
<i>Total other financing sources (uses)</i>	0
<i>Net changes in fund balances</i>	2
Fund balance - beginning of year	168,849
<i>Fund balance - end of year</i>	\$168,851

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2019

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and investments	\$2,565,336	\$172,477	\$2,737,813
Cash held by trustee	669,480	0	669,480
Taxes receivable	15,824	0	15,824
Due from other governments	36,708	0	36,708
Prepaid expenses	26,768	0	26,768
Total assets	\$3,314,116	\$172,477	\$3,486,593
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$82,289	\$0	\$82,289
Salaries payable	1,386	0	1,386
Interfund payable	140,852	3,626	144,478
<i>Total liabilities</i>	224,527	3,626	228,153
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:	0	0	0
<i>Total deferred inflows of resources</i>	0	0	0
Fund Balance:			
Nonspendable:			
Prepaid expenses	26,767	0	26,767
Restricted for:			
Capital projects	0	168,851	168,851
Debt service	659,963	0	659,963
Public safety	1,640,917	0	1,640,917
Health and welfare	635,269	0	635,269
General governments	101,149	0	101,149
Culture and recreation	107,184	0	107,184
Unassigned	(81,660)	0	(81,660)
<i>Total fund balance</i>	3,089,589	168,851	3,258,440
Total liabilities, deferred inflows of resources, and fund balances	\$3,314,116	\$172,477	\$3,486,593

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY

TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes:			
Property	\$24,143	\$0	\$24,143
Gross receipts	59,568	0	59,568
Intergovernmental:			
Federal operating	19,801	0	19,801
Federal capital	167,290	0	167,290
State operating	1,545,623	0	1,545,623
State capital	100,000	20,361	120,361
Charges for services	9,555	0	9,555
Miscellaneous	49,653	0	49,653
Interest on investments	14,594	0	14,594
<i>Total revenues</i>	<u>1,990,227</u>	<u>20,361</u>	<u>2,010,588</u>
EXPENDITURES			
Current:			
General government	36,436	0	36,436
Public safety	900,392	0	900,392
Health and welfare	150,079	0	150,079
Culture and recreation	7,491	0	7,491
Debt Service			
Principal and interest	309,609	0	309,609
Capital outlay	1,530,786	20,359	1,551,145
<i>Total expenditures</i>	<u>2,934,793</u>	<u>20,359</u>	<u>2,955,152</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(944,566)</u>	<u>2</u>	<u>(944,564)</u>
Other Financing Sources (Uses):			
Transfer in	79,065	0	79,065
Transfer (out)	(5,192)	0	(5,192)
Loan proceeds	265,958	0	265,958
<i>Total other financing sources (uses)</i>	<u>339,831</u>	<u>0</u>	<u>339,831</u>
<i>Net changes in fund balances</i>	<u>(604,735)</u>	<u>2</u>	<u>(604,733)</u>
Fund balance - beginning of year, as previously stated	3,610,576	168,849	3,779,425
Prior year restatements	83,748	0	83,748
Fund balance - beginning of year, as restated	<u>3,694,324</u>	<u>168,849</u>	<u>3,863,173</u>
<i>Fund balance - end of year</i>	<u>\$3,089,589</u>	<u>\$168,851</u>	<u>\$3,258,440</u>

The Notes to Financial Statements are an integral part of these statements.

OTHER SUPPLEMENTARY INFORMATION

CATRON COUNTY
ALL AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Receipts	Disbursements	Balance June 30, 2019
Property Tax Fund				
ASSETS				
Cash and investments	\$31,559	\$1,025,664	\$1,013,108	\$44,115
Taxes receivable	121,290	96,987	121,290	96,987
<i>Total assets</i>	\$152,849	\$1,122,651	\$1,134,398	\$141,102
LIABILITIES				
Due to other	152,849	1,122,651	1,134,398	\$141,102
<i>Total liabilities</i>	\$152,849	\$1,122,651	\$1,134,398	\$141,102

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY OF PUBLIC FUNDS

JUNE 30, 2019

	First State Bank	Total
Checking, Savings and CD's	\$7,904,509	\$7,904,509
<i>Total on deposit</i>	<u>\$7,904,509</u>	<u>\$7,904,509</u>
Less: FDIC Insurance	(500,000)	(500,000)
<i>Total uninsured public funds</i>	<u>\$7,404,509</u>	<u>\$7,404,509</u>
50% collateralization requirement (Section 6-10-17 NMSA)	\$3,702,255	\$3,702,255
Pledged Securities:		
FHLB non CBL #3133XN4B2, 12/09/2022	2,356,297	2,356,297
FHLB non CBL #3133X8EW8, 08/15/2024	2,057,487	2,057,487
FHLB Cusip 3133XV5J6, 09/28/2029	1,187,415	1,187,415
FFCB non CBL #31331VKU9, 04/16/2025	510,181	510,181
<i>Total pledged securities</i>	<u>6,111,380</u>	<u>6,111,380</u>
<i>Pledged securities over (under) requirement</i>	<u>\$2,409,125</u>	<u>\$2,409,125</u>

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2019

Financial Institution: Account Name	Type of Account	Bank Balance	Reconciling Items	Book Balance
<u>First State Bank</u>				
Operational Checking	Checking	\$4,149,569	(\$46,385)	\$4,103,184
Operational Saving	Savings	1,754,940	0	1,754,940
Certificates of Deposit	CD	2,000,000	0	2,000,000
<i>Total First State Bank</i>		7,904,509	(46,385)	7,858,124
<u>LGIP</u>				
Operational	LGIP	49,869	0	49,869
<i>Total LGIP</i>		49,869	0	49,869
<u>Morten Capital Investments</u>				
Operational Investment Account	CD	1,525,535	0	1,525,535
Operational Investment Account	Money Market	27,678	0	27,678
<i>Total LGIP</i>		1,553,213	0	1,553,213
<u>NMFA</u>				
Cash on deposit with paying agent	NMFA	1,204,583	0	1,204,583
Cash on hand		0	1,095	1,095
<i>Total cash and investments</i>		\$10,712,174	(\$45,290)	\$10,666,884

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY

SCHEDULE OF TAX ROLL RECONCILIATION - PROPERTY TAXES RECEIVABLE

JUNE 30, 2019

Property taxes receivable, beginning of year	\$367,005
<hr/>	
Changes to tax roll:	
Net taxes charged to Treasurer for fiscal year	2,375,713
Adjustments:	
Decrease in property tax receivable	(370)
<i>Total taxes charged to Treasurer for fiscal year</i>	<u>2,375,343</u>
Adjustments in prior year assessments	(96,413)
Total receivables before collections	2,645,935
Collections/Distributions/Changes	(2,415,224)
Property taxes receivable, end of year	<u>\$230,711</u>
Property taxes receivable by years:	
2009 - 2017	\$145,863
2018	84,848
Total taxes receivable	<u>\$230,711</u>

The Notes to Financial Statements are an integral part of these statements.

CATRON COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2019

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
NM Debt Serv									
2018	\$175,312	(\$164,218)	(\$164,218)	(\$160,625)	(\$160,625)	\$0	\$0	(\$3,593)	\$11,094
2009 - 2017	1,502,495	(14,212)	(1,495,906)	(15,236)	(1,494,976)	0	0	(930)	6,588
<i>Total NM Debt Serv</i>	1,677,807	(178,430)	(1,660,124)	(175,861)	(1,655,601)	0	0	(4,523)	17,682
CO Operation									
2018	1,369,447	(1,284,955)	(1,284,955)	(1,284,955)	(1,284,955)	0	0	0	84,491
2009 - 2017	11,432,817	(107,338)	(11,383,584)	(107,338)	(11,383,584)	0	0	0	49,233
<i>Total CO Operation</i>	12,802,264	(1,392,293)	(12,668,539)	(1,392,293)	(12,668,539)	0	0	0	133,724
Mun Operation									
2018	13,108	(12,165)	(12,165)	(11,762)	(11,762)	0	0	(403)	943
2009 - 2017	109,899	(1,286)	(108,903)	(1,114)	(108,543)	0	0	(360)	996
<i>Total Mun Operation</i>	123,007	(13,451)	(121,068)	(12,876)	(120,305)	0	0	(763)	1,939
Sch Levy									
2018	56,745	(53,284)	(53,284)	(52,142)	(52,142)	0	0	(1,142)	3,461
2009 - 2017	476,703	(4,422)	(474,673)	(4,732)	(474,381)	0	0	(292)	2,030
<i>Total Sch Levy</i>	533,448	(57,706)	(527,957)	(56,874)	(526,523)	0	0	(1,434)	5,491
Sch Debt Service									
2018	443,392	417,986	(417,986)	(408,686)	(408,686)	0	0	(9,300)	25,406
2009 - 2017	2,449,357	32,817	(2,435,591)	(34,898)	(2,433,389)	0	0	(2,202)	13,766
<i>Total Sch Debt Service</i>	2,892,749	450,803	(2,853,577)	(443,584)	(2,842,075)	0	0	(11,502)	39,172
Sch Capt Imprv									
2018	256,579	(240,338)	(240,338)	(235,084)	(235,084)	0	0	(5,254)	16,241
2009 - 2017	1,742,992	(20,068)	(1,734,162)	21,529	(1,732,850)	0	0	(1,312)	8,830
<i>Total Sch Capt Imprv</i>	1,999,571	(260,406)	(1,974,500)	(213,555)	(1,967,934)	0	0	(6,566)	25,071
Cattle Levy									
2018	56,710	(52,846)	(52,846)	(52,613)	(52,613)	0	0	(233)	3,864
2009 - 2017	499,198	(5,297)	(496,053)	(5,967)	(496,053)	0	0	0	3,145
<i>Total Cattle Levy</i>	555,908	(58,143)	(548,899)	(58,580)	(548,666)	0	0	(233)	7,009
Sheep Levy									
2018	19	(10)	(10)	(10)	(10)	0	0	0	9
2009 - 2017	228	0	(228)	0	(228)	0	0	0	0
<i>Total Sheep Levy</i>	247	(10)	(238)	(10)	(238)	0	0	0	9
Goats Levy									
2018	42	(39)	(39)	(39)	(39)	0	0	0	3
2009 - 2017	255	(2)	(255)	(2)	(255)	0	0	0	0
<i>Total Goats Levy</i>	297	(41)	(294)	(41)	(294)	0	0	0	3

CATRON COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
JUNE 30, 2019

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Equine Levy									
2018	2,288	(2,022)	(2,022)	(1,974)	(1,974)	0	0	(48)	266
2009 - 2017	18,831	(208)	(18,614)	(232)	(18,614)	0	0	0	217
<i>Total Equine Levy</i>	21,119	(2,230)	(20,636)	(2,206)	(20,588)	0	0	(48)	483
Dairy Ctl Levy									
2018	3	(3)	(3)	(2)	(2)	0	0	(1)	0
2009 - 2017	69	(8)	(69)	(8)	(69)	0	0	0	0
<i>Total Dairy Ctl Levy</i>	72	(11)	(72)	(10)	(71)	0	0	(1)	0
Swine Levy									
2018	1	(1)	(1)	(1)	(1)	0	0	0	0
2009 - 2017	10	0	(10)	0	(10)	0	0	0	0
<i>Total Swine Levy</i>	11	(1)	(11)	(1)	(11)	0	0	0	0
S.S.C.D.									
2018	304	(304)	(304)	(304)	(304)	0	0	0	0
2009 - 2017	2,087	0	(2,087)	(8)	(2,087)	0	0	0	0
<i>Total S.S.C.D.</i>	2,391	(304)	(2,391)	(312)	(2,391)	0	0	0	0
Administrative									
2018	1,393	(1,309)	(1,309)	(1,240)	(1,240)	0	0	(69)	85
2009 - 2017	11,824	(87)	(11,781)	(104)	(11,779)	0	0	(2)	43
<i>Total Administrative</i>	13,217	(1,396)	(13,090)	(1,344)	(13,019)	0	0	(71)	128
Recap By Tax Year									
2018	2,375,343	(1,393,508)	(2,229,480)	(2,209,437)	(2,209,437)	0	0	(20,043)	145,863
2009 - 2017	18,246,765	(120,111)	(18,161,916)	(148,110)	(18,156,818)	0	0	(5,098)	84,848
<i>Total Recap By Tax Year</i>	20,622,108	(1,513,619)	(20,391,396)	(2,357,547)	(20,366,255)	0	0	(25,141)	230,711
Grand Total	\$20,622,108	(\$1,513,619)	(\$20,391,396)	(\$2,357,547)	(\$20,366,255)	\$0	\$0	(\$25,141)	\$230,711

CATRON COUNTY
SCHEDULE OF LEGISLATIVE GRANTS
JUNE 30, 2019

	Communication Repeater 16-A4029	Court House Improvements 16-A2398	Glenwood Senior Ctr Renovation A16A5007	Fair Building 18-C4035	Ambulance Purchase 18-C2466
Original appropriation	\$175,000	\$150,000	\$51,000	\$96,142	\$100,000
AIPP	0	1,500	0	0	0
Expended through June 30, 2019	174,315	99,537	0	44,424	0
Appropriation remaining	\$685	\$48,963	\$51,000	\$51,718	\$100,000
Funds reverted	685	0	0	0	0
Total committed	\$0	\$48,963	\$51,000	\$51,718	\$100,000
Reversion Date	6/30/2019	6/30/2020	6/30/2021	6/30/2020	6/30/2020

CATRON COUNTY
SCHEDULE OF LEGISLATIVE GRANTS
JUNE 30, 2019

	Quemudo Senior Center Renovation A16A5008	Equipment & Hot Meal Vehicle A16A5009	Sheriff Vehicle Purchase 19-D2936	Fairground Shed/Vehicle Purchase 19-D2937
Original appropriation	\$4,630	\$91,000	\$60,000	\$250,000
AIPP	0	0	0	2,500
Expended through June 30, 2019	0	0	0	0
Appropriation remaining	\$4,630	\$91,000	\$60,000	\$247,500
Funds reverted	0	0	0	0
Total committed	\$4,630	\$91,000	\$60,000	\$247,500
Reversion Date	6/30/2020	6/30/2020	6/30/2021	6/30/2023

M. Keith Riddle
Clerk – PO Box 197
(575) 533-6400

Connie Sue Shipley
Treasurer – PO Box 407
(575) 533-6384

Lillie Laney
Assessor – PO Box 416
(575) 533-6577

Ian Fletcher
Sheriff – PO Box 467
(575) 533-6222

Beverly Laude
Probate Judge



Anita A. Hand
Commissioner
District No. 1

John Cliff Snyder
Commissioner
District No. 2

Van J. (Bucky) Allred
Commissioner
District No. 3

Commission Office
PO Box 507 – (575) 533-6423
FAX (575) 533-6433

Bill Green
County Manager

CATRON COUNTY CORRECTIVE ACTION PLAN

2019-001 Certification of Capital Asset Inventory Not Documented (Noncompliance) – The County failed to document their annual capital asset physical inventory and certification.

Corrective Action Plan – Physical inventories will be scheduled yearly and documented appropriately. The Assistant County Manager will oversee project and will be complete by June 30, 2020.

2019-004 (2018-002) Maintenance of Capital Assets (Significant Deficiency) –

- Construction In Process maintenance is incomplete and lacks a consistent process for adding to the depreciation schedule.
- Depreciation schedule additions include current additions less than the capitalization threshold of \$5,000.
- Cost of depreciable assets per the depreciation schedule, prior to current year additions, was not reconciled to the prior year audit balances.

Condition remains essentially the same as in prior year.

Corrective Action Plan – The County will develop an appropriate timeline to reconcile fixed asset records to capital outlay expended. This will be overseen by the Assistant County Manager and will be completed by June 30, 2020.

2019-005 (2018-003) Procurement of Goods and Services (Significant Deficiency) - The County utilizes purchasing cards, which allow departments to make purchases (up to monthly card limits) without first going through the central purchasing office. These cards are, in most cases, assigned to departments as opposed to individuals, and the County has no formal policies and procedures with regard to the use of procurement cards, other than that normal procurement rules should be followed. In a review of 37 procurement card purchases, the following was noted:

- No proper, itemized receipt attached in 9 instances (\$1,152)
- No useful description of items purchased on receipt and/or no stated business purpose for purchase in 25 instances (\$3,683)
- Not enough information on receipt or other supporting documentation to tell whether the purchase was allowable/reasonable in 24 instances (\$3,124)
- No Purchase Order attached for goods in 25 instances (\$3,204)
- Tax paid on goods in 9 instances, and not enough information to tell whether tax was paid on goods in 5 instances (\$1,354)
- No proper certification by purchaser of evidence of review – i.e. signatures or initials and date, in 37 instances (\$3,683)

County Procurement Policy -

- 3 quotes per County policy (\$1,500 to \$10,000) were not obtained or documented (2 of 25 tested) (\$29,130)
- The County policies/procedures for purchases \$0-\$1,500 inconsistent.

Disbursements

County not following disbursements policy and procedures:

- No PO, PO not attached, PO does not agree to invoice (6) (\$37,498)
- Approval after date of check (2) (\$4,103)
- Check does not agree with invoice (1) (\$234)

Condition remains substantially the same as prior year.

Corrective Action Plan - The County will have written policies and procedures governing the use of procurement cards, to include defining eligible and ineligible purchases and consequences for card misuse. Users will be trained in proper usage and required to sign a 'procurement card cardholder agreement'. There will be an independent review of all cardholder purchases by proper authorities, and such review will be signed/dated. Itemized receipts will be required that contain an adequate description of items purchased, with a stated business purpose noted. The purchaser will have to reimburse any tax paid on the purchase of goods. The County will review procurement and purchasing requirements and procedures and establish clear documentation for all requirements. The accounts payable clerk will be responsible for implementation of new procedures by March 31, 2020.

2019-006 (2018-004) Financial Reporting (Material Weakness) – Monthly bank reconciliations are not reconciled to cash in the funds. At June 30, 2019 the reconciled bank balance differed from the fund cash by \$154,330.

Corrective Action Plan - The County has requested help from the DFA to ensure that proper procedures for reconciliations are completed in a timely manner and that any reconciled items will be properly investigated before adjustments are made. The County Commission will require this reconciliation as a part of the monthly financial statement review. Cash in bank will be reconciled to general ledger cash on a monthly basis. The County Treasurer will be responsible for this implementation and will have it completed by March 31, 2020.

2019-007 (2018-005) Completion of Payroll Documents (Significant Deficiencies) - Payroll policies and procedures are not being followed:

- Timesheet not signed/approved by department head (8 of 40)
- Timesheet not signed by employee (1 of 40)
- No timesheet (1 of 40)
- W4 or I-9 not complete (11 of 40)
- Personnel action form does not include authorized payments (29 of 40)
- Monthly summary report not signed by commission (5 of 22)

Corrective Action Plan - We are currently in review of all employee files to ensure organization and proper documentation is on file for each employee and all efforts will be made to obtain the required missing documentation from previous years to avoid future findings. All new hires must provide proper documentation at the start of employment to the designated HR personnel. Review of timesheet must be signed off by department heads and HR Personnel will review and ensure completion before payroll entry is made. The HR clerk will be responsible for implementing new procedures by March 31, 2020.

2019-008- (2018-006) Expenditures in Excess of Budgetary Authority (Other Noncompliance) - The County incurred expenditures in excess of budgetary authority in the following funds:

Law Enforcement Protection	\$1,975
DWI Grant	\$1,339
Ambulance	\$2,500
Capital Project Fund	\$275,200
Indigent Care	\$37,536

Budget and adjustments not properly maintained on detail quarterly expense report.

- Budgeted expenditure – original does not agree with original approved budget
- Some departments/funds show no budget

Corrective Action Plan - The County will provide appropriate training for departments to ensure all expenditures and budget adjustments are handled appropriately. The accounts payable clerk will begin monthly reporting and monitoring of budget status immediately and request budget adjustments as needed.

ADDITIONAL FEDERAL INFORMATION

CATRON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Program Title	Federal CFDA Number	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Direct:				
Schools and Roads - Grants to States	10.665	N/A	\$0	\$1,564,747
Cooperative Law Enforcement	10.664	N/A	0	3,116
Community Facilities Programs	10.766	N/A	0	15,978
<i>Total U.S. Department of Agriculture</i>			\$0	\$1,583,841
<u>U.S. Department of Interior</u>				
Direct:				
Distribution of receipts	15.227	Taylor Grazing Act	\$0	\$16,462
<i>Total U.S. Department of Interior</i>			\$0	\$16,462
<u>U.S. Department of Housing and Urban Development:</u>				
Passed through NM Dept. of Housing and Urban Development:				
Community Development Block Grant	14.228	16-C-RS-I-03-G-12	\$0	\$114,276
<i>Total U.S. Department of Housing and Urban Development</i>			\$0	\$114,276
<i>Total Expenditures of Federal Awards</i>			\$0	\$1,714,579

CATRON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

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, 2019. 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.

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

Independent Auditor's Report

Mr. Brian S. Colón, 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, each major fund, the aggregate remaining fund information, the budgetary comparisons of 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 the combining and individual funds of Catron County, presented as supplemental information, and have issued our report thereon dated November 24, 2019.

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 Catron County's internal control. Accordingly, we do not express an opinion on the effectiveness of Catron County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weakness: 2019-006

Mr. Brian S. Colón, State Auditor and
Board of Commissioners
Catron County
Reserve, New Mexico
Page Two

A significant deficiency is a deficiency, or a 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. We consider the deficiencies, described in the accompany schedule of findings and questioned costs as items 2019-004, 2019-005, 2019-007, to be a significant deficiency.

Compliance and Other Matters

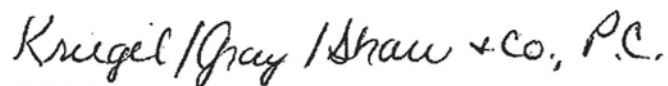
As part of obtaining reasonable assurance about whether Catron County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and Catron agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the schedule of findings and questioned costs as items 2019-001 and 2019-008.

Catron County's Response to Findings

Catron County's response to the findings is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Catron County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

November 24, 2019

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

Mr. Brian S. Colón, 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, 2019. 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 the requirements of laws, regulations, contracts, and grants 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 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, 2019.

Mr. Brian S. Colón, State Auditor and
Board of Commissioners
Catron County
Reserve, New Mexico
Page Two

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

Catron County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Catron County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
November 24, 2019

CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of Auditor’s Report issued:

Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

 X Yes No

Significant deficiencies identified that are not considered to be material weaknesses?

 X Yes No

Noncompliance material to financial statements noted?

 Yes X No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified?

 Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

 Yes X No

Type of Auditor’s Report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?

 Yes X No

Identification of Major Programs:

CFDA Number(s)

10.665

Name of Federal Program or Cluster

Schools and Roads – Grants to States

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee?

 X Yes No

CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

2019-001 Certification of Capital Asset Inventory Not Documented (Other Noncompliance)

Condition – The County failed to document their annual capital asset physical inventory and certification.

Criteria – The State Audit Rule requires agencies to conduct an annual physical inventory on the inventory list at the end of each year in accordance with the requirements of section 12-6-10 NMSA 1978. The agency shall also certify the correctness of the physical inventory.

Cause – Failed to maintain documentation.

Effect – Capital asset schedule may exclude County assets or assets may be missing and not detected for an extended period of time.

Recommendation – Management should schedule a physical inventory including clear documentation procedures annually.

Agency Response – Physical inventories will be scheduled yearly and documented appropriately. The Assistant County Manager will oversee project and will be complete by June 30, 2020.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2019-003 (2018-001) Property Tax Schedule (Other Noncompliance)

Resolved and not repeated.

2019-004 (2018-002) Maintenance of Capital Assets (Significant Deficiency)

Repeated with modification.

Condition –

- Construction In Process maintenance is incomplete and lacks a consistent process for adding to the depreciation schedule.
- Depreciation schedule additions include current additions less than the capitalization threshold of \$5,000.
- Cost of depreciable assets per the depreciation schedule, prior to current year additions, was not reconciled to the prior year audit balances.

Condition remains essentially the same as in prior year.

Criteria – Generally accepted accounting principles and sound accounting practice require the reconciliation of capital outlay expenditures to additions in the capital 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 capital 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.

CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

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 capital asset records.

Recommendation – The County should develop a timeline, such as quarterly, to reconcile fixed asset records to capital outlay expended (including Construction In Process).

Agency Response – The County will develop an appropriate timeline to reconcile fixed asset records to capital outlay expended. This will be overseen by the Assistant County Manager and will be completed by June 30, 2020.

2019-005 (2018-003) Procurement of Goods and Services (Significant Deficiency)

Repeated with modification.

Condition – The County utilizes purchasing cards, which allow departments to make purchases (up to monthly card limits) without first going through the central purchasing office. These cards are, in most cases, assigned to departments as opposed to individuals, and the County has no formal policies and procedures with regard to the use of procurement cards, other than that normal procurement rules should be followed. In a review of 37 procurement card purchases, the following was noted:

- No proper, itemized receipt attached in 9 instances (\$1,152)
- No useful description of items purchased on receipt and/or no stated business purpose for purchase in 25 instances (\$3,683)
- Not enough information on receipt or other supporting documentation to tell whether the purchase was allowable/reasonable in 24 instances (\$3,124)
- No Purchase Order attached for goods in 25 instances (\$3,204)
- Tax paid on goods in 9 instances, and not enough information to tell whether tax was paid on goods in 5 instances (\$1,354)
- No proper certification by purchaser of evidence of review – i.e. signatures or initials and date, in 37 instances (\$3,683)

County Procurement Policy -

- 3 quotes per County policy (\$1,500 to \$10,000) were not obtained or documented (2 of 25 tested) (\$29,130)
- The County policies/procedures for purchases \$0-\$1,500 inconsistent.

Disbursements

County not following disbursements policy and procedures:

- No PO, PO not attached, PO does not agree to invoice (6) (\$37,498)
- Approval after date of check (2) (\$4,103)
- Check does not agree with invoice (1) (\$234)

Condition remains substantially the same as in prior year.

CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

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 – The County should have written policies and procedures governing the use of procurement cards, to include defining eligible and ineligible purchases and consequences for card misuse. Prior to issuing procurement cards, users should be trained in proper usage and required to sign a ‘procurement card cardholder agreement’. There should be an independent review of all cardholder purchases by an individual other than the cardholder who is not the cardholder’s subordinate, and such review should be signed/dated. Itemized receipts should be required that contain an adequate description of items purchased, with a stated business purpose noted. The purchaser should have to reimburse any tax paid on the purchase of goods. To increase accountability, cards should be assigned to individuals as opposed to departments. In addition, the County should review procurement and purchasing requirements and procedures and establish clear documentation for all requirements.

Agency Response – The County will have written policies and procedures governing the use of procurement cards, to include defining eligible and ineligible purchases and consequences for card misuse. Users will be trained in proper usage and required to sign a ‘procurement card cardholder agreement’. There will be an independent review of all cardholder purchases by proper authorities, and such review will be signed/dated. Itemized receipts will be required that contain an adequate description of items purchased, with a stated business purpose noted. The purchaser will have to reimburse any tax paid on the purchase of goods. The County will review procurement and purchasing requirements and procedures and establish clear documentation for all requirements. The accounts payable clerk will be responsible for implementation of new procedures by March 31, 2020.

2019-006 (2018-004) Financial Reporting (Material Weakness)

Repeated with modification.

Condition – Monthly bank reconciliations are not reconciled to cash in the funds. At June 30, 2019 the reconciled bank balance differed from the fund cash by \$154,330.

Condition remains essentially the same as the prior year.

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 has tried to make accommodations for the many changes in the finance area, and therefore has not given this primary function the attention and training necessary.

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.

CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

Agency Response – The County has requested help from the DFA to ensure that proper procedures for reconciliations are completed in a timely manner and that any reconciled items will be properly investigated before adjustments are made. The County Commission will require this reconciliation as a part of the monthly financial statement review. Cash in bank will be reconciled to general ledger cash on a monthly basis. The County Treasurer will be responsible for this implementation and will have it completed by March 31, 2020.

2019-007 (2018-005) Completion of Payroll Documents (Significant Deficiencies)

Repeated with modification.

Condition – Payroll policies and procedures are not being followed:

- Timesheet not signed/approved by department head (8 of 40)
- Timesheet not signed by employee (1 of 40)
- No timesheet (1 of 40)
- W4 or I-9 not complete (11 of 40)
- Personnel action form does not include authorized payments (29 of 40)
- Monthly summary report not signed by commission (5 of 22)

Prior year condition was only in regard to I-9 documents incomplete (11 of 25).

Criteria – Federal regulations require that documentation be maintained regarding employee citizenship and authorization for withholding on each employee. Good internal controls require that established procedures be consistently followed.

Effect – Federal regulations have been violated, and the County has exposed itself to possible significant penalties if an Internal Revenue Service audit is conducted. Potential for pay to be incorrect or not approved without proper documentation.

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. Review timesheet requirements with all employees. Consider requiring all department heads utilize a checklist for each pay period to insure procedures followed prior to submitting employee timesheets.

Agency Response – We are currently in review of all employee files to ensure organization and proper documentation is on file for each employee and all efforts will be made to obtain the required missing documentation from previous years to avoid future findings. All new hires must provide proper documentation at the start of employment to the designated HR personnel. Review of timesheet must be signed off by department heads and HR Personnel will review and ensure completion before payroll entry is made. The HR clerk will be responsible for implementing new procedures by March 31, 2020.

CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2019-008- (2018-006) Expenditures in Excess of Budgetary Authority (Other Noncompliance)

Repeated with modification.

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

Law Enforcement Protection	\$1,975
DWI Grant	\$1,339
Ambulance	\$2,500
Capital Project Fund	\$275,200
Indigent Care	\$37,536

In the prior year three funds were over expended.

Budget and adjustments not properly maintained on detail quarterly expense report.

- Budgeted expenditure – original does not agree with original approved budget
- Some departments/funds show no budget

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 – The County will provide appropriate training for departments to ensure all expenditures and budget adjustments are handled appropriately. The accounts payable clerk will begin monthly reporting and monitoring of budget status immediately and request budget adjustments as needed.

CATRON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**CURRENT YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

2019-002 Lack of Public Notice - Significant Deficiency

Questioned Cost: None

CFDA # 10.665 Schools and Roads
National forest Reserve Distribution – Secure Rural Schools
Title III
Passed through the NM Department of Finance and Administration

Condition: The County failed to certify the Title III expenditures and unobligated funds. In addition, the County failed to provide public notice 45 days prior to using the Title III funds.

Criteria:

Public Notice - A participating county can use Title III County funds only after a 45-day public comment period at the beginning of which the participating county must:

- Publish in any publication of local record a proposal that describes the proposal use of county funds; and
- Submit the proposal to any resource advisory committee established under 16 USC 7125 for the participating county.

Reporting - Not later than February 1st of the year after the year in which any Title III county funds were expended by a participating county, the participating county must submit a certification that the county funds expended in the applicable year have been used for the uses authorized under this title, including a description of the amounts expended and their uses. The participating county certification must also include the amount of Title III funds not obligated by September 30th of the previous year.

Cause: Change in County management personnel.

Effect: The County may jeopardize future funding.

Recommendation: The county should revisit the grant requirements and schedule proper public notice for all future funding and provide required reporting by February 1st for the most recent Title III funding.

Management Response: The County will revisit the grant requirements and schedule proper public notice for all future funding and provide required reporting by February 1, 2020 for the most recent Title III funding. The County Manager will be responsible for implementation.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

CATRON COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FINDINGS - FINANCIAL STATEMENT AUDIT

CURRENT STATUS

2019-003 (2018-001) Property Tax Schedule	Resolved
2019-004 (2018-002) Maintenance of Capital Assets	Repeated with modification
2015-005 (2018-003) Procurement of Goods and Services	Repeated with modification
2019-006 (2018-004) Financial Reporting	Repeated with modification
2019-007 (2018-005) Completion of Payroll Documents	Repeated with modification
2019-008 (2018-006) Expenditures in Excess of Budget Authority	Repeated with modification

FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs

None

CATRON COUNTY
EXIT CONFERENCE
JUNE 30, 2019

EXIT CONFERENCE:

The exit conference was held October 11, 2019 and was attended by the following:

Representing Catron County:

Anita A. Hand, Commissioner
Bill Green, County Manager
Linda Cooke, Assistant County Manager
Connie Shipley, Treasurer
Becky Beebe, Procurement/Accounts Payable
Lou Menges, Payroll

Representing Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder
Jesus Cortez, Staff Auditor
Miguel Cortez, Staff Auditor
Brenda Shannon, CPA/Staff Auditor

FINANCIAL STATEMENTS PREPARATION

Preparation of financial statements is the responsibility of management. Although, the Catron County's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.