

**State of New Mexico
Harding County**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2008
and Independent Auditors' Report**

STATE OF NEW MEXICO, HARDING COUNTY

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STATE OF NEW MEXICO, HARDING COUNTY

**DIRECTORY OF OFFICIALS
JUNE 30, 2008**

County Commissioners

Michael E. Lewis
Robert Casados
Jerry Porterfield

Chairman
Vice-Chairman
Member

Elected Officials

Maria Atencio
Elizabeth Martinez
Diana Anderson
Tonja Hazen
Herman Martinez
Raymond Gutierrez
Carrie Archuleta

Clerk
Chief Deputy Clerk
Treasurer
Assessor
Sheriff
Deputy Sheriff
Judge

Other Officials

Barbara Shaw

Administrative Assistant

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor
and the Board of Commissioners
Harding County
Mosquero, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harding County, New Mexico (the "County"), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity 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 fund of the County as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparisons for the nonmajor governmental funds and the proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2009, on our consideration of the County's internal control over financial reporting 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The County has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statements and budgetary comparisons presented as supplemental information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

White + Samaniego + Campbell, LLP

El Paso, Texas
October 5, 2009

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities
ASSETS	
CURRENT ASSETS:	
Cash	\$ 1,884,554
Accounts receivable	46,998
Due from grantor	<u>22,880</u>
Total current assets	1,954,432
CAPITAL ASSETS:	
Land	33,034
Building and building improvements	2,059,782
Furniture and machines	1,236,001
Equipment	1,534,073
Infrastructure	<u>801,492</u>
Total capital assets	5,664,382
Less accumulated depreciation	<u>(2,055,858)</u>
Total capital assets (net of accumulated depreciation)	<u>3,608,524</u>
Total assets	<u>5,562,956</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Cash overdraft	37,318
Deferred revenue	8,000
NMFA loan, current portion	<u>14,171</u>
Total current liabilities	59,489
NON-CURRENT LIABILITIES:	
NMFA loan, net of current portion	14,708
Compensated absences payable	<u>25,523</u>
Total non-current liabilities	<u>40,231</u>
Total liabilities	<u>99,720</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,579,645
Unrestricted	<u>1,883,591</u>
Total net assets	<u>\$ 5,463,236</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 842,223	\$ 9,315	\$ 87,339	\$ 524,000	\$ (221,569)
Highways and streets	597,373	-	-	306,457	(290,916)
Health and welfare	151,321	4,861	127,898	-	(18,562)
Public safety	235,265	1,290	107,418	652,329	525,772
Culture and recreation	2,140	-	-	-	(2,140)
Depreciation - unallocated	244,443	-	-	-	(244,443)
Interest on long-term obligations	<u>1,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,107)</u>
Total governmental activities	\$ 2,073,872	\$ 15,466	\$ 322,655	\$ 1,482,786	(252,965)
General revenues:					
Property taxes					283,579
Gross receipts taxes					82,512
Oil and gas taxes					274,705
Motor vehicle taxes					221,249
Gas taxes					87,827
Environmental gross receipts taxes					64,247
Unrestricted investment earnings					<u>79,086</u>
Total general revenues					<u>1,093,205</u>
Change in net assets					\$ 840,240
Net assets - beginning					<u>\$ 4,622,996</u>
Net assets - ending					<u>\$ 5,463,236</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General Fund</u>	<u>Road Fund</u>	<u>Fire District No. 2 Fund</u>	<u>Solid Waste Fund</u>	<u>Building Restoration ADA Fund</u>	<u>Capital Improvement Fund</u>	<u>Special Appropriations Project Fund</u>	<u>Economic Development Project Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS										
Cash on deposit	\$ 693,491	\$ 167,378	\$ 47,433	\$ 168,143	\$ 252,338	\$ 219,927	\$ -	\$ 4,993	\$ 330,851	\$ 1,884,554
Accounts receivable	23,058	15,457	-	4,872	-	-	-	-	3,611	46,998
Due from grantor	-	-	-	-	-	-	-	22,880	-	22,880
Total assets	<u>716,549</u>	<u>182,835</u>	<u>47,433</u>	<u>173,015</u>	<u>252,338</u>	<u>219,927</u>	<u>-</u>	<u>27,873</u>	<u>334,462</u>	<u>1,954,432</u>
LIABILITIES										
Cash overdraft	-	-	-	-	-	-	-	-	37,318	37,318
Deferred revenue	-	-	-	-	-	-	-	-	8,000	8,000
Total liabilities	-	-	-	-	-	-	-	-	45,318	45,318
FUND BALANCES										
Unreserved:										
Designed for subsequent years expenditure	-	-	-	-	252,338	219,927	-	27,873	289,144	789,282
Undesignated reported in:										
General fund	716,549	-	-	-	-	-	-	-	-	716,549
Special revenue funds	-	182,835	47,433	173,015	-	-	-	-	-	403,283
Capital project funds	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>716,549</u>	<u>182,835</u>	<u>47,433</u>	<u>173,015</u>	<u>252,338</u>	<u>219,927</u>	<u>-</u>	<u>27,873</u>	<u>289,144</u>	<u>1,909,114</u>
Total liabilities and fund balances	<u>\$ 716,549</u>	<u>\$ 182,835</u>	<u>\$ 47,433</u>	<u>\$ 173,015</u>	<u>\$ 252,338</u>	<u>\$ 219,927</u>	<u>\$ -</u>	<u>\$ 27,873</u>	<u>\$ 334,462</u>	<u>\$ 1,954,432</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENT FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

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

Total fund balances - governmental funds \$ 1,909,114

Capital assets used in governmental activities are not financial resources and therefore, are not reported in governmental funds.

The cost of capital assets	5,664,382	
Accumulated depreciation	<u>(2,055,858)</u>	
		<u>3,608,524</u>

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

NMFA loan, net of current portion	(28,879)	
Compensated absences payable	<u>(25,523)</u>	
		<u>(54,402)</u>

Net assets of governmental activities \$ 5,463,236

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Road Fund	Fire District No. 2 Fund	Solid Waste Fund	Building Restoration ADA Fund	Capital Improvement Fund	Special Appropriations Project Fund	Economic Development Project Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES										
Property taxes	\$ 276,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,631	\$ 283,579
Gross receipts taxes	35,201	-	-	-	-	-	-	-	47,310	82,511
Motor vehicle taxes	4,387	216,862	-	-	-	-	-	-	-	221,249
Oil and gas taxes	274,705	-	-	-	-	-	-	-	-	274,705
Gas taxes	1,586	86,241	-	-	-	-	-	-	-	87,827
Environmental gross receipts taxes	-	-	-	64,247	-	-	-	-	-	64,247
Charges for services	9,315	-	-	-	-	-	-	-	4,608	13,923
Fines and forfeitures	11,783	-	-	-	-	-	-	-	37,567	49,350
Rents	10,588	-	-	-	-	-	-	-	-	10,588
Local sources	19,814	-	-	-	-	-	-	3,014	2,440	25,268
State sources	524,000	306,457	65,680	-	-	-	137,725	-	605,539	1,639,401
Federal sources	67,525	-	-	-	-	-	-	-	24,672	92,197
Earnings from investments	75,556	3,530	-	-	-	-	-	-	-	79,086
Total revenues	1,311,408	613,090	65,680	64,247	-	-	137,725	3,014	728,767	2,923,931
EXPENDITURES										
Current:										
General government	836,279	-	-	-	-	-	55,725	-	3,242	895,246
Highways and streets	-	541,648	-	-	-	-	-	-	-	541,648
Public safety	-	-	30,366	-	-	-	-	-	207,602	237,968
Health and welfare	-	-	-	-	-	-	-	-	2,140	2,140
Culture and recreation	-	-	-	-	-	-	-	-	151,321	151,321
Capital outlay	124,568	59,638	13,589	75,184	-	-	-	-	281,581	554,560
Debt service:										
Principal	-	-	-	-	-	-	-	-	13,659	13,659
Interest	-	-	-	-	-	-	-	-	1,107	1,107
Total expenditures	960,847	601,286	43,955	75,184	-	-	55,725	-	660,652	2,397,649
Excess (deficiency) revenues over expenditures	350,561	11,804	21,725	(10,937)	-	-	82,000	3,014	68,115	526,282
OTHER FINANCING SOURCES (USES)										
Operating transfers in	-	-	-	-	20,112	41,326	2,069	-	181,021	244,528
Operating transfers out	(40,114)	(30,000)	-	-	-	(20,000)	-	-	(154,414)	(244,528)
Total other financing sources (uses)	(40,114)	(30,000)	-	-	20,112	21,326	2,069	-	26,607	-
Net change in fund balance	\$ 310,447	\$ (18,196)	\$ 21,725	\$ (10,937)	\$ 20,112	\$ 21,326	\$ 84,069	\$ 3,014	\$ 94,722	\$ 526,282
Fund balance beginning of year	\$ 406,102	\$ 201,031	\$ 25,708	\$ 183,952	\$ 232,226	\$ 198,601	\$ (84,069)	\$ 24,859	\$ 194,422	\$ 1,382,832
Fund balance end of year	\$ 716,549	\$ 182,835	\$ 47,433	\$ 173,015	\$ 252,338	\$ 219,927	\$ -	\$ 27,873	\$ 289,144	\$ 1,909,114

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2008

Net change in fund balances - total governmental funds \$ 526,282

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlay exceeds depreciation in the period.

Capital outlays	554,558	
Depreciation expense	<u>(244,443)</u>	
		310,115

In the Statement of Activities, certain operating expenses are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid) The (increases) decreases in the liabilities for the year were:

Compensated absences	(9,328)
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Repayment of notes payable principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.

<u>13,171</u>

Change in net assets of governmental activities	<u>\$ 840,240</u>
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See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes	\$ 206,623	\$ 206,623	\$ 276,948	\$ 70,325
Gross receipts taxes	23,563	23,563	32,987	9,424
Motor vehicle taxes	3,000	3,000	4,387	1,387
Oil and gas taxes	154,298	154,298	253,861	99,563
Gas taxes	2,000	2,000	1,586	(414)
Charges for services	600	600	9,315	8,715
Fines and forfeitures	9,350	10,450	11,783	1,333
Rents	4,900	4,900	10,588	5,688
Local sources	-	-	19,814	19,814
State sources	524,000	524,000	524,000	-
Federal sources	67,525	67,525	67,525	-
Earnings from investments	15,000	15,000	75,556	60,556
Total revenues	1,010,859	1,011,959	1,288,350	276,391
EXPENDITURES				
General government	958,302	966,630	836,279	130,351
Capital outlay	-	-	-	-
Capital outlay	42,200	143,233	124,568	18,665
Total expenditures	1,000,502	1,109,863	960,847	149,016
Excess (deficiency) of revenues over expenditures	10,357	(97,904)	327,503	425,407
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(40,114)	(40,114)
Total other financing sources (uses)	-	-	(40,114)	(40,114)
Excess (deficiency) of revenues and other sources over expenditures	\$ 10,357	\$ (97,904)	\$ 287,389	\$ 385,293
Cash balance, beginning of year	\$ 406,102	\$ 406,102	\$ 406,102	\$ -
Cash balance, end of year	\$ 416,459	\$ 308,198	\$ 693,491	\$ 385,293
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 287,389	
Revenue accruals			23,058	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			\$ 310,447	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 SPECIAL REVENUE FUND - ROAD FUND
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Motor vehicle taxes	\$ 165,000	\$ 165,000	\$ 201,403	\$ 36,403
Gas taxes	85,000	85,000	86,241	1,241
Local sources	-	-	-	-
State sources	334,650	334,650	306,457	(28,193)
Federal sources	-	-	-	-
Earnings from investments	<u>2,000</u>	<u>2,000</u>	<u>3,530</u>	<u>1,530</u>
Total revenues	586,650	586,650	597,631	10,981
EXPENDITURES				
Highways and streets	625,548	625,548	541,648	83,900
Capital outlay	<u>14,000</u>	<u>74,000</u>	<u>59,637</u>	<u>14,363</u>
Total expenditures	<u>639,548</u>	<u>699,548</u>	<u>601,285</u>	<u>98,263</u>
Excess (deficiency) of revenues over expenditures	(52,898)	(112,898)	(3,654)	109,244
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ (52,898)	\$ (112,898)	\$ (33,654)	\$ 79,244
Cash balance, beginning of year	<u>\$ 201,032</u>	<u>\$ 201,032</u>	<u>\$ 201,032</u>	<u>\$ -</u>
Cash balance, end of year	<u>\$ 148,134</u>	<u>\$ 88,134</u>	<u>\$ 167,378</u>	<u>\$ 79,244</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ (33,654)	
Revenue accruals			15,458	
Expenditure accruals			<u>-</u>	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (18,196)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 SPECIAL REVENUE FUND - FIRE DISTRICT NO. 2 FUND
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 56,875	\$ 56,875	\$ 65,680	\$ 8,805
Federal sources	-	-	-	-
Total revenues	56,875	56,875	65,680	8,805
EXPENDITURES				
Public safety	50,000	50,000	30,366	19,634
Capital outlay	32,585	31,497	13,589	17,908
Total expenditures	82,585	81,497	43,955	37,542
Excess (deficiency) of revenues over expenditures	(25,710)	(24,622)	21,725	46,347
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ (25,710)	\$ (24,622)	\$ 21,725	\$ 46,347
Cash balance, beginning of year	\$ 25,708	\$ 25,708	\$ 25,708	\$ -
Cash balance, end of year	\$ (2)	\$ 1,086	\$ 47,433	\$ 46,347
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 21,725	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 21,725</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 SPECIAL REVENUE FUND - SOLID WASTE FUND
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State shared sources	\$ 11,500	\$ 11,500	\$ 59,375	\$ 47,875
Total revenues	11,500	11,500	59,375	47,875
EXPENDITURES				
Capital outlay	195,453	195,453	75,184	120,269
Total expenditures	195,453	195,453	75,184	120,269
Excess (deficiency) of revenues over expenditures	\$ (183,953)	\$ (183,953)	\$ (15,809)	\$ 168,144
Cash balance, beginning of year	\$ 183,952	\$ 183,952	\$ 183,952	\$ -
Cash balance, end of year	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 168,143</u>	<u>\$ 168,144</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ (15,809)	
Revenue accruals			4,872	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (10,937)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Agency Funds</u>
ASSETS	
Cash and temporary investments	\$ 92,385
Taxes receivable	<u>234,120</u>
Total assets	<u>326,505</u>
LIABILITIES	
Due to other governments (cash)	92,385
Due to other governments (receivables)	<u>234,120</u>
Total liabilities	<u>\$ 326,505</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Harding County was created by Section 4-30-1, New Mexico State Statutes Annotated, 1978 Compilation. The powers of the County as a body politic and corporate are exercised by a three-member Board of Commissioners who are elected staggering positions that expire each election. At each general election in the State of New Mexico, a County Assessor, County Clerk, County Sheriff and County Treasurer are elected. The County assesses, collects and distributes property taxes; records property and legal documents; provides law enforcement services and maintains County roads.

The county operates under a statutory county form of government and provides the following services as authorized by its charter; public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administration.

The accounting policies of the Harding County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity

The financial statements of the Harding County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Governmental Accounting Standards Board Statement (GASBS) 14, "The Financial Reporting Entity," effective for periods beginning after December 15, 1992, established standards for defining and reporting on the financial reporting entity. GASBS 14 supersedes previous standards issued by the national Council on Governmental Accounting. The requirements of GASBS 14 apply at all levels to all state and local governments.

GASBS 14 defines the financial reporting entity as consisting of primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government." A primary government is any state government or general purpose local government, consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and Government Accounting Standards Board (GASB) Statement 14.

The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of a governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the County and is generally available to citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of fiscal dependence, regardless of whether the government is able to exercise oversight responsibilities. In determining fiscal independence or dependence, a government entity is considered fiscally independent if it has the authority to do all three of the following:

- (a) Determine its budget without another government having the authority to approve and modify that budget
- (b) Levy taxes or set rates or changes without approval by another government, and
- (c) Issue bonded debt without approval by another government.

Based on this criteria, the County has no component units. Additionally the County is not a component unit of any other reporting entity as defined by GASB 14.

B. Basis of Presentation

Government-wide Statements - The statement of net assets and the statement of activities display information about the County. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes are presented as general revenues.

C. Measurement Focus, Basis of Accounting, and Fund Financial Statements

Government-wide and Fiduciary Financial Statements - The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 30 days after year-end. Property taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Fund Financial Statements - The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds and each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund - This is the County's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Road Fund - Special Revenue Fund - To account for funds used to maintain roads for which the County has responsibility. Financing is provided by motor vehicles fees flowing through the state. Expenditures are restricted to the construction and maintenance of County roads. Authority is Sections 64-55A-40 through 43 NMSA 1978.

Fire District No. 2 Fund - Special Revenue Fund - To account for the operations and maintenance for the two fire districts. Financing is provided by an allotment from the State Fire Marshall under NMSA 59A-53-1, NMSA 1978.

Solid Waste Fund - Special Revenue Fund - To account for resources received from the County's share of environmental gross receipts taxes (1/8th) and a special (1/16th) infrastructure gross receipts tax so the County may pay for the management and disposal of solid waste in future years. Also, a grant from the New Mexico Environment Department Construction

Programs Bureau to purchase a refuse truck. The County at this time does not provide solid waste services. Authority is NMSA 7-19D-10 and 7-2DE-17.

Building Restoration ADA Fund - Capital Projects Fund - To account for a permanent cash transfer from the General Fund to bring the County Courthouse into ADA compliance.

Capital Improvements Fund - Capital Projects Fund - To account for a permanent cash transfer from the General Fund for various capital improvement purposes.

Special Appropriation Project Fund - Capital Projects Fund - To account for resources received from the New Mexico State Legislature, Special Appropriations Project, Laws of 2003, Chapter 385 & 429 to be used for improvements to the Harding County Courthouse and Community Center. Also, resources received from the New Mexico State Legislature, Special Appropriations Project, Laws of 2004, Chapter 126 to purchase and install heating, ventilation and air conditions on both floors of the County Courthouse.

Economic Development Program Fund - Capital Projects Fund - To account for Special Appropriations from the State Legislature Laws 2005, Chapter 45/192 to purchase and install or plan, design, construct, equip and furnish a building to serve as an Economic and Community Development Multi Purpose Facility in Harding County. Also, for a Special Appropriation from the State Legislature Laws 2004, Chapter 126 to plan, design, construct and equip a metal fabrication shop. Also, to plan, design, construct and purchase land for a building to house the economic development offices.

The County also reports the following fund types:

Agency Funds - These funds account for monies held on behalf of the school districts, special districts and municipalities and the State of New Mexico that use the County as a depository; property taxes collected on behalf of other governments.

D. Budgetary Data

1. Budget Policy

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. The County administrator submits a proposed operating budget for the fiscal year commencing July 1, prior to June 30. The operating budget includes proposed expenditures and the means of financing them. A budget is proposed for the General and Special Revenue Funds.
- b. Public hearings are conducted to obtain taxpayer comments. The budgets are then submitted to the Department of Finance and Administration for review, adjustment and approval .
- c. Prior to June 30, the budget is legally enacted through passage of a resolution. The County Commission is authorized to transfer budgeted amounts between department within any fund. Department of Finance and Administration, Local Government Division must approve any revisions that alter the total expenditures of any fund.

- d. Budgets for all funds are adopted on a regulatory prescribed cash basis. The level of budgetary control is by fund total. Budgetary information is presented as amended, the amendments being adopted in a legally prescribed manner.
- e. Expenditures for each budget may not legally exceed the appropriation for fund. Appropriations lapse at year-end with any unspent cash balance being available for expenditures and appropriation in the subsequent year's budget.

2. Encumbrances

The County does not utilize encumbrance accounting.

E. Property Taxes

Articles 35 through 38, Chapter 7, New Mexico Statutes annotated, 1978 is the Property Tax Code. The code provides for valuation, administration and enforcement of property taxes. The Department of Finance and Administration sets tax rates for the governmental units sharing in the tax.

The Constitution of the State of New Mexico provides the following maximum tax rates and restrictions concerning the use of tax proceeds.

Taxes levied upon tangible property shall be in proportion of the value thereof; the taxes shall be equal and uniform upon subjects of taxation of the same class. Different methods may be provided by law to determine value of different kinds of property, but the percentage of value against which tax rates are assessed shall not exceed thirty-three and one-third percent.

Taxes levied upon real or personal property for state revenue shall not exceed four mills annually on each dollar of the assessed valuation thereof except for the support of the educational, penal, and charitable institutions of the state, payment of the state debt and interest thereon; and the total annual tax levy upon such property for all state purposes exclusive of necessary levies for the state debt shall not exceed ten mills; provided, however, that taxes levied upon real or personal tangible property for all purposes, except special levies on specific classes of property and except necessary levies for public debt, shall not exceed twenty mills annually on each dollar of the assessed valuation thereof, but laws may be passed authorizing additional taxes to be levied outside of such limitations when approved by at least a majority of the qualified electors of the taxing district who paid a property tax therein during the preceding year voting on such proposition.

Property taxes are payable November 10th and April 10th, and are delinquent if not paid within thirty days after the date on which they are due.

The County is permitted by the State Property Tax Code to levy taxes up to \$11.50 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amount for the payment of principal and interest on long-term debt.

F. Assets, Liabilities, and Equity

1. Deposits and investments

The County's cash and investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of one year or less from the date of

acquisition. State statutes (Public Monies Act 6-10-1 through 6-10-63 NMSA 1978) authorize the County to invest in:

- a. bond or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- b. securities that are issued by the United States government or by its agencies or instrumentality and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government. The County may also invest in repurchase agreements and in the State Treasurer's Investment Pool. Sections 6-10-16 and 6-10-17 NMSA 1978, requires that the deposit of public money be secured by securities of the United States, its agencies or instrumentality or by securities of the State of New Mexico, its agencies instrumentality, counties, municipalities or other subdivisions or by securities that are guaranteed by the United States or the State of New Mexico equal to one-half of the amount of public money on deposit.

2. Receivables and payables

Transactions between funds that are representatives of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". All property tax and intergovernmental receivables are deemed fully collectible and no allowance for uncollectibles is recorded.

G. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and sick leave balance. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

H. Inventory

Purchase for supplies are recorded as expenditures and are not recorded as assets on the balance sheet.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental type activities in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, are included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value

at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Furniture/machines	5-30
Equipment	5-30
Infrastructure	10

The County does not capitalize computer software or software developed for internal use (if applicable).

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

Net assets should be reported as restricted when constraints placed on net asset use are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments
- b. Imposed by law through constitutional provisions or enabling legislation. However for the current year the County does not have net assets that are restricted by enabling legislation.

The governmental fund financial statements present fund balance reserves for those portions of fund balance (1) not available for appropriation for expenditure or (2) legally segregated for a specific future use. The reserves for related assets such as inventories and prepayments are examples of the former. Reserves for encumbrances, contracts, and other specific purposes are examples of the latter. The governmental funds' designation of fund balance reflects tentative plans for future use of financial resources.

K. Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

2. DEPOSITORY COLLATERAL

New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited

after deducting the amount of Federal Deposit Insurance Corporation insurance coverage (for each financial institution).

The following is the Cash on Deposit at each financial institution.

Wells Fargo Bank	Checking	Harding County	\$ 401,797
Community 1st Bank of Las Vegas	Checking	Harding County	168,513
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County	50,000
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County	25,000
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	100,000
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	110,208
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	36,737
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	80,000
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	80,000
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	<u>64,000</u>
Total amount on deposit			<u>\$ 1,116,255</u>
Total amount on deposit			\$ 1,116,255
Plus petty cash			150
Plus deposits in transit			130
Less outstanding checks			(141,125)
Other adjustments			<u>(1,371)</u>
Total cash balance			<u>\$ 974,039</u>
Cash equivalents			
State Treasurers Investment Pool	Investments	Harding County	<u>\$ 1,002,900</u>
Total cash per financial statements			<u>\$ 1,976,939</u>

The following schedule details the public money held by financial institutions and pledged collateral held by the County as follows:

	<u>Wells Fargo Bank</u>	<u>Community 1st Bank</u>	<u>Farmers & Stockmans</u>	<u>Total</u>
Cash on deposit at June 30	\$ 401,797	\$ 243,513	\$ 470,945	\$ 1,116,255
Less F.D.I.C. (Category 1)	<u>(100,000)</u>	<u>(200,000)</u>	<u>(100,000)</u>	<u>(400,000)</u>
Uninsured funds	301,797	43,513	370,945	716,255
Funds needing collateralization at 50%	150,899	21,757	185,472	358,128
Pledged collateral at June 30 (Category 2)	<u>(280,000)</u>	<u>-</u>	<u>(600,000)</u>	<u>(880,000)</u>
Excess of pledged collateral	<u>\$ 129,101</u>	<u>\$ (21,757)</u>	<u>\$ 414,528</u>	<u>\$ 521,872</u>

At June 30, 2008, the carrying amount County's bank balance was \$1,116,255. Of this balance, \$400,000 was covered by federal depository insurance and \$694,498 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions trust department or agent, but not in the governments name.

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$694,498 of the County's bank balance of \$1,116,255 was exposed to

custodial credit risk as follows:

Insured	\$ 400,000
Uninsured and uncollateralized	21,757
Uninsured and collateralized with securities held by the pledging banks trust department, but not in the County's name	<u>694,498</u>
Total	<u>\$ 1,116,255</u>

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the cooperative for at least one half of the amount on deposit with the institution.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

<u>Wells Fargo Bank</u>			
<u>Wells Fargo Bank in Minnesota</u>			
FNCL CUSIP #31409CV51	05/01/36	\$	280,000
<u>Farmers & Stockmans Bank</u>			
<u>Federal Reserve Bank</u>			
FHLB CUSIP #3133X9VP2	6/30/08	\$	200,000
FHLB CUSIP #3133XDTA9	12/10/10	\$	400,000

The credit risk for the balances above for the New Mexico State Treasurers Investment Pool cannot be determined. The risk would be determined at the State Treasurers Investment Pool level. The accounts of the State Treasurers Investment Pool are monitored by the State Treasurers Office and the State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

The investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The Local Government Investment Pool does not have unit shares. Per Section 6-10-10. 1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts in the fund were invested. Participation in the local government investment pool is voluntary.

3. ACCOUNTS RECEIVABLE

The amount shown as accounts receivable represent amounts due from oil and gas taxes, motor vehicle taxes, and gross receipts taxes.

Accounts receivable as of June 30, 2008, consist of the following:

	<u>Governmental Activities</u>
General Fund	\$ 23,057
Road Fund	15,457
Solid Waste Fund	4,873
EMT Fund	1,107
Jail Detention Fund	<u>2,504</u>
	<u>\$ 46,998</u>

All amounts are considered to be collectible.

4. TAX ROLL RECONCILIATION

Uncollected taxes, beginning of year	\$ 228,614
Plus:	
Taxes assessed current year (net of adjustments)	592,928
Less	
Taxes collected	(704,156)
Adjustments to prior year	<u>41,093</u>
Uncollected taxes, end of year	<u>\$ 158,479</u>
Undistributed taxes, beginning of year	\$ 227,012
Taxes collected	704,160
Adjustments	-
Less:	
Undistributed taxes, end of year	<u>(765,235)</u>
Tax distribution	<u>\$ 165,937</u>

Property taxes receivable by years:

1995	\$ 58
1996	1,828
1997	1,952
1998	36
1999	206
2000	964
2001	1,322
2002	38
2003	1,686
2004	85
2005	429
2006	1,048
2007	<u>148,827</u>
Total taxes receivable	<u>\$ 158,479</u>

5. RISK MANAGEMENT

The County is exposed to various risk of loss related to torts, theft, damage or destruction of assets, errors and omissions, injury to employees, and natural disasters. For these risks of loss the County belongs to a public entity risk pool currently operated as a common risk management and insurance program for counties. (New Mexico County Insurance Authority). Amounts of settlements have not exceeded insurance coverage in the past three years.

A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and State Auditor Rule 2.2.2 NMAC covers the officials and certain employees of the County.

6. RETIREMENT PLAN

Plan Description - The County has employees and elected officials who participate in a defined benefit contributory retirement plan through the Public Employees Retirement Act (PERA) of the State of New Mexico. The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustment to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy - The County of Harding coverage requires them to contribute 9.15% of regular employee's gross wages and 10.00% of police employee's gross wages. Regular employees are required to contribute 9.15% of their gross wages and police employees are required to contribute 7.0% of their gross wages. The contribution requirements of plan members and Harding County are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Harding County contribution to PERA for the years ending June 30, 2008, 2007 and 2006 were \$54,143, \$50,901, and \$47,940 respectively.

7. RETIREE HEALTH CARE

The county has elected not to participate in the Retiree Health Care Act.

8. CASH OVERDRAFTS

The cash overdrafts shown in some projects in the Special Revenue Fund and Capital Projects Fund represent expenditures made by the County which will be reimbursed by the grantor. Receivables from grantor are presented to off-set these overdrafts.

9. **LONG-TERM LIABILITIES**

A. Changes in Long-Term Liabilities

During the year ended June 30, 2008, the following changes occurred in the liabilities reported in the District-Wide Statement of Net Assets:

	<u>Balance</u> <u>6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/08</u>	<u>Due Within</u> <u>One Year</u>
NMFA Loan	\$ 42,538	\$ -	\$ 13,659	\$ 28,879	\$ 14,171
Compensated absences	<u>15,707</u>	<u>10,926</u>	<u>1,107</u>	<u>25,526</u>	<u>-</u>
Total	<u>\$ 58,245</u>	<u>\$ 10,926</u>	<u>\$ 14,766</u>	<u>\$ 54,405</u>	<u>\$ 14,171</u>

The General and Road funds normally pay for all compensated absences.

The County entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the County to pay a principal amount \$23,078 and interest for the purpose of defraying the cost of fire protection equipment. The yearly payments are to be redirected from the County's share of the State Fire Fund revenue to the New Mexico Finance Authority. The interest rate is 3.50% to 5.08% plus 0.25% administrative fee. The maturity date is May 1, 2010. The NMFA Loan is liquidated through the Fire District No. 1 Fund.

<u>Due in Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 14,171	\$ 1,100	\$ 15,271
2010	<u>14,708</u>	<u>563</u>	<u>15,271</u>
	<u>\$ 28,879</u>	<u>\$ 1,663</u>	<u>\$ 30,542</u>

10. TRANSFERS

The composition of interfund transfers for Governmental Activities during the year ended June 30, 2008 are as follows:

\$	18,000	From the General Fund to the Rural Addressing Fund for operating expenses
	1,173	From the DWI Program Fund to the DWI Users Fund for operating expenses
	20,112	From the General Fund to the Building Restoration Fund for operating expense
	30,000	From the Road Fund to Capital Improvements for capital outlay
	20,000	From the Capital Improvements Fund to the Capital Projects Fund for capital outlay
	969	From the General Fund to the Capital Improvement Fund for operating expenses
	33	From the General Fund to the EMS Fund #2 for operating expenses
	153,241	From the Capital Projects Fund to the Capital Improvements Fund for capital outlay
	<u>1,000</u>	From the General Fund to the Seniors Program for operating expenses
\$	<u>244,528</u>	

11. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2008, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Government activities:				
Capital assets				
Land	\$ 33,034	\$ -	\$ -	\$ 33,034
Total assets not depreciated	33,034	-	-	33,034
Buildings and improvements	2,052,442	7,340	-	2,059,782
Furniture/machines	1,228,145	7,856	-	1,236,001
Equipment	994,711	539,362	-	1,534,073
Infrastructure	<u>801,492</u>	<u>-</u>	<u>-</u>	<u>801,492</u>
Total assets depreciated	5,076,790	554,558	-	5,631,348
Less accumulated depreciation:				
Buildings and improvements	243,786	55,053	-	298,839
Furniture/machines	970,671	-	-	970,671
Equipment	462,636	110,299	-	572,935
Infrastructure	<u>134,322</u>	<u>79,091</u>	<u>-</u>	<u>213,413</u>
Total accumulated depreciation	<u>1,811,415</u>	<u>244,443</u>	<u>-</u>	<u>2,055,858</u>
Capital assets being depreciated, net of accumulated depreciation	<u>3,265,375</u>	<u>310,115</u>	<u>-</u>	<u>3,575,490</u>
Total capital assets, net of accumulated depreciation	<u>\$ 3,298,409</u>	<u>\$ 310,115</u>	<u>\$ -</u>	<u>\$ 3,608,524</u>
Depreciation expense was charged to governmental activities as follows:				
Unallocated				<u>\$ 244,443</u>
Total depreciation expense				<u>\$ 244,443</u>

OTHER MAJOR FUND BUDGETS

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CAPITAL PROJECT FUND - BUILDING RESTORATION ADA FUND
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State source	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	20,112	20,112
Total other financing sources (uses)	-	-	20,112	20,112
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ 20,112	\$ 20,112
Cash balance, beginning of year	\$ 232,226	\$ 232,226	\$ 232,226	\$ -
Cash balance, end of year	<u>\$ 232,226</u>	<u>\$ 232,226</u>	<u>\$ 252,338</u>	<u>\$ 20,112</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 20,112	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 20,112</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CAPITAL PROJECT FUND - CAPITAL IMPROVEMENTS FUND
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Capital Outlay	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	41,326	41,326
Operating transfers out	-	-	(20,000)	(20,000)
Total other financing sources (uses)	-	-	21,326	21,326
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ 21,326	\$ 21,326
Cash balance, beginning of year	\$ 198,601	\$ 198,601	\$ 198,601	\$ -
Cash balance, end of year	\$ 198,601	\$ 198,601	\$ 219,927	\$ 21,326
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 21,326	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 21,326</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CAPITAL PROJECT FUND - SPECIAL APPROPRIATIONS PROJECT FUND
 FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 162,251	\$ 162,251	\$ 137,725	\$ (24,526)
Total revenues	162,251	162,251	137,725	(24,526)
EXPENDITURES				
Highways and streets	78,182	78,182	55,725	22,457
Total expenditures	78,182	78,182	55,725	22,457
Excess (deficiency) of revenues over expenditures	84,069	84,069	82,000	(2,069)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	2,069	2,069
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	2,069	2,069
Excess (deficiency) of revenues and other sources over expenditures	\$ 84,069	\$ 84,069	\$ 84,069	\$ -
Cash balance, beginning of year	\$ (84,069)	\$ (84,069)	\$ (84,069)	\$ -
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 84,069	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 84,069</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CAPITAL PROJECT FUND - ECONOMIC DEVELOPMENT PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State source	\$ -	\$ -	\$ 3,014	\$ 3,014
Total revenues	-	-	3,014	3,014
EXPENDITURES				
Capital outlay	-	-	-	-
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	3,014	3,014
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ 3,014	\$ 3,014
Cash balance, beginning of year	\$ 1,979	\$ 1,979	\$ 1,979	\$ -
Cash balance, end of year	\$ 1,979	\$ 1,979	\$ 4,993	\$ 3,014
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 3,014	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 3,014</u>	

See independent auditors' report and accompanying notes to financial statements.

NON-MAJOR FUNDS

STATE OF NEW MEXICO, HARDING COUNTY

**COMBINING BALANCE SHEET BY FUND TYPE
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
ASSETS			
Cash on deposits	\$ 275,004	\$ 55,847	\$ 330,851
Accounts receivable	<u>3,611</u>	<u>-</u>	<u>3,611</u>
Total assets	<u>278,615</u>	<u>55,847</u>	<u>334,462</u>
LIABILITIES			
Cash overdraft	37,318	-	37,318
Accounts payable	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total liabilities	45,318	-	45,318
FUND BALANCE			
Unreserved			
Designated for subsequent year's expenditures	<u>233,297</u>	<u>55,847</u>	<u>289,144</u>
Total fund balance	<u>233,297</u>	<u>55,847</u>	<u>289,144</u>
Total liabilities and fund balance	<u>\$ 278,615</u>	<u>\$ 55,847</u>	<u>\$ 334,462</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE BY FUND TYPE
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
REVENUES			
Property taxes	\$ 6,631	\$ -	\$ 6,631
Charges for services	4,608	-	4,608
Fines and forfeitures	37,567	-	37,567
Local sources	2,440	-	2,440
State sources	337,101	268,438	605,539
Federal sources	24,672	-	24,672
Gross receipts taxes	<u>47,310</u>	<u>-</u>	<u>47,310</u>
Total revenues	460,329	268,438	728,767
EXPENDITURES			
Current:			
General government	3,242	-	3,242
Public safety	204,900	2,702	207,602
Health and welfare	151,321	-	151,321
Culture and recreation	2,140	-	2,140
Capital outlay	16,139	265,442	281,581
Debt Service:			
Principal	13,659	-	13,659
Interest	<u>1,107</u>	<u>-</u>	<u>1,107</u>
Total expenditures	<u>392,508</u>	<u>268,144</u>	<u>660,652</u>
Excess (deficiency) revenues over expenditures	67,821	294	68,115
OTHER FINANCING SOURCES (USES)			
Operating transfers in	20,206	160,815	181,021
Operating transfers out	<u>(1,173)</u>	<u>(153,241)</u>	<u>(154,414)</u>
Total other financing sources (uses)	<u>19,033</u>	<u>7,574</u>	<u>26,607</u>
Net change in fund balance	\$ 86,854	\$ 7,868	\$ 94,722
Fund balance beginning of year	\$ <u>146,443</u>	\$ <u>47,979</u>	\$ <u>194,422</u>
Fund balance end of year	<u>\$ 233,297</u>	<u>\$ 55,847</u>	<u>\$ 289,144</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 SPECIAL REVENUE FUNDS
 GOVERNMENTAL FUNDS TYPES - NON-MAJOR
 JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 5,400	\$ 5,400	\$ 6,631	\$ 1,231
Charges for services	4,750	4,750	4,861	111
Fines and forfeitures	3,000	3,000	37,567	34,567
Local sources	2,750	4,000	10,086	6,086
State sources	290,036	307,810	328,031	20,221
Federal sources	24,498	25,261	24,672	(589)
Gross receipts taxes	<u>77,770</u>	<u>77,770</u>	<u>45,211</u>	<u>(32,559)</u>
Total revenues	408,204	427,991	457,059	29,068
EXPENDITURES				
General government	34,314	34,237	3,242	30,995
Highways and streets	-	-	-	-
Public safety	247,391	253,622	204,899	48,723
Health and welfare	142,596	162,133	151,321	10,812
Culture and recreation	2,140	2,140	2,140	-
Capital outlay	136,290	122,790	16,139	106,651
Debt service - principal	13,659	13,659	13,659	-
Debt service - interest	<u>1,107</u>	<u>1,107</u>	<u>1,107</u>	<u>-</u>
Total expenditures	<u>577,497</u>	<u>589,688</u>	<u>392,507</u>	<u>197,181</u>
Excess (deficiency) of revenues over expenditures	(169,293)	(161,697)	64,552	226,249
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	20,206	20,206
Operating transfers out	<u>-</u>	<u>-</u>	<u>(1,173)</u>	<u>(1,173)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>19,033</u>	<u>19,033</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ (169,293)	\$ (161,697)	\$ 83,585	\$ 245,282
Cash balance, beginning of year	<u>\$ 191,419</u>	<u>\$ 191,419</u>	<u>\$ 191,419</u>	<u>\$ -</u>
Cash balance, end of year	<u>\$ 22,126</u>	<u>\$ 29,722</u>	<u>\$ 275,004</u>	<u>\$ 245,282</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 83,585	
Revenue accruals			3,269	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 86,854</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BASIS
 CAPITAL PROJECTS FUNDS
 GOVERNMENTAL FUNDS TYPES - NON-MAJOR
 JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 268,038	\$ 268,038	\$ 268,438	\$ 400
Federal sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	268,038	268,038	268,438	400
EXPENDITURES				
Capital outlay	265,442	265,442	265,442	-
Health and welfare	<u>2,596</u>	<u>2,596</u>	<u>2,702</u>	<u>(106)</u>
Total expenditures	<u>268,038</u>	<u>268,038</u>	<u>268,144</u>	<u>(106)</u>
Excess (deficiency) of revenues over expenditures	-	-	294	294
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	160,815	160,815
Operating transfers out	<u>-</u>	<u>-</u>	<u>(153,241)</u>	<u>(153,241)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>7,574</u>	<u>7,574</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ 7,868	\$ 7,868
Cash balance, beginning of year	<u>\$ 47,979</u>	<u>\$ 47,979</u>	<u>\$ 47,979</u>	<u>\$ -</u>
Cash balance, end of year	<u>\$ 47,979</u>	<u>\$ 47,979</u>	<u>\$ 55,847</u>	<u>\$ 7,868</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 7,868	
Revenue accruals			-	
Expenditure accruals			<u>-</u>	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 7,868</u>	

See independent auditors' report and accompanying notes to financial statements.

SPECIAL REVENUE FUNDS

FARM AND RANGE FUND - To account for the operations of farm and range activities, including soil and water conservation, predatory animal and insect control. Financing is provided from distributions made under the Taylor Grazing Act. Authority is Section 6-11-6, NMSA 1978.

LAND USE FUND - To account for monies received from the sale of books that provide an economic social profile and history of the County. Authority is NMSA 6-1-6.

FIRE DISTRICT FUNDS - To account for the operations and maintenance for the two fire districts. Financing is provided by an allotment from the State Fire Marshall under NMSA 59A-53-1, NMSA 1978.

EMERGENCY MEDICAL SERVICES FUND (EMS No. 1 and No. 2) - To account for a grant from the State of New Mexico to be used for the acquisition of emergency medical services to County residents. Sources of funds are the State of New Mexico Health Department Emergency Medical Services Bureau. Authority is Section 24-10A-1 through 10, NMSA 1978,

RECORDING AND EQUIPMENT FUND - To account for monies collected by the County Clerk's office for each instrument recorded and when the instrument is photocopied, the County Clerk may charge, in addition to any other fees authorized by law, an equipment recording fee. The equipment recording fee revenues are to be expended only to rent, purchase, lease or lease-purchase equipment associated with recording, filing, maintaining or reproducing documents in the County Clerk's office and for staff training on office procedures and equipment. Authority is the Absentee-Early Voting Act (Section 14-8-12.2, NMSA 1978).

REAPPRAISAL FUND - To account for the operations of a fund to help with reappraisal of County property to insure valuation reflects current fair market value. Financing is provide by retainage of 1% of tax collections. Authority is Section 7-38-38.1, NMSA 1978).

EMT FUND - To account for a Special Infrastructure gross receipts tax (1/16th) to be used for stipends for Certified Emergency Medical Technicians (EMT's) and ambulance drivers within Harding County. Authority is NMSA 6-1-6.

DWI GRANT FUND - To account for a grant from the State of New Mexico for D.W.I. detection, screening, treatment, law enforcement and prevention pursuant to Chapter 65, New Mexico Laws of 1993. Authority is Section 11-6A-1 through 11-6A-6, NMSA 1978.

DWI PROGRAM FUND - To account for a grant from the State of New Mexico to be used for prevention, education, treatment and screening. Authority is Section 11-6A-1 NMSA (1978).

DWI USERS FUND - To account for Screening/Assessment Fees (determined on a sliding scale) to be used for DWI functions not funded by the DWI Grant. Authority is NMSA 1978 6-1-6.

BEAUTIFICATION GRANT FUND - To account for resources from the State of New Mexico, New Mexico Department of Tourism for the "New Mexico Litter Control and Beautification Act" to eliminate litter from the State to the maximum practical extent through a State coordinated plan of education, control, prevention and elimination. Authority is Sections 67-16-1 to 67-16-14, NMSA 1978.

LAW ENFORCEMENT PROTECTION FUND - To account for a grant from the State of New Mexico. Correction Department through the Law Enforcement Protection Act. The funding is to be used for law enforcement improvements. Authority is 29-13-1, NMSA 1978.

JAIL DETENTION FUND - To account for funds received from the General Fund and from citation issued within the County for housing County prisoners. Authority is NMSA 1978 33-3-25 and 34-14-11.

EMERGENCY MANAGEMENT FUND - To account for resources received from the Federal Emergency Management Agency through the State of New Mexico Department of Public Safety, Emergency Management Bureau and General Fund matching monies to help implement the "All Hazards Emergency Operations Plan" adopted by the County. Authority is NMSA 1978 6-1-6.

RURAL ADDRESSING FUND - To account for resources provided by the General Fund to be used to mark rural addresses for use by emergency personnel. Authority is NMSA 6-1-6.

MCCUNE FUND - To account for resources received from the McCune Charitable Foundation for the purpose of purchasing a replacement repeater and peripheral equipment, as well as replacing old radios in the first response emergency units.

AIRPORT PLANNING PROGRAM FUND - To account for funds received from the Federal Aviation Administration, Department of Transportation, to be used for planning an integrated airport system in a specific area. This plan is to determine the best site for an airport to be built within the County. Authority is Public Law 103-272.

SENIOR PROGRAM FUND - To account for the operations of the senior citizen centers funded by Eastern New Mexico Area Agency on Aging, congregate and charges for deliveries, and the County's contributions. Resources are received by a grant from Area Agency on Aging from the Older Americans Act, Title III-B, IIIC-1, IIIC-2 and IIID, monies and monies appropriated in Chapter 12, 1996 Laws of New Mexico (HB2). Also, to account for funds received from the U.S. Department of Agriculture through the Eastern New Mexico area Agency on Aging to be used solely for the purchase of United States Agricultural commodities and other foods produced in the United States for use in the food operations at the Senior Centers. Authority is the Older Americans Act, House Bill 2 and the U.S. Department of Agricultural.

COUNTY HEALTH PROGRAM - To account for resources received from the New Mexico Department of Health to obtain a Health Coordinator to implement an overall comprehensive plan that will encourage a family, school and community partnership to promote healthy behavior and identify health issues of importance to County citizens.

STATE OF NEW MEXICO, HARDING COUNTY

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	<u>Farm and Range Fund</u>	<u>Land Use Fund</u>	<u>Fire District No. 1 Fund</u>	<u>EMS No. 1 Fund</u>	<u>EMS No. 2 Fund</u>	<u>Recording and Equipment Fund</u>	<u>Reappraisal Fund</u>	<u>EMT Fund</u>	<u>DWI Grant Fund</u>	<u>DWI Program Fund</u>
ASSETS										
Cash on deposits	\$ 581	\$ -	\$ 138,456	\$ -	\$ -	\$ 29,395	\$ 7,522	\$ 11,978	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-	1,107	-	-
Due from grantor	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	<u>581</u>	<u>-</u>	<u>138,456</u>	<u>-</u>	<u>-</u>	<u>29,395</u>	<u>7,522</u>	<u>13,085</u>	<u>-</u>	<u>-</u>
LIABILITIES										
Cash overdraft	-	-	-	-	-	-	-	-	37,318	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,318</u>	<u>-</u>
FUND BALANCE										
Unreserved										
Designated for subsequent year's expenditures	<u>581</u>	<u>-</u>	<u>138,456</u>	<u>-</u>	<u>-</u>	<u>29,395</u>	<u>7,522</u>	<u>13,085</u>	<u>(37,318)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 581</u>	<u>\$ -</u>	<u>\$ 138,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,395</u>	<u>\$ 7,522</u>	<u>\$ 13,085</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	<u>DWI Users Fund</u>	<u>Beautification Grant Fund</u>	<u>Law Enforcement Protection Fund</u>	<u>Jail Detention Fund</u>	<u>Rural Addressing Fund</u>	<u>McCune Fund</u>	<u>Airport Planning Fund</u>	<u>Senior Program Fund</u>	<u>County Health Program Fund</u>	<u>Total</u>
ASSETS										
Cash on deposits	\$ 5,323	\$ -	\$ 10,069	\$ 60,848	\$ 173	\$ 8,000	\$ -	\$ 1,536	\$ 1,123	\$ 275,004
Accounts receivable	-	-	-	2,504	-	-	-	-	-	3,611
Due from grantor	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	<u>5,323</u>	<u>-</u>	<u>10,069</u>	<u>63,352</u>	<u>173</u>	<u>8,000</u>	<u>-</u>	<u>1,536</u>	<u>1,123</u>	<u>278,615</u>
LIABILITIES										
Cash overdraft	-	-	-	-	-	-	-	-	-	37,318
Deferred revenue	-	-	-	-	-	8,000	-	-	-	8,000
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	8,000	-	-	-	45,318
FUND BALANCE										
Unreserved										
Designated for subsequent year's expenditures	<u>5,323</u>	<u>-</u>	<u>10,069</u>	<u>63,352</u>	<u>173</u>	<u>-</u>	<u>-</u>	<u>1,536</u>	<u>1,123</u>	<u>233,297</u>
Total liabilities and fund balance	<u>\$ 5,323</u>	<u>\$ -</u>	<u>\$ 10,069</u>	<u>\$ 63,352</u>	<u>\$ 173</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ 1,536</u>	<u>\$ 1,123</u>	<u>\$ 278,615</u>

(Concluded)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
JUNE 30, 2008

	Farm and Range Fund	Land Use Fund	Fire District No. 1 Fund	EMS No. 1 Fund	EMS No. 2 Fund	Recording and Equipment Fund	Reappraisal Fund	EMT Fund	DWI Grant Fund	DWI Program Fund
REVENUES										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,631	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	3,318	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	95,325	-	7,646	-	-	-	26,654	57,602
Federal sources	37	-	-	-	-	-	-	-	-	-
Gross receipts taxes	-	-	-	-	-	-	-	13,953	-	-
Total revenues	37	-	95,325	-	7,646	3,318	6,631	13,953	26,654	57,602
EXPENDITURES										
General government	-	-	-	-	-	68	1,196	-	-	-
Public safety	-	-	22,313	931	9,157	-	-	9,600	49,203	57,554
Health and welfare	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	8,799	-	-	-	-
Debt service										
Principal	-	-	13,659	-	-	-	-	-	-	-
Interest	-	-	1,107	-	-	-	-	-	-	-
Total expenditures	-	-	37,079	931	9,157	8,867	1,196	9,600	49,203	57,554
Excess (deficiency) of revenues over expenditures	37	-	58,246	(931)	(1,511)	(5,549)	5,435	4,353	(22,549)	48
OTHER FINANCING SOURCES (USES)										
Operating transfers in	-	-	-	-	33	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	(1,173)
Total other financing source (uses)	-	-	-	-	33	-	-	-	-	(1,173)
Net change in fund balance	\$ 37	\$ -	\$ 58,246	\$ (931)	\$ (1,478)	\$ (5,549)	\$ 5,435	\$ 4,353	\$ (22,549)	\$ (1,125)
Fund balance, beginning of year	\$ 544	\$ -	\$ 80,210	\$ 931	\$ 1,478	\$ 34,944	\$ 2,087	\$ 8,732	\$ (14,769)	\$ 1,125
Fund balance, end of year	\$ 581	\$ -	\$ 138,456	\$ -	\$ -	\$ 29,395	\$ 7,522	\$ 13,085	\$ (37,318)	\$ -

(Continued)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
JUNE 30, 2008

	DWI Users Fund	Beautification Grant Fund	Law Enforcement Protection Fund	Jail Detention Fund	Rural Addressing Fund	Airport Planning Fund	Senior Program Fund	County Health Program Fund	Total
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,631
Charges for services	1,290	-	-	-	-	-	-	-	4,608
Fines and forfeitures	-	-	-	37,567	-	-	-	-	37,567
Local sources	1,440	-	-	-	-	-	1,000	-	2,440
State sources	-	-	20,853	-	-	-	80,821	48,200	337,101
Federal sources	-	-	-	-	-	-	24,635	-	24,672
State shared taxes	-	-	-	33,357	-	-	-	-	47,310
Total revenues	2,730	-	20,853	70,924	-	-	106,456	48,200	460,329
EXPENDITURES									
General government	-	-	-	-	-	1,978	-	-	3,242
Public safety	4,065	-	11,495	22,105	18,477	-	-	-	204,900
Health and welfare	-	-	-	-	-	-	103,121	48,200	151,321
Culture and recreation	-	2,140	-	-	-	-	-	-	2,140
Capital outlay	-	-	-	-	-	-	7,340	-	16,139
Debt service									
Principal	-	-	-	-	-	-	-	-	13,659
Interest	-	-	-	-	-	-	-	-	1,107
Total expenditures	4,065	2,140	11,495	22,105	18,477	1,978	110,461	48,200	392,508
Excess (deficiency) of revenues over expenditures	(1,335)	(2,140)	9,358	48,819	(18,477)	(1,978)	(4,005)	-	67,821
OTHER FINANCING SOURCES (USES)									
Operating transfers in	1,173	-	-	-	18,000	-	1,000	-	20,206
Operating transfers out	-	-	-	-	-	-	-	-	(1,173)
Total other financing source (uses)	1,173	-	-	-	18,000	-	1,000	-	19,033
Net change in fund balance	\$ (162)	\$ (2,140)	\$ 9,358	\$ 48,819	\$ (477)	\$ (1,978)	\$ (3,005)	\$ -	\$ 86,854
Fund balance, beginning of year	\$ 5,485	\$ 2,140	\$ 711	\$ 14,533	\$ 650	\$ 1,978	\$ 4,541	\$ 1,123	\$ 146,443
Fund balance, end of year	\$ 5,323	\$ -	\$ 10,069	\$ 63,352	\$ 173	\$ -	\$ 1,536	\$ 1,123	\$ 233,297

See independent auditors' report and accompanying notes to financial statements.

(Concluded)

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - FARM & RANGE FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ -	\$ -	\$ 37	\$ 37
Total revenues	-	-	37	37
EXPENDITURES				
Health and welfare	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 37	\$ 37
Cash balance, beginning of year	\$ 544	\$ 544	\$ 544	\$ -
Cash balance, end of year	\$ 544	\$ 544	\$ 581	\$ 37
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 37	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 37</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - LAND USE FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Charges for service	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -
Cash balance, beginning of year	\$ -	\$ -	\$ -	\$ -
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ -	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - FIRE DISTRICT NO. 1 FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 89,079	\$ 89,079	\$ 95,325	\$ 6,246
Total revenues	89,079	89,079	95,325	6,246
EXPENDITURES				
Public Safety	48,000	61,500	37,079	24,421
Capital outlay	121,289	107,789	-	107,789
Total expenditures	169,289	169,289	37,079	132,210
Excess (deficiency) of revenues over expenditures	(80,210)	(80,210)	58,246	138,456
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ (80,210)	\$ (80,210)	\$ 58,246	\$ 138,456
Cash balance, beginning of year	\$ 80,210	\$ 80,210	\$ 80,210	\$ -
Cash balance, end of year	\$ -	\$ -	\$ 138,456	\$ 138,456
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 58,246	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 58,246</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - EMS NO. 1 FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 7,783	\$ 7,783	\$ -	\$ (7,783)
Total revenues	7,783	7,783	-	(7,783)
EXPENDITURES				
Public safety	<u>931</u>	<u>931</u>	<u>931</u>	<u>-</u>
Total expenditures	<u>931</u>	<u>931</u>	<u>931</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	\$ 6,852	\$ 6,852	\$ (931)	\$ (7,783)
Cash balance, beginning of year	<u>\$ 931</u>	<u>\$ 931</u>	<u>\$ 931</u>	<u>\$ -</u>
Cash balance, end of year	<u>\$ 7,783</u>	<u>\$ 7,783</u>	<u>\$ -</u>	<u>\$ (7,783)</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ (931)	
Revenue accruals			-	
Expenditure accruals			<u>-</u>	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (931)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - EMS NO. 2 FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 5,157	\$ 5,157	\$ 7,646	\$ 2,489
Total revenues	5,157	5,157	7,646	2,489
EXPENDITURES				
Public safety	7,607	7,607	9,157	(1,550)
Total expenditures	7,607	7,607	9,157	(1,550)
Excess (deficiency) of revenues over expenditures	(2,450)	(2,450)	(1,511)	939
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	33	33
Total other financing sources	-	-	33	33
Excess (deficiency) of revenues and other sources over expenditures	\$ (2,450)	\$ (2,450)	\$ (1,478)	\$ 972
Cash balance, beginning of year	\$ 1,478	\$ 1,478	\$ 1,478	\$ -
Cash balance, end of year	<u>\$ (972)</u>	<u>\$ (972)</u>	<u>\$ -</u>	<u>\$ 972</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ (1,478)	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (1,478)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - RECORDING AND EQUIPMENT FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Charges for services	\$ 4,500	\$ 4,500	\$ 3,318	\$ (1,182)
Total revenues	4,500	4,500	3,318	(1,182)
EXPENDITURES				
General government	24,444	24,444	68	24,376
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>8,799</u>	<u>6,201</u>
Total expenditures	<u>39,444</u>	<u>39,444</u>	<u>8,867</u>	<u>30,577</u>
Excess (deficiency) of revenues over expenditures	\$ (34,944)	\$ (34,944)	\$ (5,549)	\$ 29,395
Cash balance, beginning of year	<u>\$ 34,944</u>	<u>\$ 34,944</u>	<u>\$ 34,944</u>	<u>\$ -</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,395</u>	<u>\$ 29,395</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ (5,549)	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (5,549)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - REAPPRAISAL FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 5,400	\$ 5,400	\$ 6,631	\$ 1,231
Local sources	-	-	-	-
Total revenues	5,400	5,400	6,631	1,231
EXPENDITURES				
General government	7,477	7,477	1,196	6,281
Capital outlay	-	-	-	-
Total expenditures	7,477	7,477	1,196	6,281
Excess (deficiency) of revenues over expenditures	\$ (2,077)	\$ (2,077)	\$ 5,435	\$ 7,512
Cash balance, beginning of year	\$ 2,087	\$ 2,087	\$ 2,087	\$ -
Cash balance, end of year	\$ 10	\$ 10	\$ 7,522	\$ 7,512
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 5,435	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 5,435</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - EMT FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Gross receipts taxes	\$ 4,000	\$ 4,000	\$ 12,846	\$ 8,846
Total revenues	4,000	4,000	12,846	8,846
EXPENDITURES				
Public safety	-	-	9,600	(9,600)
Total expenditures	-	-	9,600	(9,600)
Excess (deficiency) of revenues over expenditures	\$ 4,000	\$ 4,000	\$ 3,246	\$ (754)
Cash balance, beginning of year	\$ 8,732	\$ 8,732	\$ 8,732	\$ -
Cash balance, end of year	<u>\$ 12,732</u>	<u>\$ 12,732</u>	<u>\$ 11,978</u>	<u>\$ (754)</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 3,246	
Revenue accruals			1,107	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 4,353</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - DWI GRANT FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 64,770	\$ 64,770	\$ 26,654	\$ (38,116)
Total revenues	64,770	64,770	26,654	(38,116)
EXPENDITURES				
Public safety	50,000	50,000	49,203	797
Total expenditures	50,000	50,000	49,203	797
Excess (deficiency) of revenues over expenditures	\$ 14,770	\$ 14,770	\$ (22,549)	\$ (37,319)
Cash balance, beginning of year	\$ (14,769)	\$ (14,769)	\$ (14,769)	\$ -
Cash balance, end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (37,318)</u>	<u>\$ (37,319)</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ (22,549)	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (22,549)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - DWI PROGRAM FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 64,770	\$ 64,770	\$ 57,554	\$ (7,216)
Total revenues	64,770	64,770	57,554	(7,216)
EXPENDITURES				
Public safety	69,977	58,728	57,554	1,174
Total expenditures	69,977	58,728	57,554	1,174
Excess (deficiency) of revenues over expenditures	(5,207)	6,042	-	(6,042)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,173)	(1,173)
Total other financing sources	-	-	(1,173)	(1,173)
Excess (deficiency) of revenues and other sources over expenditures	(5,207)	6,042	(1,173)	(7,215)
Cash balance, beginning of year	\$ 1,173	\$ 1,173	\$ 1,173	\$ -
Cash balance, end of year	<u>\$ (4,034)</u>	<u>\$ 7,215</u>	<u>\$ -</u>	<u>\$ (7,215)</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ (1,173)	
Revenue accruals			48	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (1,125)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - DWI USERS FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Charges for services	\$ 250	\$ 250	\$ 1,290	\$ 1,040
Local sources	<u>2,750</u>	<u>4,000</u>	<u>1,440</u>	<u>(2,560)</u>
Total revenues	3,000	4,250	2,730	(1,520)
EXPENDITURES				
Public safety	<u>9,660</u>	<u>9,660</u>	<u>4,065</u>	<u>5,595</u>
Total expenditures	<u>9,660</u>	<u>9,660</u>	<u>4,065</u>	<u>5,595</u>
Excess (deficiency) of revenues over expenditures	\$ (6,660)	\$ (5,410)	\$ (1,335)	\$ 4,075
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>1,173</u>	<u>1,173</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,173</u>	<u>1,173</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ (6,660)	\$ (5,410)	\$ (162)	\$ 5,248
Cash balance, beginning of year	\$ <u>5,485</u>	\$ <u>5,485</u>	\$ <u>5,485</u>	\$ -
Cash balance, end of year	<u>\$ (1,175)</u>	<u>\$ 75</u>	<u>\$ 5,323</u>	<u>\$ 5,248</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ (162)	
Revenue accruals			-	
Expenditure accruals			<u>-</u>	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (162)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - BEAUTIFICATION GRANT FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Culture and recreation	2,140	2,140	2,140	-
Total expenditures	2,140	2,140	2,140	-
Excess (deficiency) of revenues over expenditures	\$ (2,140)	\$ (2,140)	\$ (2,140)	\$ -
Cash balance, beginning of year	\$ 2,140	\$ 2,140	\$ 2,140	\$ -
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ (2,140)	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (2,140)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - LAW ENFORCEMENT PROTECTION FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local sources	\$ 20,600	\$ 20,600	\$ 20,853	\$ 253
Total revenues	20,600	20,600	20,853	253
EXPENDITURES				
Public safety	21,311	21,311	11,495	9,816
Total expenditures	21,311	21,311	11,495	9,816
Excess (deficiency) of revenues over expenditures	\$ (711)	\$ (711)	\$ 9,358	\$ 10,069
Cash balance, beginning of year	\$ 711	\$ 711	\$ 711	\$ -
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,069</u>	<u>\$ 10,069</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 9,358	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 9,358</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - JAIL DETENTION FUND
 YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Fines and forfeitures	\$ 3,000	\$ 3,000	\$ 37,567	\$ 34,567
State shared taxes	<u>9,000</u>	<u>9,000</u>	<u>30,853</u>	<u>21,853</u>
Total revenues	12,000	12,000	68,420	56,420
EXPENDITURES				
Public safety	<u>40,000</u>	<u>40,000</u>	<u>22,105</u>	<u>17,895</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>22,105</u>	<u>17,895</u>
Excess (deficiency) of revenues over expenditures	\$ (28,000)	\$ (28,000)	\$ 46,315	\$ 74,315
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ (28,000)	\$ (28,000)	\$ 46,315	\$ 74,315
Cash balance, beginning of year	<u>\$ 14,533</u>	<u>\$ 14,533</u>	<u>\$ 14,533</u>	<u>\$ -</u>
Cash balance, end of year	<u>\$ (13,467)</u>	<u>\$ (13,467)</u>	<u>\$ 60,848</u>	<u>\$ 74,315</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 46,315	
Revenue accruals			2,504	
Expenditure accruals			<u>-</u>	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 48,819</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - RURAL ADDRESSING FUND
YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Public Safety	14,651	18,651	18,477	174
Total expenditures	14,651	18,651	18,477	174
Excess (deficiency) of revenues over expenditures	(14,651)	(18,651)	(18,477)	174
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	18,000	18,000
Total other financing sources	-	-	18,000	18,000
Excess (deficiency) of revenues and other sources over expenditures	\$ (14,651)	\$ (18,651)	\$ (477)	\$ 18,174
Cash balance, beginning of year	\$ 650	\$ 650	\$ 650	\$ -
Cash balance, end of year	\$ (14,001)	\$ (18,001)	\$ 173	\$ 18,174
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ (477)	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (477)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - AIRPORT PLANNING FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
General government	2,393	2,393	-	2,393
Total expenditures	2,393	2,393	-	2,393
Excess (deficiency) of revenues over expenditures	(2,393)	(2,393)	-	2,393
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ (2,393)	\$ (2,393)	\$ -	\$ 2,393
Cash balance, beginning of year	\$ -	\$ -	\$ -	\$ -
Cash balance, end of year	<u>\$ (2,393)</u>	<u>\$ (2,393)</u>	<u>\$ -</u>	<u>\$ 2,393</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ -	
Revenue accruals			(1,978)	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (1,978)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - SENIOR PROGRAM FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	1,000	1,000
State sources	88,586	89,660	88,351	(1,309)
Federal sources	24,498	25,261	24,635	(626)
Total revenues	113,084	114,921	113,986	(935)
EXPENDITURES				
Health and welfare	111,096	113,933	103,121	10,812
Capital outlay	-	-	7,340	(7,340)
Total expenditures	111,096	113,933	110,461	3,472
Excess (deficiency) of revenues over expenditures	1,988	988	3,525	2,537
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,000	1,000
Total other financing sources	-	-	1,000	1,000
Excess (deficiency) of revenues and other sources over expenditures	\$ 1,988	\$ 988	\$ 4,525	\$ 3,537
Cash balance, beginning of year	\$ (2,989)	\$ (2,989)	\$ (2,989)	\$ -
Cash balance, end of year	\$ (1,001)	\$ (2,001)	\$ 1,536	\$ 3,537
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 4,525	
Revenue accruals			(7,530)	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ (3,005)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - COUNTY HEALTH PROGRAM FUND
 YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 27,000	\$ 43,700	\$ 48,200	\$ 4,500
Total revenues	27,000	43,700	48,200	4,500
EXPENDITURES				
Health and welfare	31,500	48,200	48,200	-
Total expenditures	31,500	48,200	48,200	-
Excess (deficiency) of revenues over expenditures	(4,500)	(4,500)	-	4,500
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ (4,500)	\$ (4,500)	\$ -	\$ -
Cash balance, beginning of year	\$ 1,123	\$ 1,123	\$ 1,123	\$ -
Cash balance, end of year	<u>\$ (3,377)</u>	<u>\$ (3,377)</u>	<u>\$ 1,123</u>	<u>\$ -</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ -	
Revenue accruals			(1,123)	
Expenditure accruals			<u>1,123</u>	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements.

CAPITAL PROJECTS FUND

SPECIAL APPROPRIATION PROJECT FUND (ROAD UPGRADE) - To account for resources received from the New Mexico State Legislature, Special Appropriations Project, Laws of 2005, Severance Tax Bond, Chapter 347, Section 20, Subsection 22 to be used for the planning design, construction, improvement and upgrading of roads in Harding County.

ECONOMIC DEVELOPMENT PROGRAM - To account for special Appropriations from the State Legislature (Laws 2004, Chapter 126) to plan, design, construct and equip a metal fabrication shop. Also, to plan, design, construct and purchase land for a building to house the economic development offices.

STATE OF NEW MEXICO, HARDING COUNTY

COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2008

	Special Appropriation Project Fund
ASSETS	
Cash on deposits	\$ 55,847
Total assets	<u>55,847</u>
FUND BALANCE	
Unreserved	
Designated for subsequent year's expenditures	<u>55,847</u>
Total fund balance	<u>55,847</u>
Total liabilities and fund balance	<u>\$ 55,847</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Special Appropriation Project Fund
REVENUES	
State sources	\$ 268,438
Total revenues	268,438
EXPENDITURES	
Public safety	2,702
Capital projects	265,442
Total expenditures	268,144
Excess (deficiency) of revenues over expenditures	294
OTHER FINANCING SOURCES (USES):	
Operating transfers in	160,815
Operating transfers out	(153,241)
Total other financing source (uses)	7,574
Net change in fund balance	\$ 7,868
Fund balance, beginning of year	\$ 47,979
Fund balance, end of year	\$ 55,847

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR CAPITAL PROJECTS FUND - SPECIAL APPROPRIATION PROJECT FUND
 YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 268,038	\$ 268,038	\$ 268,438	\$ 400
Federal sources	-	-	-	-
Total revenues	268,038	268,038	268,438	400
EXPENDITURES				
Capital outlay	265,442	265,442	265,442	-
Public safety	2,596	2,596	2,702	(106)
Total expenditures	268,038	268,038	268,144	(106)
Excess (deficiency) of revenues over expenditures	-	-	294	294
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	160,815	160,815
Transfers out	-	-	(153,241)	(153,241)
Total other financing sources	-	-	7,574	7,574
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ 7,868	\$ 7,868
Cash balance, beginning of year	\$ 47,979	\$ 47,979	\$ 47,979	\$ -
Cash balance, end of year	\$ 47,979	\$ 47,979	\$ 55,847	\$ 7,868
Reconciliation of Budgetary Basis to GAAP Basis:				
Excess (deficiency) of revenues over cash expenditures			\$ 7,868	
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues over expenditures - GAAP Basis			<u>\$ 7,868</u>	

See independent auditors' report and accompanying notes to financial statements.

SUPPLEMENTARY INFORMATION

AGENCY FUND

COUNTY TAX COLLECTIONS - To account for taxes and other monies collected by the County on behalf of the School Districts and Municipalities within the County and the State of New Mexico.

STATE OF NEW MEXICO, HARDING COUNTY

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2008**

	Balance			Balance
	June 30, 2007	Additions	Deletions	June 30, 2008
ASSETS				
Cash on deposit	\$ 217,059	\$ 146,945	\$ 271,619	\$ 92,385
Accounts receivable	<u>-</u>	<u>234,120</u>	<u>-</u>	<u>234,120</u>
Total assets	<u>217,059</u>	<u>381,065</u>	<u>271,619</u>	<u>326,505</u>
LIABILITIES				
Deposits held for others:				
Predator Control	988	16,932	17,524	396
Mesa Soil Conservation	5	2,099	2,067	37
Treasurer-Taxes Paid in Suspense	207,488	109,446	-	316,934
Treasurer-Overpayment of Taxes	97	-	-	97
Treasurer-Taxes Paid in Advance	93	-	-	93
Municipalities	24	3,519	3,490	53
State of New Mexico	58	33,830	33,686	202
School Districts	<u>8,306</u>	<u>462,795</u>	<u>462,408</u>	<u>8,693</u>
Total liabilities	<u>\$ 217,059</u>	<u>\$ 628,621</u>	<u>\$ 519,175</u>	<u>\$ 326,505</u>

See independent auditors' report and accompanying notes to financial statements.



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

Hector H. Balderas, State Auditor
and Commissioners of
Harding County, New Mexico
Mosquero, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparison for the general fund, the combining and individual funds and budgetary comparisons presented as supplementary information of the Harding County (the "County") as of and for the year ended June 30, 2008, and have issued our report thereon dated October 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses (Items IC 02-03, IC 06-01, IC 06-05, IC 06-07, and IC 07-02) to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in

more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items CF 06-03, CF 07-01 and CF 07-03.

Harding County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Commissioners, the County's management, the State Auditor, the New Mexico State Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



El Paso, Texas
October 5, 2009

**HARDING COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008**

Prior audit findings	Current status
IC 02-03 Late Audit Report	Repeat - 02-03
IC 06-01 Bank Account for Fire Donations	Repeat - 06-01
IC 06-02 Outstanding Check List	Resolved
CF 06-03 McCune Grant	Repeat - 06-03
IC 06-05 Inadequate Pledged Collateral	Repeat - 06-05
IC 06-07 Contract for Jail Services with Adjacent County	Repeat - 06-07
CF 07-01 Employee Health Insurance	Repeat - 07-01
IC 07-02 Accounting Policy	Repeat - 07-02
CF 07-03 Legal Compliance with Budget	Repeat - 07-03

**HARDING COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008**

Late Audit Report (IC 02-03)

CONDITION	The audit report was submitted to the State Auditor after the required deadline.
CRITERIA	County audits are required to be submitted to the State Auditor by December 1. This is a requirement of the State Auditors Office Rule 2.2.2.9A(1)(C)
CAUSE	The Prior years audit report was submitted late.
EFFECT	State Auditor regulations have not been adhered to. Also, the users of the financial statements such as legislators, creditors, bondholders, State and Federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit reports could have an effect on State and Federal Funding.
RECOMMENDATION	The County is working diligently to become current with all of their audit reports.
RESPONSE	The audit report was late due to the fact that an amendment was done to change auditors prior to the audit of FY07 and a late submission by the previous auditor. The County is diligently working to ensure that all audits are submitted and deadlines are adhered to.

Bank Account for Fire Donations (IC 06-01)

CONDITION	The Fire Department is keeping a separate bank account for donations received. This bank account is not being reconciled and safeguarded by the Treasurers Office.
CRITERIA	All bank accounts should be reconciled monthly upon receiving the bank statements. This is to comply with 6-6-3 NMSA 1978.
CAUSE	The Fire Department is not providing the bank statements timely and all relevant documentation to the Treasurers Office.
EFFECT	County assets are not being recorded in the general ledger or being properly safeguarded.
RECOMMENDATION	While the amount of donations is immaterial to the governmental fund financials, the Fire Department needs to provide the bank statements and all relevant documentation to the Treasurers Office as soon as possible in order for them to be properly accounted for.

RESPONSE Management concurs with the condition that the Rosebud Fire & Rescue, Inc. is keeping a separate account for donations received. Management is of the understanding that the Rosebud Fire & Rescue, Inc. has a separate Federal Identification Number from Harding County as is acting separately from Harding County when using these funds.

McCune Grant (CF 06-03)

CONDITION The County received \$8,000 from the McCune Foundation in fiscal year 2002-2003. These funds still have not been spent.

CRITERIA All grant monies should be spent within the time constraints set by the granting agency.

CAUSE Neither Management or the Board of Commissioners has taken steps to ensure these grant monies are spent accurately and within the time constraints set by the granting agency.

EFFECT These grant monies if not spent may be lost and reverted back to the granting agency.

RECOMMENDATION These grant monies should be spent immediately or reverted to the granting agency.

RESPONSE The grant monies from 2002-2003 McCune Foundation will be fully spent by the end of the 2008-2009 fiscal year end in order to prevent reverting funds back to the reverting agency.

Inadequate Pledged Collateral (IC 06-05)

CONDITION	The County was not adequately collateralized with local banking institutions in the amount of \$(392,771).
CRITERIA	According to Section 6-10-17, NMSA 1978, "shall deliver security...in an aggregate value equal to one-half the amount of public money to be received in according with Subsection B of Section 6-10-16, NMSA 1978".
CAUSE	The Treasurers Office did not review the monthly statements provided by the bank to ensure that enough collateral had been pledged.
EFFECT	The County did not comply with Section 6-10-17, NMSA 1978.
RECOMMENDATION	The Treasurers Office is now reviewing these statements each month. This practice should continue to ensure the County is properly collateralized.
RESPONSE	The Treasurers Office will check the Bank Pledges and make sure the County is properly collateralized.

Contract for Jail Services with Adjacent County (IC 06-07)

CONDITION	The County does not have a contract or Joint Powers Agreement with the Colfax County Detention Center which houses Harding County prisoners from time to time. Also, there is no evidence of a negotiation price per day per prisoner.
CRITERIA	The County should have an agreement in place with Colfax County to ensure these services will be provided and at what cost.
CAUSE	Neither management of the County or the County Commission have taken steps to ensure there is some type of agreement in place with Colfax County.
EFFECT	Failure to have an agreement in place could result in erroneous payments.
RECOMMENDATION	The County should obtain either a contract or a Joint Powers Agreement with the Colfax County Detention Center as soon as possible. This also includes negotiating a price per day per prisoner.
RESPONSE	The County is in the process of obtaining a contract with the Colfax County Detention Center which houses Harding County prisoner's from to time. This contract will reflect the negotiated price per prisoner between the Counties.

Employee Health Insurance (CF 07-01)

CONDITION	The County is covering 80% of employee's health insurance costs, even though the Employee Policy Manual states that the County will contribute 85% of health insurance costs.
CRITERIA	The County is not properly following its Employee Policy Manual.
CAUSE	Management has failed to comply with its employee policies and is not paying the correct amount of employee health insurance they have committed to.
EFFECT	Employees are not getting the benefits they are entitled to receive from the County.
RECOMMENDATION	The County should pay 85% of health insurance costs or revise its Employee Policy Manual.
RESPONSE	Management decided in 2004 to reduce the amount of County paid health insurance costs in order to not have to eliminate any additional employment positions. Management is in the process of revising the Employee Policy Manual to reflect the change from 85% to the current 80% that the County is currently paying.

Accounting Policy (IC 07-02)

CONDITION	The County has an incomplete and outdated set of Accounting Policies and Procedures.
CRITERIA	The County should have accounting policies that provide guidance for the employees to follow and adhere to.
CAUSE	Neither Management of the County nor the County Commission have drafted a complete and up to date set of Accounting Policies and Procedures to be followed by the employees.
EFFECT	Policies and procedures are not documented, resulting in a lack of guidance for County employees.
RECOMMENDATION	The County should update and approve an Accounting Policy and Procedures Manual.
RESPONSE	Management will draft a complete set of Accounting Policies and Procedures Manual by December 31, 2009.

Legal Compliance with Budget (CF 07-03)

CONDITION Section 6-6-6 of the New Mexico state statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget. During the fiscal year ended June 30, 2008, the County remitted payments for goods and services in excess of the adopted budget as follows:

	Budgeted Expenditures	Actual Expenditures	Excess Expenditures
EMS. No. 2 Fund	\$ 7,607	\$ 9,157	\$ (1,550)
EMT Fund	\$ -	\$ 9,600	\$ (9,600)
Special Appropriations Project Fund	\$ 268,038	\$ 268,144	\$ (106)

CRITERIA New Mexico State Statutes Section 6-6-6 states that all approved budgets shall bind all officials and governing authorities and no official can pay an claims in excess of the approved budget. County Officials and governing authorities have the obligation to follow applicable state statutes.

CAUSE The County did not have controls in place to ensure that it is not expending funds in excess of approved budget amounts.

EFFECT Non-compliance with New Mexico state statutes subjects County officials and personnel to punishment as defined by state statutes.

RECOMMENDATION Accounting personnel should closely monitor expenditures and budget restrictions, if a change is needed to the budget, accounting personnel should ensure that such changes are presented to the County Commissioners and the New Mexico Department of Finance and Administration (DFA). If no changes in the budget are deemed necessary, then no payments should be remitted that would cause the total expenditures to exceed the legal budget.

RESPONSE Schedules will be completed to indicate variances between the Budget and actual amounts. These spreadsheet schedules will ensure that the County's actual line item revenues and/or expenditures do not supersede budgetary authority. The Finance Department will be responsible for overseeing and notifying the County which exceed budgetary authority; so that the proper budget resolution and revision can be submitted to County Commissioners and DFA for approval prior to year-end.

HARDING COUNTY

**FINANCIAL STATEMENT PREPARATION
FOR THE YEAR ENDED JUNE 30, 2008**

The combined financial statements of Harding County as of, and for the year ended, June 30, 2008 were prepared by White + Samaniego + Campbell, LLP, with the aid of responsible County personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

HARDING COUNTY

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2008**

An exit conference was conducted October 5, 2009 in a closed meeting of the Harding County Commissioners pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Harding County

Jerry Porterfield
Sherrita Fluhman

Member
Finance Director

White + Samaniego + Campbell, LLP

Roxie Samaniego
Marilyn Williams

Partner In-Charge
Auditor

HARDING COUNTY

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2008**

Audit Finding	Corrective Action Plan	Person Responsible	Completion Date
IC 02-03	The County is working diligently to become current with all of their audit reports. The County has all records prepared to be audited for FY2008 and FY2009.	Sherrita Fluhman, Finance Director	June 30, 2009
IC 06-01	The Fire Department needs to provide the bank statements and all relevant documentation to the Treasurers Office as soon as possible.	Fire Department	June 30, 2009
IC 06-02	The Treasurers Office is working diligently on the outstanding list to expedite all the outstandings for each month.	Treasurers Office	June 30, 2009
CF 06-03	The grant monies from 2002-2003 McCune Foundation will be fully spent by the end of the 2008-2009 fiscal year end in order to prevent reverting funds back to the reverting agency.	Sherrita Fluhman, Finance Director	June 30, 2009
IC 06-05	The Treasurers Office will check the Bank Pledges and make sure the County is properly collateralized.	Treasurers Office	June 30, 2009
IC 06-07	The County is in the process of obtaining a contract with the Colfax County Detention Center which houses Harding County prisoners from time to time. This contract will reflect the negotiated price per prisoner between the Counties.	County Commissioners	June 30, 2009
CF 07-01	Management decided in 2004 to reduce the amount of County paid health insurance costs in order to not have to eliminate any additional employment positions. Management is in the process of revising the Employee Policy Manual to reflect the change from 85% to the current 80% that the County is currently paying.	Sherrita Fluhman, Finance Director	June 30, 2009
IC 07-02	Management will draft a complete set of Accounting Policies and Procedures Manual by December 31, 2009.	Sherrita Fluhman, Finance Director	December 31, 2009

CF 07-03	Schedules will be completed to indicate variances between the Budget and actual amounts. These spreadsheet schedules will ensure that the County's actual line item revenues and/or expenditures do not supersede budgetary authority. The Finance Department will be responsible for overseeing and notifying the County which exceed budgetary authority; so that the proper budget resolution and revision can be submitted to County Commissioners and DFA for approval prior to year-end.	Sherrita Fluhman, Finance Director	December 31, 2009
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