

**State of New Mexico
Harding County**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2012
and Independent Auditors' Report**

STATE OF NEW MEXICO, HARDING COUNTY

TABLE OF CONTENTS

	Page
DIRECTORY OF OFFICIALS	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Major Government Funds:	
Balance Sheet - Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
General Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis	18
Special Revenue Funds:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Road Fund	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Fire District No. 2	20
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Solid Waste Fund	21

	Page
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Fire District No. 1 Fund	22
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - EMT Fundt	23
Agency Funds:	
Statement of Fiduciary Assets and Liabilities	24
NOTES TO THE BASIC FINANCIAL STATEMENTS	25
Capital Projects Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Building Restoration ADA Fund	42
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Capital Improvements Fund	43
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Special Appropriations Project Fund	44
Non-Major Governmental Funds:	
Combining Balance Sheet by Fund Type	46
Combined Statement of Revenues, Expenditures and Changes in Fund Balances by Fund Type	47
Non-Major Special Revenue Funds:	
Combining Balance Sheet	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	52
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Farm & Range Fund	54
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Indigent Fund	55
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Emergency Management Fund	56
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - EMS No. 1 Fund	57
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - EMS No. 2 Fund	58

	Page
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Recording and Equipment Fund	59
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Reappraisal Fund	60
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - EMT Fundt	61
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Law Enforcement Fund	62
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - DWI Program Fund	63
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - DWI Users Fund	64
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Law Enforcement Fund	65
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Rural Addressing Fund	66
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Senior Program Fund	67

OTHER SUPPLEMENTAL INFORMATION:

Schedule of Collateral Pledged by Depository for Public Funds	69
Agency Fund:	
Schedule of Changes in Net Assets and Liabilities - All Agency Funds	76
Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	77
Summary Schedule of Prior Audit Findings	79
Schedule of Findings and Responses	80
Financial Statement Preparation	81
Exit Conference	82
Corrective Action Plan	83

STATE OF NEW MEXICO, HARDING COUNTY

DIRECTORY OF OFFICIALS

JUNE 30, 2012

County Commissioners

Jerry G. Porterfield
Harold Mackey
Nick Archuleta

Chairman
Vice-Chairman
Member

Elected Officials

Maria J. Atencio
Barbara Shaw
Janet Costa
Diana Anderson
Carla Garrison
Pete Callahan
Tonja Hazen
Herman Martinez
Raymond Gutierrez
Shawn Jeffrey

Clerk
Chief Deputy Clerk
Finance Director
Treasurer
Chief Deputy Treasurer
Assessor
Chief Deputy Assessor
Sheriff
Deputy Sheriff
Probate Judge

Other Officials

Vanita Menapace

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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Harding County, New Mexico (the "County"), as of and for the year ended June 30, 2012, 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 and the budgetary comparisons for the major capital project funds and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. 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 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, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds 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, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project funds and all nonmajor 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 November 14, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements, and the budgetary comparisons. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

White & Sumaniego + Campbell, LLP

El Paso, Texas
November 14, 2011

STATE OF NEW MEXICO, HARDING COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

This section of Harding County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the County of Harding exceeded its liabilities at the close of the most recent fiscal year end by \$7,889,705 (*net assets*). Of this amount, \$1,434,009 (*unrestricted net assets*) may be used to meet the government's ongoing, obligations to citizens and creditors.
- The government's total net assets increased by \$1,163,947 during the fiscal year. The majority of this is due to an increase in grant revenue and taxes revenue when compared to the year ended June 30, 2011.
- As of June 30, 2012, the County's governmental funds reported combined ending fund balances of \$4,450,802. At the close of the current fiscal year, unassigned fund balance of the general fund was \$1,446,537.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the County's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Fiduciary fund statements provide information about the financial relationships which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Government-wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the County of Harding's finances, in a manner similar to a private-sector business.

The *statements of net assets* presents information on all of the County of Harding's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County of Harding is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County of Harding that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County of Harding include general government, public safety, highways and streets, culture and recreation, and health and welfare.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Harding, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County of Harding can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the County's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The County of Harding maintains nine major individual governmental funds organized according to their type (special revenue and capital projects). Information is presented separately in governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Fire District No. 2 Fund, Solid Waste Fund, Fire District No. 1 Fund, Building Restoration ADA Fund, Capital Improvements Fund, Jail Detention Fund and Special Appropriations Project Fund, all of which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County of Harding adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, Road Fund, Fire District No. 2 Fund, Solid Waste Fund, Fire District No. 1 Fund, Building Restoration ADA Fund, Capital Improvements Fund, Jail Detention Fund and Special Appropriations Project Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

Fiduciary Funds

Fiduciary funds are used to account for services for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County of Harding's own programs.

The County of Harding fiduciary funds account for the collection of property taxes and special fees and their remittance to other governmental agencies.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through of this report.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 46 through 52 of this report.

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Harding, net assets exceeded liabilities by \$7,889,705 at the close of the current fiscal year.

A significant portion of the County of Harding's net assets represent the County's investment of \$3,451,431 in capital assets (e.g., land, building and improvements, infrastructure, and machinery and equipment). The County of Harding uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

At the end of the current fiscal year, the County of Harding is able to report positive balances in all two categories of net assets.

Analysis of Changes in Net Assets

During the current fiscal year, the County's net assets in governmental increased by \$1,163,947. These increases are explained in the governmental activities discussion.

Governmental Activities

Governmental activities increased the County of Harding's net assets by \$1,163,947. Grant revenue decreased \$141,936 over grant revenue in the prior year. Property taxes, gross receipts taxes and other taxes contributed \$1,813,139 for covering the \$1,164,764 net program expense associated with governmental activities.

Governmental revenues, consisting mostly of taxes, are not directly associated with any government function. The total revenues increased \$303,457.

Total revenues from governmental activities are summarized below. For fiscal year 2011-2012, Local and State taxes made up 51% of the total general government revenues compared to 42% of the revenues in the prior year.

SUMMARY OF NET ASSETS

	Governmental Activities	
	2012	2011
ASSETS		
Current and other assets	\$ 4,500,358	\$ 3,739,592
Capital assets, net of accumulated depreciation	<u>3,451,431</u>	<u>3,048,178</u>
Total assets	<u>\$ 7,951,789</u>	<u>\$ 6,787,770</u>
LIABILITIES		
Current and other liabilities	<u>\$ 62,084</u>	<u>\$ 62,012</u>
Total liabilities	<u>62,084</u>	<u>62,012</u>
NET ASSETS		
Invested in capital assets, net of related debt	3,451,431	3,048,178
Restricted	3,004,265	-
Unrestricted	<u>1,434,009</u>	<u>3,677,580</u>
Total net assets	<u>7,889,705</u>	<u>6,725,758</u>
Total liabilities and net assets	<u>\$ 7,951,789</u>	<u>\$ 6,787,770</u>

CHANGES IN NET ASSETS

	Governmental Activities	
	2012	2011
REVENUES		
Program revenues:		
Charges for services	\$ 30,088	\$ 32,640
Operating grants and contributions	691,654	833,729
Capital grants and contributions	979,500	979,361
General revenues:		
Taxes	1,813,139	1,371,644
Other income	23,409	9,000
Interest income	45,962	53,921
Total revenues	3,583,752	3,280,295
EXPENSES		
General government	1,164,764	998,878
Public safety	296,912	359,756
Highways and streets	332,895	598,824
Health and welfare	12,512	9,029
Culture and recreation	105,850	108,647
Depreciation	506,872	426,261
Total expenses	2,419,805	2,501,395
Change in net assets	1,163,947	778,900
Net assets - beginning	6,725,758	5,946,858
Net assets - ending	\$ 7,889,705	\$ 6,725,758

FINANCIAL ANALYSIS OF THE COUNTY OF HARDING AS A WHOLE

As noted earlier, the County of Harding uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the County of Harding's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County of Harding's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the General Fund, Special Revenue Funds, and Capital Project Funds.

As of the end of the current fiscal year, the County of Harding's governmental funds reported combined ending fund balances of \$4,450,802, an increase of \$763,755 in comparison with the prior year. The increase is primarily due to the increase in grant and taxes revenue.

Revenues for governmental functions overall totaled approximately \$3,583,752 in the fiscal year-ended June 30, 2012, which represents an increase of \$303,457 from the fiscal year-ended June 30, 2011. Expenditures for governmental functions totaled \$2,819,997. This was an increase of approximately \$422,425 from the fiscal year-ended June 30, 2011. In the fiscal year-ended June 30, 2012, revenues for governmental functions exceeded expenditures by approximately \$763,755.

The General Fund is the chief operating fund of the County of Harding. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,446,537.

The fund balance of the County of Harding's General Fund increased \$436,423 during the current fiscal year.

Fiduciary Funds

The County maintains fiduciary funds for the assets of various agency funds. Changes to the fiduciary funds were immaterial for the fiscal year.

Budgetary Highlights

County budgets reflect the same pattern as seen in the revenue and expenditures of the County. The State of New Mexico budget process is defined under State law and regulation. To enhance the process of developing a budget at the county level, the County of Harding utilizes goals and objectives defined by the County Commissioners, community input meetings, long-term plans and input from various staff groups to develop the County budget. The County priorities are well defined through out this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

General Fund Budgetary Highlights

The General Fund accounts for all of the general services provided by the County of Harding. The County made modifications to the budget with resolutions approved by the Commissioners. The County was within its budget for all the funds except the DWI fund during the fiscal year 2012 and there were no budgeted deficits during the fiscal year 2012.

Change in Cash and Investments

At the end of 2012, the cash and investments balance of the General Fund had increased by \$33,617. General government expenditures include all administrative functions of the County which include: County Commissioners, Administration, Finance, Maintenance, Public Safety, Highways and Streets, Health and Welfare, and Culture and Recreation.

Capital Asset and Debt Administration

Capital Assets

The County of Harding's capital assets for its governmental as of June 30, 2012 amount to \$3,451,431 (net of accumulated depreciation). Capital assets include land, building improvements, machinery, equipment, and infrastructure. The total increase in the County's capital assets (excluding accumulated depreciation) for the current fiscal year was \$403,253 for governmental activities. Equipment costing \$910,125 was purchased for the County and building and building improvements of 2012. The deletions in the governmental funds consisted of the disposal of obsolete equipment and land costing \$30,491.

The following is a schedule showing the Net Value of the Capital Assets and the application of the principal balances of the notes as of the fiscal year end:

Capital Assets, Net of Depreciation
June 30, 2012

	Governmental Activities
Land	\$ 25,761
Buildings and improvements	1,318,105
Equipment, furniture and machines	1,036,056
Infrastructure	1,071,509
 Capital Assets, Net of Accumulated Depreciation	 \$ 3,451,431

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 11 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

The Statement of Net Assets shows the Investment in Capital Assets-Governmental Funds in the amount of \$3,451,431. This investment includes the land, buildings and improvements, equipment, machinery and infrastructure.

ECONOMIC FACTORS

- Population is trending downward, along with business activity and job opportunities.
- The Oil & Gas industry has helped the local economy as oil prices have increased.
- Hess Corporation's plant construction and on line increase in CO2 production has been the largest factor in revenue growth.
- Cattle prices have remained stable also helping revenues.

CONTACTING THE COUNTY OF HARDING COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County of Harding's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Harding Administration, County of Harding, 35 Pine Street, Mosquero, New Mexico, 87733.

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO, HARDING COUNTY

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Governmental Activities
ASSETS	
CURRENT ASSETS:	
Cash	\$ 3,945,912
Accounts receivable	531,267
Other assets	<u>23,179</u>
Total current assets	4,500,358
CAPITAL ASSETS:	
Land	25,761
Property, equipment and machines	<u>6,967,238</u>
Total capital assets	6,992,999
Less accumulated depreciation	<u>(3,541,568)</u>
Total capital assets, net of accumulated depreciation	<u>3,451,431</u>
Total assets	<u>\$ 7,951,789</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Cash overdraft	\$ 9,520
Accounts payable	10,426
Accrued expenses	29,610
Compensated absences	<u>12,528</u>
Total liabilities	62,084
NET ASSETS	
Invested in capital assets	3,451,431
Restricted for:	-
Capital projects	1,946,002
Special revenue funds	1,058,263
Unrestricted	<u>1,434,009</u>
Total net assets	<u>\$ 7,889,705</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, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expenses) Revenue and changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 1,164,764	\$ 12,262	\$ 138,962	\$ (376,540)
Highways and streets	332,895	-	447,979	115,084
Health and welfare	12,512	-	-	(12,512)
Public safety	296,912	17,826	-	63,414
Culture and recreation	105,850	-	104,713	(1,137)
Depreciation	506,872	-	-	(506,872)
Total governmental activities	\$ 2,419,805	\$ 30,088	\$ 691,654	\$ (718,563)
General revenues:				
Property taxes				1,039,387
Gross receipts taxes				94,429
Oil and gas taxes				369,096
Motor vehicle taxes				196,350
Gasoline taxes				87,993
Environmental gross receipts taxes				25,884
Unrestricted investment earnings				45,962
Other income				23,409
Total general revenues				1,882,510
Change in net assets				1,163,947
Net assets - beginning				6,725,758
Net assets - ending				\$ 7,889,705

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

STATE OF NEW MEXICO
HARDING COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Road Fund	Fire District No. 2 Fund	Solid Waste Fund	Building Restoration ADA Fund	Capital Improv. Fund	Fire District No. 1 Fund	DWI Grant Fund	Special Appropri. Fund	Non-Major Government Funds	Total Government Funds
ASSETS											
Cash on deposit	\$ 971,946	\$ 110,740	\$ 57,065	\$ 178,357	\$ 548,510	\$ 419,927	\$ 249,177	\$ -	\$ 977,565	\$ 432,625	\$ 3,945,912
Accounts receivable	476,941	23,780	-	6,896	-	-	-	9,520	-	14,130	531,267
Other assets	19,679	-	1,750	-	-	-	1,750	-	-	-	23,179
Total assets	\$ 1,468,566	\$ 134,520	\$ 58,815	\$ 185,253	\$ 548,510	\$ 419,927	\$ 250,927	\$ 9,520	\$ 977,565	\$ 446,755	\$ 4,500,358
LIABILITIES											
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,520	\$ -	\$ -	\$ 9,520
Accounts payable	3,686	6,740	-	-	-	-	-	-	-	-	10,426
Accrued expenses	18,343	8,197	-	-	-	-	-	-	-	3,070	29,610
Total liabilities	22,029	14,937	-	-	-	-	-	9,520	-	3,070	49,556
FUND BALANCES											
Restricted, reported in:											
Special revenue funds	-	119,583	58,815	185,253	-	-	250,927	-	-	443,685	1,058,263
Capital projects funds	-	-	-	-	548,510	419,927	-	-	977,565	-	1,946,002
Unassigned, reported in:											
General fund	1,446,537	-	-	-	-	-	-	-	-	-	1,446,537
Total fund balances	1,446,537	119,583	58,815	185,253	548,510	419,927	250,927	-	977,565	443,685	4,450,802
Total liabilities and fund balances	\$ 1,468,566	\$ 134,520	\$ 58,815	\$ 185,253	\$ 548,510	\$ 419,927	\$ 250,927	\$ 9,520	\$ 977,565	\$ 446,755	\$ 4,500,358

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

STATE OF NEW MEXICO, HARDING COUNTY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

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

Total fund balances - governmental funds \$ 4,450,802

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

The cost of capital assets	6,992,999	
Accumulated depreciation	<u>(3,541,568)</u>	
		<u>3,451,431</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:

Compensated absences payable, net of current portion	<u>(12,528)</u>	
		<u>(12,528)</u>

Net assets of governmental activities \$ 7,889,705

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, 2012

	General Fund	Road Fund	Fire District No. 2 Fund	Solid Waste Fund	Building Restoration ADA Fund	Capital Improv. Fund	Fire District No. 1 Fund	DWI Grant Fund	Special Approp. Fund	Non-Major Government Funds	Total Government Funds
REVENUES											
Property taxes	\$ 1,028,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,535	\$ 1,039,387
Gross receipts taxes	32,661	-	-	42,377	-	-	-	-	-	19,391	94,429
Motor vehicle taxes	4,207	192,143	-	-	-	-	-	-	-	-	196,350
Oil and gas taxes	369,096	-	-	-	-	-	-	-	-	-	369,096
Gasoline taxes	1,304	86,689	-	-	-	-	-	-	-	-	87,993
Environmental gross receipts taxes	-	-	-	10,461	-	-	-	-	-	15,423	25,884
Charges for services	710	-	-	-	-	-	-	-	-	4,638	5,348
Fines and forfeitures	6,950	-	-	-	-	-	-	-	-	13,188	20,138
Rents	4,602	-	-	-	-	-	-	-	-	-	4,602
Local sources	25,516	33,088	-	-	-	-	-	-	-	20,052	78,656
State sources	637,000	307,371	68,806	-	-	-	108,873	35,065	107,520	206,119	1,470,754
Federal sources	113,446	-	-	-	-	-	-	-	-	8,298	121,744
Earnings from investments	43,911	2,051	-	-	-	-	-	-	-	-	45,962
Other income	11,648	-	-	-	-	-	-	-	-	11,761	23,409
Total revenues	2,279,903	621,342	68,806	52,838	-	-	108,873	35,065	107,520	309,405	3,583,752
EXPENDITURES											
Current:											
General government	1,091,136	-	-	-	58,609	-	-	-	-	11,958	1,161,703
Highways and streets	-	285,067	-	-	-	-	-	-	47,828	-	332,895
Public safety	-	-	42,285	35,673	-	-	56,398	14,999	-	147,557	296,912
Health and welfare	-	-	-	-	-	-	-	-	-	12,512	12,512
Culture and recreation	-	-	-	-	-	-	-	-	-	105,850	105,850
Capital outlay	128,829	453,377	91,870	-	-	-	58,050	-	134,340	43,659	910,125
Total expenditures	1,219,965	738,444	134,155	35,673	58,609	-	114,448	14,999	182,168	321,536	2,819,997
Excess (deficiency) revenues over expenditures	1,059,938	(117,102)	(65,349)	17,165	(58,609)	-	(5,575)	20,066	(74,648)	(12,131)	763,755
OTHER FINANCING SOURCES (USES)											
Transfers in	-	37,555	-	-	354,781	200,000	-	-	3,000	90,472	685,808
Transfers out	(623,515)	-	-	-	-	-	-	-	(53,793)	(8,500)	(685,808)
Total other financing sources (uses)	(623,515)	37,555	-	-	354,781	200,000	-	-	(50,793)	81,972	-
Net change in fund balance	436,423	(79,547)	(65,349)	17,165	296,172	200,000	(5,575)	20,066	(125,441)	69,841	763,755
Fund balance beginning of year	1,010,114	199,130	124,164	168,088	252,338	219,927	256,502	(20,066)	1,103,006	373,844	3,687,047
Fund balance end of year	\$ 1,446,537	\$ 119,583	\$ 58,815	\$ 185,253	\$ 548,510	\$ 419,927	\$ 250,927	\$ -	\$ 977,565	\$ 441,685	\$ 4,450,802

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, 2012

Net change in fund balances - total governmental funds \$ 763,755

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 outlay	910,125	
Depreciation expense	<u>(506,872)</u>	
		403,253

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 decreases in the liabilities for the year were:

Compensated absences	<u>(3,061)</u>
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Change in net assets of governmental activities \$ 1,163,947

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 549,438	\$ 549,438	\$ 551,911	\$ 2,473
Gross receipts taxes	13,500	13,500	32,661	19,161
Motor vehicle taxes	3,500	3,500	4,207	707
Oil and gas taxes	242,925	242,925	369,096	126,171
Gasoline taxes	700	700	1,304	604
Payment in lieu of taxes	103,522	103,522	-	(103,522)
Charges for services	6,050	6,050	710	(5,340)
Fines and forfeitures	-	-	6,950	6,950
Rents	-	-	4,602	4,602
Local sources	-	-	25,516	25,516
State sources	609,000	609,000	637,000	28,000
Federal sources	-	-	113,446	113,446
Earnings from investments	40,000	40,000	43,911	3,911
Other income	16,790	16,790	11,648	(5,142)
Total revenues	<u>1,585,425</u>	<u>1,585,425</u>	<u>1,802,962</u>	<u>217,537</u>
EXPENDITURES:				
Current:				
General government	1,212,433	1,176,903	1,071,107	105,796
Highways and streets	64,149	64,149	-	64,149
Public safety	184,301	189,402	-	189,402
Health and welfare	500	500	-	500
Culture and recreation	1,000	1,000	-	1,000
Capital outlay	-	-	128,829	(128,829)
Total expenditures	<u>1,462,383</u>	<u>1,431,954</u>	<u>1,199,936</u>	<u>232,018</u>
Excess of revenues over expenditures	123,042	153,471	603,026	449,555
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,101	-	(5,101)
Transfers out	(588,515)	(624,045)	(623,515)	530
Total other financing sources (uses)	<u>(588,515)</u>	<u>(618,944)</u>	<u>(623,515)</u>	<u>(4,571)</u>
Net change in fund balance Non-GAAP Basis	(465,473)	(465,473)	(20,489)	444,984
Fund balance - beginning	<u>1,010,114</u>	<u>1,010,114</u>	<u>1,010,114</u>	<u>-</u>
Fund balance - ending	<u>\$ 544,641</u>	<u>\$ 544,641</u>	<u>\$ 989,625</u>	<u>\$ 43,550</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(20,489)	
Revenue accruals		476,941		
Expenditure accruals		(20,029)	456,912	
Excess of revenues over expenditures - GAAP basis			<u>\$ 436,423</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 - ROAD FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Motor vehicle taxes	\$ 165,000	\$ 170,000	\$ 192,143	\$ 22,143
Gasoline taxes	60,000	80,000	86,689	6,689
Local sources	-	-	33,088	33,088
State sources	272,670	218,314	307,371	89,057
Federal sources	10,556	10,556	-	(10,556)
Earnings from investments	1,500	1,500	2,051	551
Other income	78,750	112,332	-	(112,332)
Total revenues	588,476	592,702	621,342	28,640
EXPENDITURES:				
Current:				
Highways and streets	714,128	720,079	285,067	435,012
Capital outlay	10,000	33,275	453,377	(420,102)
Total expenditures	724,128	753,354	738,444	14,910
Deficiency of revenues over expenditures	(135,652)	(160,652)	(117,102)	43,550
OTHER FINANCING SOURCES				
Transfers in	12,555	37,555	37,555	-
Total other financing sources	12,555	37,555	37,555	-
Net change in fund balance Non-GAAP Basis	(123,097)	(123,097)	(79,547)	43,550
Fund balance - beginning	199,130	199,130	199,130	-
Fund balance - ending	\$ 76,033	\$ 76,033	\$ 119,583	\$ 43,550
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(79,547)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ (79,547)	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 68,806	\$ 68,806	\$ 68,806	\$ -
Total revenues	68,806	68,806	68,806	-
EXPENDITURES:				
Current:				
Public safety	134,155	134,155	134,155	-
Total expenditures	134,155	134,155	134,155	-
Net change in fund balance Non-GAAP Basis	(65,349)	(65,349)	(65,349)	-
Fund balance - beginning	124,164	124,164	124,164	-
Fund balance - ending	<u>\$ 58,815</u>	<u>\$ 58,815</u>	<u>\$ 58,815</u>	<u>\$ -</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(65,349)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			<u>\$ (65,349)</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Environmental gross receipt taxes	\$ 40,000	\$ 40,000	\$ 52,838	\$ 12,838
Total revenues	40,000	40,000	52,838	12,838
EXPENDITURES:				
Current:				
Public safety	<u>206,119</u>	<u>206,119</u>	<u>35,673</u>	<u>170,446</u>
Total expenditures	<u>206,119</u>	<u>206,119</u>	<u>35,673</u>	<u>170,446</u>
Net change in fund balance Non-GAAP Basis	(166,119)	(166,119)	17,165	183,284
Fund balance - beginning	<u>168,088</u>	<u>168,088</u>	<u>168,088</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,969</u>	<u>\$ 1,969</u>	<u>\$ 185,253</u>	<u>\$ 183,284</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			17,165	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Deficit of revenues over expenditures - GAAP basis			<u>\$ 17,165</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. 1 FUND
 YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 108,873	\$ 108,873	\$ 108,873	\$ -
Total revenues	108,873	108,873	108,873	-
EXPENDITURES:				
Current:				
Public safety	114,448	114,448	114,448	-
Total expenditures	114,448	114,448	114,448	-
Net change in fund balance Non-GAAP Basis	(5,575)	(5,575)	(5,575)	-
Fund balance - beginning	256,502	256,502	256,502	-
Fund balance - ending	<u>\$ 250,927</u>	<u>\$ 250,927</u>	<u>\$ 250,927</u>	<u>\$ -</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(5,575)	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ (5,575)</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 35,066	\$ 35,066	\$ 35,065	\$ (1)
Total revenues	35,066	35,066	35,065	(1)
EXPENDITURES:				
Current:				
Public safety	15,000	15,000	14,999	1
Total expenditures	15,000	15,000	14,999	1
Net change in fund balance Non-GAAP Basis	20,066	20,066	20,066	-
Fund balance - beginning	(20,066)	(20,066)	(20,066)	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			20,066	
Revenue accruals		-		
Expenditure accruals		-		
Deficit of revenues over expenditures - GAAP basis			<u>\$ 20,066</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, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and temporary investments	\$ 513,031
Taxes receivable	<u>7,781</u>
Total assets	<u>\$ 520,812</u>
LIABILITIES	
Due to other governments (cash)	\$ 513,031
Due to other governments (receivables)	<u>7,781</u>
Total liabilities	<u>\$ 520,812</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, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Fire District No. 1 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.

Jail Detention Fund - Special Revenue 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.

Special Appropriations 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.

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. Bonds 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
Equipment, furniture and machines	5-30
Infrastructure	10

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 borrowings used for the acquisition, construction or improvements of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

K. Fund Balance

In the fund financial statements, governmental fund balances are classified as follows:

Nonspendable - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

Restricted - Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.
- c. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation.

Unassigned - fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The County's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

L. Implementation of New Accounting Standards

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for financial statements for periods beginning after June 15, 2010, and earlier application is encouraged. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The County is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year. The County incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, which is effective upon issuance for certain provisions of the statement and for periods beginning after June 15, 2011 for other provisions. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans. The County is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 58 Accounting and Financial Reporting for Chapter 9 Bankruptcies, which is effective for reporting periods beginning after June 15, 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. The County incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In June 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 59 Financial Instruments Omnibus, which is effective for financial statements for periods beginning after June 15, 2010. Earlier application is encouraged. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This Statement provides for the following amendments: National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, is updated to be consistent with the amendments to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, regarding certain financial guarantees. Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Statement 31, is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940,

as amended. Statement No. 40, Deposit and Investment Risk Disclosures, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool. Statement 53 is amended to: – Clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance – Provide that financial guarantee contracts included in the scope of Statement 53 are limited to financial guarantee contracts that are considered to be investment derivative instruments entered into primarily for the purpose of obtaining income or profit – Clarify that certain contracts based on specific volumes of sales or service revenues are excluded from the scope of Statement 53 – Provide that one of the “leveraged yield” criteria of Statement 53 is met if the initial rate of return on the companion instrument has the potential for at least a doubled yield. The County is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 60 Accounting and Financial Reporting for Service Concession Arrangements, which is effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The County is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 61 The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, which is effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The County is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. That Statement supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. Statement 62 is effective for financial statements for periods beginning after December 15, 2011, with early application encouraged. The objective of this statement is to provide non-conflicting pronouncements between FASB and GASB. The County is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position, which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The County is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53, which is effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The County is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 65 Items Previously Reported as Assets and Liabilities, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The Countyt is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 66 Technical Corrections-2012- an amendment of GASB Statements No. 10 and No. 62, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The County is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

M. Reclassifications

During year 2012 the major funds changed compared to year 2011, due to this change the classification of several accounts also changed.

N. Grant Services

During year 2012 the County received a grant from North Central New Mexico Economic Development District. With this grant, the County served 107 people and provided 10,431 service units.

2. CASH AND INVESTMENTS

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:

Community 1st Bank of Las Vegas	Checking	Harding County	\$	1,121,497
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County		26,114
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County		250,000
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County		50,000
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County		150,000
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County		250,000
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County		250,000
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County		63,412
Farmers & Stockmans Bank	Savings	Harding County		388,889
Farmers & Stockmans Bank	Certificate of Deposit	Harding County		64,000
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		326,855
Farmers & Stockmans Bank	Certificate of Deposit	Harding County		150,000
State Employee FCU	Savings	Harding County		70
US Bank	Certificate of Deposit	Harding County		250,000
Wells Fargo - Bank of India	Bonds	Harding County		250,000
Wells Fargo - Beal BK Las Vegas	Bonds	Harding County		250,000
Wells Fargo - Bank of China	Bonds	Harding County		250,000
Wells Fargo - GE Money Bank	Certificate of Deposit	Harding County		250,000
				<u>4,500,837</u>
Total amount on deposit			\$	4,500,837
Total amount on deposit			\$	4,500,837
Plus petty cash				476
Less outstanding checks				(51,890)
Total cash balance			\$	<u>4,449,423</u>
Total cash per financial statements			\$	<u>4,449,423</u>
Cash overdraft			\$	(9,520)
Governmental activities				3,945,912
Agency fund				513,031
Total cash per financial statements			\$	<u>4,449,423</u>

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

	Cash on deposit at June 30	Less F.D.I.C.	Uninsured funds	Funds needing collateralization at 50%	Pledged collateral at June 30	Excess (deficit) of pledged collateral
Comm. 1st of Roy	2,161,023	(250,000)	1,911,023	955,512	1,003,221	47,709
US Bank	250,000	(250,000)	-	-	-	-
Farmers & Stockman Bank	700,855	(250,000)	450,855	225,428	905,854	680,426
Farmers & Stockman Bank	388,889	-	388,889	194,445	-	(194,445)
SECU Bank	70	(250,000)	(249,930)	(124,965)	-	124,965
Wells Fargo	<u>1,000,000</u>	<u>(1,000,000)</u>	-	-	-	-
Total	<u>\$ 4,500,837</u>	<u>\$(2,000,000)</u>	<u>\$ 2,500,837</u>	<u>\$ 1,250,420</u>	<u>\$ 1,909,075</u>	<u>\$ 658,655</u>

At June 30, 2012, the carrying amount County's bank balance was \$4,500,837. Of this balance, \$2,000,000 was covered by federal depository insurance and \$2,500,837 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, 2012, \$2,500,837 of the County's bank balance of \$4,500,837 was exposed to custodial credit risk as follows:

Insured	\$ 2,000,000
Uninsured and uncollateralized	(47,709)
Uninsured and collateralized with securities held by the pledging banks trust department, but not in the County's name	<u>2,548,546</u>
Total	<u>\$ 4,500,837</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 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, 2012, consist of the following:

	<u>Governmental Activities</u>
General Fund	\$ 476,941
Road Fund	23,780
Solid Waste Fund	6,897
Jail Detention Fund	4,598
DWI Grant Fund	9,519
EMT Fund	4,152
Senior Program Fund	<u>5,380</u>
	<u>\$ 531,267</u>

All amounts are considered to be collectible.

4. 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. Premiums paid for fiscal year 2012 were \$46,988.

Tort claims are generally limited by the Tort Claims Act, Section 41-4-1 et. Seq, NMSA, 1978. The County retains some risk for coverage which may be less than the tort claims limitation. Certain claims relating to certain public construction, operation of motor vehicles, building maintenance and certain health care activities are exempt from the Act.

The New Mexico Self Insurer's Fund assesses a premium to the County to cover expenses of the fund which includes claims, reinsurance expenses, administration and other costs.

Risk management activities are reported primarily in the General Fund. Other funds may reimburse the General Fund for certain coverage. The County has not significantly reduced insurance coverage from the prior year. Settlements have not exceeded insurance coverage for the past three years. Management is not aware of any outstanding claims.

5. PERA PENSION PLAN

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

Funding Policy - Plan members are required to contribute 9.15% of their gross salary. Harding County is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and Harding County are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. Harding County's contributions to PERA for the fiscal years ending June 30, 2012, 2011 and 2010 were \$63,841, \$60,228, and \$60,169 respectively, which equal the amount of the required contributions for each fiscal year.

6. RETIREE HEALTH CARE

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

7. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2012, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Government activities:				
Capital assets				
Land	\$ 25,761	\$ -	\$ -	\$ 25,761
Total assets not depreciated	25,761	-	-	25,761
Buildings and improvements	1,670,587	105,896	-	1,776,483
Equipment, furniture and machines	3,192,361	374,713	(30,491)	3,536,583
Infrastructure	<u>1,224,656</u>	<u>429,516</u>	<u>-</u>	<u>1,654,172</u>
Total assets depreciated	6,087,604	910,125	(30,491)	6,967,238
Less accumulated depreciation:				
Buildings and improvements	407,780	50,598	-	458,378
Equipment, furniture and machines	2,201,582	329,436	(30,491)	2,500,527
Infrastructure	<u>455,825</u>	<u>126,838</u>	<u>-</u>	<u>582,663</u>
Total accumulated depreciation	<u>3,065,187</u>	<u>506,872</u>	<u>(30,491)</u>	<u>3,541,568</u>
Capital assets being depreciated, net of accumulated depreciation	<u>3,022,417</u>	<u>403,253</u>	<u>-</u>	<u>3,425,670</u>
Total capital assets, net of accumulated depreciation	<u>\$ 3,048,178</u>	<u>\$ 403,253</u>	<u>\$ -</u>	<u>\$ 3,451,431</u>

8. LONG-TERM LIABILITIES

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the County-Wide Statement of Net Assets:

	<u>Balance 6/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/12</u>	<u>Due Within One Year</u>
Compensated absences	\$ 9,467	\$ 12,528	\$ 9,467	\$ 12,528	\$ 12,528
Total	\$ 9,467	\$ 12,528	\$ 9,467	\$ 12,528	\$ 12,528

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

9. INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2012 consisted the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 623,515
Road Fund	37,555	-
EMS No. 1 Fund	9,200	-
EMS No. 2 Fund	6,300	-
EMS Fund	-	8,500
Capital Improvement Fund	200,000	-
Emergency Mangement Fund	35,520	-
Building Restroration Fund	354,781	-
Rural Addressing Fund	27,100	-
Senior Program Fund	12,352	-
Special Appropriations Fund	3,000	53,793
	<u>\$ 685,808</u>	<u>\$ 685,808</u>

10. CASH OVERDRAFTS

The cash overdrafts shown in the DWI Grant Fund, a special revenue fund, represent expenditures made by the County in excess of revenues received.

11. BUDGETARY DIFFERENCES

New Mexico State Statutes restrict all officials and governing authorities from apporving claims in excess of the approved budget. The County exceeded its approved budget as follows:

<u>Fund</u>	<u>Reason</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures</u>
DWI User Fund	Operating Expendures	\$ 60,000	\$ 61,867	\$ (1,867)

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government	-	58,609	58,609	-
Total expenditures	-	58,609	58,609	-
Excess (deficiency) of revenues over expenditures	-	(58,609)	(58,609)	-
OTHER FINANCING USES				
Transfers in	-	-	354,781	354,781
Total other financing uses	-	-	354,781	354,781
Net change in fund balance Non-GAAP Basis	-	(58,609)	296,172	354,781
Fund balance - beginning	252,238	252,338	252,338	-
Fund balance - ending	<u>\$ 252,238</u>	<u>\$ 193,729</u>	<u>\$ 548,510</u>	<u>\$ 354,781</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			296,172	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ 296,172</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING USES				
Transfers in	-	-	200,000	200,000
Total other financing uses	-	-	200,000	200,000
Net change in fund balance Non-GAAP Basis	-	-	200,000	200,000
Fund balance - beginning	219,927	219,927	219,927	-
Fund balance - ending	<u>\$ 219,927</u>	<u>\$ 219,927</u>	<u>\$ 419,927</u>	<u>\$ 200,000</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			200,000	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			<u>\$ 200,000</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ 107,000	\$ 130,410	\$ 107,520	\$ (22,890)
Federal sources	44,601	44,601	-	(44,601)
Other income	10,000	6,900	-	(6,900)
Total revenues	<u>161,601</u>	<u>181,911</u>	<u>107,520</u>	<u>(74,391)</u>
EXPENDITURES:				
Current:				
Highways and streets	358,914	373,824	47,828	325,996
Capital outlay	-	-	134,340	(134,340)
Total expenditures	<u>358,914</u>	<u>373,824</u>	<u>182,168</u>	<u>191,656</u>
Excess (deficiency) of revenues over expenditures	(197,313)	(191,913)	(74,648)	117,265
OTHER FINANCING USES				
Transfers in	38,520	38,520	3,000	(35,520)
Transfers out	-	(8,500)	(53,793)	(45,293)
Total other financing uses	<u>38,520</u>	<u>30,020</u>	<u>(50,793)</u>	<u>(80,813)</u>
Net change in fund balance Non-GAAP Basis	(158,793)	(161,893)	(125,441)	36,452
Fund balance - beginning	<u>1,103,006</u>	<u>1,103,006</u>	<u>1,103,006</u>	<u>-</u>
Fund balance - ending	<u>\$ 944,213</u>	<u>\$ 941,113</u>	<u>\$ 977,565</u>	<u>\$ 36,452</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(125,441)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			<u>\$ (125,441)</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, 2012

	<u>Special Revenue Funds</u>
ASSETS	
Cash on deposits	\$ 432,625
Accounts receivable	<u>14,130</u>
Total assets	<u>\$ 446,755</u>
LIABILITIES	
Accrued expenses	<u>\$ 3,070</u>
Total liabilities	3,070
FUND BALANCE	
Restricted, reported in:	
Special revenue funds	<u>443,685</u>
Total fund balance	<u>443,685</u>
Total liabilities and fund balance	<u>\$ 446,755</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, 2012

	<u>Special Revenue Funds</u>
REVENUES	
Property taxes	\$ 10,535
Charges for services	4,638
Gross receipt taxes	19,391
Fines and forfeitures	13,188
Local sources	20,052
State sources	206,119
Federal sources	8,298
Gross receipts taxes	11,761
Environmental gross receipts taxes	<u>15,423</u>
Total revenues	309,405
EXPENDITURES	
Current:	
General government	11,958
Public safety	147,557
Health and welfare	12,512
Culture and recreation	105,850
Capital outlay	<u>43,659</u>
Total expenditures	<u>321,536</u>
Deficiency revenues over expenditures	(12,131)
OTHER FINANCING SOURCES (USES)	
Operating transfers in	90,472
Operating transfers out	<u>(8,500)</u>
Total other financing sources	<u>81,972</u>
Net change in fund balance	69,841
Fund balance beginning of year	<u>373,844</u>
Fund balance end of year	<u>\$ 443,685</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.

INDIGENT FUND - To account for the operations of the health and welfare expenses incurred in order to help needed people of the County.

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.

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.

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.

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.

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, III-C-1, III-C-2 and III-D, 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.

STATE OF NEW MEXICO
HARDING COUNTY

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Farm and Range Fund	Indigent Fund	Emergency Mgmt Fund	EMS No. 1 Fund	EMS No. 2 Fund	Recording Equipment Fund	Reappraisal Fund	EMT Fund	Jail Detention Fund
ASSETS									
Cash on deposits	\$ 651	\$ -	\$ 63,842	\$ 12,843	\$ 3,494	\$ 13,922	\$ 26,813	\$ 37,181	\$ 236,551
Accounts receivable	-	-	-	-	-	-	-	4,152	4,598
Total assets	\$ 651	\$ -	\$ 63,842	\$ 12,843	\$ 3,494	\$ 13,922	\$ 26,813	\$ 41,333	\$ 241,149
LIABILITIES									
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-	-	-	-
FUND BALANCE									
Restricted, reported in:									
Special revenue funds	651	-	63,842	12,843	3,494	13,922	26,813	41,333	241,149
Total liabilities and fund balance	\$ 651	\$ -	\$ 63,842	\$ 12,843	\$ 3,494	\$ 13,922	\$ 26,813	\$ 41,333	\$ 241,149

(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, 2012

	DWI Program Fund	DWI Users Fund	Law Enfor. Protection Fund	Rural Addressing Fund	Senior Program Fund	Total
ASSETS						
Cash on deposits	\$ 4,152	\$ 4,698	\$ 14,577	\$ 7,971	\$ 5,930	\$ 432,625
Accounts receivable	-	-	-	-	5,380	14,130
Total assets	\$ 4,152	\$ 4,698	\$ 14,577	\$ 7,971	\$ 11,310	\$ 446,755
LIABILITIES						
Accrued expenses	\$ 1,154	-	-	-	\$ 1,916	\$ 3,070
Total liabilities	1,154	-	-	-	1,916	3,070
FUND BALANCE						
Restricted, reported in:						
Special revenue funds	2,998	4,698	14,577	7,971	9,394	443,685
Total liabilities and fund balance	\$ 4,152	\$ 4,698	\$ 14,577	\$ 7,971	\$ 11,310	\$ 446,755

(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, 2012

	Farm and Range Fund	Indigent Fund	Emergency Mgmt Fund	EMS No. 1 Fund	EMS No. 2 Fund	Recording Equipment Fund	Reappraisal Fund	EMT Fund	Jail Detention Fund
REVENUES									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,535	\$ -	\$ -
Charges for services	-	-	-	-	-	4,263	-	-	-
Gross receipt taxes	-	-	-	-	-	-	-	-	19,391
Fines and forfeitures	-	-	-	-	-	-	-	-	13,188
Local sources	-	12,512	-	5,927	-	-	-	-	-
State sources	-	-	-	-	10,644	-	-	-	-
Federal sources	17	-	-	-	-	-	-	-	-
Environmental gross receipt taxes	-	-	-	-	-	-	-	15,423	-
Total revenues	17	12,512	-	5,927	10,644	4,263	10,535	15,423	32,579
EXPENDITURES									
General government	-	-	-	-	-	2,834	9,124	-	-
Public safety	-	-	-	8,384	13,557	-	-	11,248	3,743
Health and welfare	-	12,512	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	5,182	-	-	-
Total expenditures	-	12,512	-	8,384	13,557	8,016	9,124	11,248	3,743
Excess (deficiency) of revenues over expenditures	17	-	-	(2,457)	(2,913)	(3,753)	1,411	4,175	28,836
OTHER FINANCING SOURCES (USES)									
Operating transfers in	-	-	35,520	9,200	6,300	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	(8,500)	-
Total other financing source	-	-	35,520	9,200	6,300	-	-	(8,500)	-
Net change in fund balance	17	-	35,520	6,743	3,387	(3,753)	1,411	(4,325)	28,836
Fund balance, beginning of year	634	-	28,322	6,100	107	17,675	25,402	45,658	212,313
Fund balance, end of year	651	\$ -	\$ 63,842	\$ 12,843	\$ 3,494	\$ 13,922	\$ 26,813	\$ 41,333	\$ 241,149

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

(Continued)

STATE OF NEW MEXICO
HARDING COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
JUNE 30, 2012

	DWI Program Fund	DWI Users Fund	Law Enfor. Protection Fund	Rural Addressing Fund	Senior Program Fund	Total
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,535
Charges for services	-	375	-	-	-	4,638
Gross receipt taxes	-	-	-	-	-	19,391
Fines and forfeitures	-	-	-	-	-	13,188
Local sources	-	1,559	-	-	54	20,052
State sources	61,388	-	56,165	-	77,922	206,119
Federal sources	-	-	-	-	8,281	8,298
Sale of property	-	-	11,761	-	-	11,761
Environmental gross receipts taxes	-	-	-	-	-	15,423
Total revenues	61,388	1,934	67,926	-	86,257	309,405
EXPENDITURES						
General government	-	-	-	-	-	11,958
Public safety	62,721	1,995	19,092	26,817	-	147,557
Health and welfare	-	-	-	-	-	12,512
Culture and recreation	-	-	-	-	105,850	105,850
Capital outlay	300	-	38,177	-	-	43,659
Total expenditures	63,021	1,995	57,269	26,817	105,850	321,536
Excess (deficiency) of revenues over expenditures	(1,633)	(61)	10,657	(26,817)	(19,593)	(12,131)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	27,100	12,352	90,472
Operating transfers out	-	-	-	-	-	(8,500)
Total other financing source (uses)	-	-	-	27,100	12,352	81,972
Net change in fund balance	(1,633)	(61)	10,657	283	(7,241)	69,841
Fund balance, beginning of year	4,631	4,759	3,920	7,688	16,635	373,844
Fund balance, end of year	\$ 2,998	\$ 4,698	\$ 14,577	\$ 7,971	\$ 9,394	\$ 443,685

(Concluded)

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 - FARM & RANGE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Federal sources	\$ 18	\$ 18	\$ 17	\$ (1)
Total revenues	18	18	17	(1)
EXPENDITURES:				
Current:				
General government	652	652	-	652
Total expenditures	652	652	-	652
Net change in fund balance Non-GAAP Basis	(634)	(634)	17	651
Fund balance - beginning	634	634	634	-
Fund balance - ending	\$ -	\$ -	\$ 651	\$ 651
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			17	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ 17</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 - INDIGENT FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Gross receipts taxes	\$ 9,000	\$ 13,712	\$ -	\$ (13,712)
Local sources	-	-	12,512	12,512
Total revenues	9,000	13,712	12,512	(1,200)
EXPENDITURES:				
Current:				
Health and welfare	9,000	13,712	12,512	1,200
Total expenditures	9,000	13,712	12,512	1,200
Net change in fund balance Non-GAAP Basis	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			-	
Revenue accruals		-		
Expenditure accruals		-		
Excess (deficit) of revenues over expenditures - GAAP basis			\$ -	

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 - EMERGENCY MANAGEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Transfers in	\$ -	\$ -	\$ 35,520	\$ 35,520
Total other financing sources	-	-	35,520	35,520
Net change in fund balance Non-GAAP Basis	\$ -	\$ -	\$ 35,520	\$ 35,520
Fund balance - beginning	28,322	28,322	28,322	-
Fund balance - ending	\$ 28,322	\$ 28,322	\$ 63,842	\$ 35,520
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			35,520	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ 35,520	

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
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 2,284	\$ 2,284	\$ 5,927	\$ 3,643
Total revenues	2,284	2,284	5,927	3,643
EXPENDITURES:				
Current:				
Public safety	8,384	8,384	8,384	-
Total expenditures	8,384	8,384	8,384	-
Deficiency of revenues over expenditures	(6,100)	(6,100)	(2,457)	3,643
OTHER FINANCING SOURCES				
Transfers in	-	-	9,200	9,200
Total other financing sources	-	-	9,200	9,200
Net change in fund balance Non-GAAP Basis	(6,100)	(6,100)	6,743	12,843
Fund balance - beginning	6,100	6,100	6,100	-
Fund balance - ending	\$ -	\$ -	\$ 12,843	\$ 12,843
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			6,743	
Revenue accruals		-		
Expenditure accruals		-		
Deficit of revenues over expenditures - GAAP basis			<u>\$ 6,743</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. 2 FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 9,707	\$ 17,282	\$ 10,644	\$ (6,638)
Total revenues	9,707	17,282	10,644	(6,638)
EXPENDITURES:				
Current:				
Public safety	16,814	28,189	13,557	14,632
Total expenditures	16,814	28,189	13,557	14,632
Excess (deficiency) of revenues over expenditures	(7,107)	(10,907)	(2,913)	7,994
OTHER FINANCING SOURCES (USES)				
Transfers in	7,000	15,500	6,300	(9,200)
Transfers out	-	(1,600)	-	1,600
Total other financing sources (uses)	7,000	13,900	6,300	(7,600)
Net change in fund balance Non-GAAP Basis	(107)	2,993	3,387	394
Fund balance - beginning	107	107	107	-
Fund balance - ending	\$ -	\$ 3,100	\$ 3,494	\$ 394
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			3,387	
Revenue accruals		-		
Expenditure accruals		-		
Deficit of revenues over expenditures - GAAP basis			<u>\$ 3,387</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
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 1,200	\$ 1,200	\$ 4,263	\$ 3,063
Total revenues	1,200	1,200	4,263	3,063
EXPENDITURES:				
Current:				
General government	18,875	18,875	2,834	16,041
Capital outlay	-	-	5,182	(5,182)
Total expenditures	18,875	18,875	8,016	10,859
Net change in fund balance Non-GAAP Basis	(17,675)	(17,675)	(3,753)	13,922
Fund balance - beginning	17,675	17,675	17,675	-
Fund balance - ending	\$ -	\$ -	\$ 13,922	\$ 13,922
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(3,753)	
Revenue accruals		-		
Expenditure accruals		-	-	
Deficit of revenues over expenditures - GAAP basis			\$ (3,753)	

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
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes	\$ 5,730	\$ 5,730	\$ 10,535	\$ 4,805
Total revenues	5,730	5,730	10,535	4,805
EXPENDITURES:				
Current:				
General government	31,132	31,132	9,124	22,008
Total expenditures	31,132	31,132	9,124	22,008
Net change in fund balance Non-GAAP Basis	(25,402)	(25,402)	1,411	26,813
Fund balance - beginning	25,402	25,402	25,402	-
Fund balance - ending	\$ -	\$ -	\$ 26,813	\$ 26,813
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			1,411	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			<u>\$ 1,411</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
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Environmental gross receipt taxes	\$ -	\$ -	\$ 15,423	\$ 15,423
Total revenues	-	-	15,423	15,423
EXPENDITURES:				
Current:				
Public safety	<u>11,248</u>	<u>11,248</u>	<u>11,248</u>	<u>-</u>
Total expenditures	<u>11,248</u>	<u>11,248</u>	<u>11,248</u>	<u>-</u>
Deficiency of revenues over expenditures	(11,248)	(11,248)	4,175	15,423
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>2,130</u>	<u>(8,500)</u>	<u>(10,630)</u>
Total other financing sources (uses)	<u>-</u>	<u>2,130</u>	<u>(8,500)</u>	<u>(10,630)</u>
Net change in fund balance Non-GAAP Basis	(11,248)	(9,118)	(4,325)	4,793
Fund balance - beginning	<u>45,658</u>	<u>45,658</u>	<u>45,658</u>	<u>-</u>
Fund balance - ending	<u>\$ 34,410</u>	<u>\$ 36,540</u>	<u>\$ 41,333</u>	<u>\$ 4,793</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(4,325)	
Revenue accruals		-		
Expenditure accruals		-	-	
Deficit of revenues over expenditures - GAAP basis			<u>\$ (4,325)</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
 FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Gross receipts taxes	\$ 15,000	\$ 15,000	\$ 19,391	\$ 4,391
Fines and forfeitures	24,000	24,000	13,188	(10,812)
Total revenues	39,000	39,000	32,579	(6,421)
EXPENDITURES:				
Current:				
Public safety	39,000	39,000	3,743	35,257
Total expenditures	39,000	39,000	3,743	35,257
Excess of revenues over expenditures	-	-	28,836	28,836
OTHER FINANCING USES				
Transfers out	-	(5,101)	-	5,101
Total other financing uses	-	(5,101)	-	5,101
Net change in fund balance Non-GAAP Basis	-	(5,101)	28,836	33,937
Fund balance - beginning	212,313	212,313	212,313	-
Fund balance - ending	\$ 212,313	\$ 207,212	\$ 241,149	\$ 33,937
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			28,836	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 28,836	

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
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 60,000	\$ 60,000	\$ 61,388	\$ 1,388
Total revenues	60,000	60,000	61,388	1,388
EXPENDITURES:				
Current:				
Public safety	60,000	60,000	61,567	(1,567)
Capital outlay	-	-	300	(300)
Total expenditures	60,000	60,000	61,867	(1,867)
Net change in fund balance Non-GAAP Basis	-	-	(479)	(479)
Fund balance - beginning	4,631	4,631	4,631	-
Fund balance - ending	\$ 4,631	\$ 4,631	\$ 4,152	\$ (479)
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(479)	
Revenue accruals			-	
Expenditure accruals		(1,154)	(1,154)	
Excess of revenues over expenditures - GAAP basis			\$ (1,633)	

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
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ -	\$ -	\$ 375	\$ 375
Local sources	<u>8.000</u>	<u>8.000</u>	<u>1.559</u>	<u>(6.441)</u>
Total revenues	8.000	8.000	1,934	(6,066)
EXPENDITURES:				
Current:				
Public safety	<u>8.000</u>	<u>8.000</u>	<u>1.995</u>	<u>6.005</u>
Total expenditures	<u>8.000</u>	<u>8.000</u>	<u>1.995</u>	<u>6.005</u>
Net change in fund balance Non-GAAP Basis	-	-	(61)	(61)
Fund balance - beginning	<u>4,759</u>	<u>4,759</u>	<u>4,759</u>	<u>-</u>
Fund balance - ending	<u>4,759</u>	<u>4,759</u>	<u>4,698</u>	<u>(61)</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(61)	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ (61)</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 FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State sources	\$ 21,200	\$ 21,200	\$ 56,165	\$ 34,965
Other income	-	34,965	11,761	(23,204)
Total revenues	21,200	56,165	67,926	11,761
EXPENDITURES:				
Current:				
Public safety	25,120	60,085	19,092	40,993
Capital outlay	-	-	38,177	(38,177)
Total expenditures	25,120	60,085	57,269	2,816
Net change in fund balance Non-GAAP Basis	(3,920)	(3,920)	10,657	14,577
Fund balance - beginning	3,920	3,920	3,920	-
Fund balance - ending	\$ -	\$ -	\$ 14,577	\$ 14,577
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			10,657	
Revenue accruals		-		
Expenditure accruals		-		
Deficit of revenues over expenditures - GAAP basis			\$ 10,657	

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
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:				
Current:				
Public safety	\$ 24,788	\$ 34,788	\$ 26,817	\$ 7,971
Total expenditures	<u>24,788</u>	<u>34,788</u>	<u>26,817</u>	<u>7,971</u>
Deficiency of revenues over expenditures	(24,788)	(34,788)	(26,817)	7,971
OTHER FINANCING SOURCES				
Transfers in	<u>17,100</u>	<u>27,100</u>	<u>27,100</u>	<u>-</u>
Total other financing sources	<u>17,100</u>	<u>27,100</u>	<u>27,100</u>	<u>-</u>
Net change in fund balance Non-GAAP Basis	(7,688)	(7,688)	283	7,971
Fund balance - beginning	<u>7,688</u>	<u>7,688</u>	<u>7,688</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,971</u>	<u>\$ 7,971</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			283	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ 283</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
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Local sources	-	-	54	54
State sources	\$ 68,137	\$ 60,873	\$ 77,922	\$ 17,049
Federal sources	29,706	19,469	8,281	(11,188)
Other income	<u>8,245</u>	<u>7,691</u>	<u>-</u>	<u>(7,691)</u>
Total revenues	106,088	88,033	86,257	(1,776)
EXPENDITURES:				
Current:				
Culture and recreation	<u>118,440</u>	<u>113,250</u>	<u>103,934</u>	<u>9,316</u>
Total expenditures	<u>118,440</u>	<u>113,250</u>	<u>103,934</u>	<u>9,316</u>
Deficiency of revenues over expenditures	(12,352)	(25,217)	(17,677)	7,540
OTHER FINANCING SOURCES				
Transfers in	<u>12,352</u>	<u>12,352</u>	<u>12,352</u>	<u>-</u>
Total other financing sources	<u>12,352</u>	<u>12,352</u>	<u>12,352</u>	<u>-</u>
Net change in fund balance Non-GAAP Basis	-	(12,865)	(5,325)	7,540
Fund balance - beginning	<u>16,635</u>	<u>16,635</u>	<u>16,635</u>	<u>-</u>
Fund balance - ending	<u>\$ 16,635</u>	<u>\$ 3,770</u>	<u>\$ 11,310</u>	<u>\$ 7,540</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(5,325)	
Revenue accruals		-		
Expenditure accruals		<u>(1,916)</u>	<u>(1,916)</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ (7,241)</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY
HARDING COUNTY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
AS OF JUNE 30, 2012

<u>Description of Pledged Collateral</u>	<u>Amount</u>	<u>Name and Location of Safekeeper</u>
GNMA II, CUSIP #36225DC51, Maturing 07/20/2034	\$ 188,608	Federal Home Loan Bank of Dallas
FHLMC, CUSIP #3128N97M7, Maturing 01/01/2036	183,241	Federal Home Loan Bank of Dallas
FNMA, CUSIP #31412FHU0, Maturing 04/01/2037	113,631	Federal Home Loan Bank of Dallas
FNMA, CUSIP #31393ADM6, Maturing 03/25/2022	36,676	Federal Home Loan Bank of Dallas
GNMA II, CUSIP #36202FX68, Maturing 10/20/2041	481,065	Federal Home Loan Bank of Dallas
FNMA, CUSIP #3136FTJE0,, Maturing 10/28/2015	403,210	Farmers & Stockman BK
FNMA, CUSIP #3136FTAEE9, Maturing 10/11/2017	50,070	Farmers & Stockman BK
FFCB, CUSIP #31331KL32, Maturing 10/26/2018	<u>452,574</u>	Farmers & Stockman BK
Total pledged securities	<u>\$ 1,909,075</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY
HARDING COUNTY

TAX ROLL RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2012

Property taxes receivable, beginning of year	\$ 9,753
Changes to Tax Roll:	
Net taxes charged to treasurer for fiscal year	1,859,994
Adjustments:	
Increases in taxes receivables	84,141
Charges off of taxes receivables	<u>-</u>
Total receivables prior to collections	1,953,888
Collections for fiscal year ended June 30, 2012	<u>1,496,460</u>
Property taxes receivable, end of year	<u>\$ 457,428</u>
Property taxes receivable by years:	
2002 - 2010	\$ 64,429
2011	<u>392,999</u>
Total taxes receivable	<u>\$ 457,428</u>

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

STATE OF NEW MEXICO, HARDING COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Municipalities:									
Village of Roy									
2002 - 2010	\$ 23,822	\$ 118	\$ 23,693	\$ 173	\$ 23,693	\$ -	\$ -	\$ -	\$ 129
2011	3,131	2,966	2,966	2,957	2,957	-	-	9	165
Total for Village of Roy	26,953	3,084	26,659	3,130	26,650	-	-	9	294
Village of Mosquero									
2002 - 2010	\$ 8,825	\$ 36	\$ 8,817	\$ 47	\$ 8,817	\$ -	\$ -	\$ -	\$ 8
2011	1,347	1,314	1,314	1,290	1,290	-	-	24	33
Total for Village of Mosquero	10,172	1,350	10,131	1,337	10,107	-	-	24	41
Total for Municipalities	37,125	4,434	36,790	4,467	36,757	-	-	33	335
Harding County:									
General AD Valorem									
2002 - 2010	\$ 2,473,335	\$ 16,309	\$ 2,439,559	\$ 16,309	\$ 2,439,559	\$ -	\$ -	\$ -	\$ 33,776
2011	802,539	567,149	567,149	567,149	567,149	-	-	-	235,390
Total for General AD Valorem	3,275,874	583,458	3,006,708	583,458	3,006,708	-	-	-	269,166
Non-Rendition Fees									
2002 - 2010	\$ 476	\$ 160	\$ 476	\$ 160	\$ 476	\$ -	\$ -	\$ -	\$ -
2011	-	-	-	-	-	-	-	-	-
Total for Non-Rendition Fees	476	160	476	160	476	-	-	-	-

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

STATE OF NEW MEXICO, HARDING COUNTY

COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Administrative Fee									
2002 - 2010	\$ 3,149	\$ 348	\$ 3,078	\$ 348	\$ 3,078	\$ -	\$ -	\$ -	\$ 71
2011	383	-	333	-	333	-	-	-	50
Total for Administrative Fee	3,532	348	3,411	348	3,411	-	-	-	121
Predator Control									
2002 - 2010	\$ 128,182	\$ -	\$ 127,164	\$ 920	\$ 127,164	\$ -	\$ -	\$ -	\$ 1,018
2011	13,594	13,316	13,349	12,377	12,377	-	-	972	245
Total for Predator Control	141,776	13,316	140,513	13,297	139,541	-	-	972	1,263
Mesa Soil Conservation									
2002 - 2010	\$ 20,502	\$ -	\$ 20,501	\$ 39	\$ 20,501	\$ -	\$ -	\$ -	\$ 1
2011	2,755	2,719	2,719	2,713	2,712	-	-	7	36
Total for Mesa Soil Conservation	23,257	2,719	23,220	2,752	23,213	-	-	7	37
Ute Creek									
2002 - 2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011	2,853	2,850	2,850	2,841	2,840	-	-	10	3
Total for Ute Creek	2,853	2,850	2,850	2,841	2,840	-	-	10	3
Total for Harding County	3,447,768	602,851	3,177,178	602,856	3,176,189	-	-	989	270,590
State of New Mexico									
State Levy									
2002 - 2010	\$ 319,530	\$ 2,094	\$ 315,456	\$ 2,342	\$ 315,456	\$ -	\$ -	\$ -	\$ 4,074
2011	105,226	74,639	74,639	66,227	66,228	-	-	8,411	30,587
Total for State Levy	424,756	76,733	390,095	68,569	381,684	-	-	8,411	34,661

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

STATE OF NEW MEXICO, HARDING COUNTY

COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Cattle									
2002 - 2010	\$ 333,905	\$ -	\$ 333,488	\$ 239	\$ 333,488	\$ -	\$ -	\$ -	\$ 417
2011	34,151	33,750	33,750	33,695	33,695	-	-	55	401
Total for Cattle	368,056	33,750	367,238	33,934	367,183	-	-	55	818
Sheep									
2002 - 2010	\$ 126	\$ -	\$ 126	\$ 1	\$ 126	\$ -	\$ -	\$ -	\$ -
2011	6	6	6	6	6	-	-	-	-
Total for Sheep	132	6	132	7	132	-	-	-	-
Goats									
2002 - 2010	\$ 92	\$ -	\$ 9	\$ 1	\$ 9	\$ -	\$ -	\$ -	\$ 83
2011	2	2	2	1	2	-	-	-	-
Total for Goats	94	2	11	2	11	-	-	-	83
Equine									
2002 - 2010	\$ 9,033	\$ -	\$ 9,014	\$ 7	\$ 9,014	\$ -	\$ -	\$ -	\$ 19
2011	466	461	461	461	461	-	-	-	5
Total for Equine	9,499	461	9,475	468	9,475	-	-	-	24
Total for State of New Mexico	802,537	110,952	766,951	102,980	758,485	-	-	8,466	35,586
Schools									
Operational									
2002 - 2010	\$ 115,363	\$ 640	\$ 113,764	\$ 709	\$ 113,764	\$ -	\$ -	\$ -	\$ 1,599
2011	35,798	25,327	25,327	23,388	22,388	-	-	2,939	10,471
Total for Operational	\$ 151,161	\$ 25,967	\$ 139,091	\$ 24,097	\$ 136,152	\$ -	\$ -	\$ 2,939	\$ 12,070

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

STATE OF NEW MEXICO, HARDING COUNTY

COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Debt									
2002 - 2010	\$ 1,355,831	\$ 7,143	\$ 1,339,405	\$ 8,041	\$ 1,339,405	\$ -	\$ -	\$ -	\$ 16,426
2011	253,515	182,613	182,613	162,319	162,319	-	-	20,294	70,902
Total for Debt	\$ 1,609,346	\$ 189,756	\$ 1,522,018	\$ 170,360	\$ 1,501,724	\$ -	\$ -	\$ 20,294	\$ 87,328
Capital Improvements									
2002 - 2010	\$ 487,098	\$ 2,710	\$ 480,655	\$ 3,028	\$ 480,655	\$ -	\$ -	\$ -	\$ 6,443
2011	153,682	108,971	108,971	96,416	96,416	-	-	12,555	44,711
Total for Capital Improvements	640,780	111,681	589,626	99,444	577,071	-	-	12,555	51,154
Edu Tech									
2002 - 2010	\$ 17,653	\$ 273	\$ 17,288	\$ 267	\$ 17,283	\$ -	\$ -	\$ 5	\$ 365
2011	-	-	-	-	-	-	-	-	-
Total for Edu Tech	17,653	273	17,288	267	17,283	-	-	5	365
Total for Schools	2,418,940	327,677	2,268,023	294,168	2,232,230	-	-	35,793	150,917
Suspense Taxes									
Oxy 11									
2002 - 2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011	387,338	387,338	387,338	-	-	-	-	387,338	-
Total for Oxy 11	387,338	387,338	387,338	-	-	-	-	387,338	-
Oxy 11 10 year									
2002 - 2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011	63,208	63,208	63,208	-	-	-	-	63,208	-
Total for Oxy 11 10 year	63,208	63,208	63,208	-	-	-	-	63,208	-
Total for Suspense Taxes	450,546	450,546	450,546	-	-	-	-	450,546	-
Grand Total	\$ 7,156,916	\$ 1,496,460	\$ 6,699,488	\$ 1,004,471	\$ 6,203,661	\$ -	\$ -	\$ 495,827	\$ 457,428

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

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, 2012

	Balance		Balance	
	June 30, 2011	Additions	Deletions	June 30, 2012
ASSETS				
Cash on deposit	\$ 157,669	\$ 355,362	\$ -	\$ 513,031
Accounts receivable	44,376	-	36,595	7,781
Total assets	<u>\$ 202,045</u>	<u>\$ 355,362</u>	<u>\$ 36,595</u>	<u>\$ 520,812</u>
LIABILITIES				
Deposits held for others:				
Predator Control	\$ (92)	\$ 13,316	\$ 12,251	\$ 973
Mesa Soil Conservation	(5)	2,719	2,711	3
Treasurer-Taxes Paid in Suspense	72	452,730	(183)	452,985
Treasurer-Overpayment of Taxes	66	-	66	-
Treasurer-Taxes Paid in Advance	59	-	86	(27)
Municipalities	(1,761)	41,496	39,637	98
State of New Mexico	(688)	77,144	67,905	8,551
School Districts	204,394	595,252	741,417	58,229
Total liabilities	<u>\$ 202,045</u>	<u>\$ 1,182,657</u>	<u>\$ 863,890</u>	<u>\$ 520,812</u>

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

**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, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Harding County (the County) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 14, 2012. 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

Management of the County is responsible for establishing and maintaining effective 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 District'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identified deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 item 12-01.

The 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 Legislature, the New Mexico Department of Finance and Administration, and applicable federal grantors and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

White + Samaniego + Campbell, CP

El Paso, Texas
November 14, 2011

STATE OF NEW MEXICO, HARDING COUNTY
HARDING COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Prior audit findings		Current status
IC 06-05	Inadequate Pledged Collateral	Resolved
IC 07-02	Accounting Policy	Resolved
CF 09-02	County Treasurer's Property Tax Schedule	Resolved

HARDING COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

Legal Compliance with Budget (CF 12-01)

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.

	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures</u>
DWI Program Fund	\$ 60,000	\$ 61,867	\$ (1,867)

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, 2012**

The financial statements of Harding County as of, and for the year ended, June 30, 2012 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, 2012**

An exit conference was conducted September 20, 2012 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 G. Porterfield	Chairman
Pete Callahan	Assessor
Nick Archuleta	Member
Diana Anderson	Treasurer
Carla Garrison	Deputy Treasurer
Marie Atencio	Clerk
Janet Costa	Finance Director
Vanita Menapace	Administrative Assistant
Herman Martinez	Sheriff

White + Samaniego + Campbell, LLP

Dahlia Garcia	Audit Staff
Gloria Mejia	Audit Staff
Jesse Jezbera	Audit Staff

HARDING COUNTY

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2012**

Audit Finding	Corrective Action Plan	Person Responsible	Completion Date
CF 12-01	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.	Janet Costa, Finance Director	December 1, 2012

