

**State of New Mexico
Harding County**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2013
and Independent Auditors' Report**

STATE OF NEW MEXICO, HARDING COUNTY

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STATE OF NEW MEXICO, HARDING COUNTY

DIRECTORY OF OFFICIALS
JUNE 30, 2013

County Commissioners

Nick Archuleta
Rebecca K. Smith
Harold R. Mackey

Chairman
Vice-Chairman
Member

Elected Officials

Barbara L. Shaw
Felicia Esquibel
Pete Callahan
Herman J. Martinez
Shawn C. Jeffrey

County Clerk
Treasurer
Assessor
Sheriff
Probate Judge

Other Officials

Janet Costa
Elizabeth Martinez
Debra Garcia
Carla J. Garrison
Vanita Menapace

Finance Director
Chief Deputy Treasurer
Chief Deputy Assessor
Chief Deputy Clerk
Administrative Assistant

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Harding County, New Mexico (the "County") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental, nonmajor enterprise, internal service, and the budgetary comparisons for the major capital project funds, debt service funds, permanent funds and all nonmajor funds presented as supplementary information, as defined by the *Government Accounting Standards*, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary fund of the County, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds, permanent funds and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the County's financial statements, 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 basic financial statements.

Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its

compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

White + Samaniego + Campbell, LLP

El Paso, Texas
November 14, 2013

STATE OF NEW MEXICO, HARDING COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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, 2013. 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 \$8,487,564 (*net position*). Of this amount, \$1,166,594 (*unrestricted net position*) may be used to meet the government's ongoing, obligations to citizens and creditors.
- The government's total net position increased by \$597,859 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, 2012.
- As of June 30, 2013, the County's governmental funds reported combined ending fund balances of \$4,884,964. At the close of the current fiscal year, unassigned fund balance of the general fund was \$1,365,457.

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 position* presents information on all of the County of Harding's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 26 through 43 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 49 through 55 of this report.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County of Harding, net position exceeded liabilities by \$8,218,017 at the close of the current fiscal year.

A significant portion of the County of Harding's net position represent the County's investment of \$3,820,033 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 position.

Analysis of Changes in Net Position

During the current fiscal year, the County's net position in governmental increased by \$597,859. These increases are explained in the governmental activities discussion.

Governmental Activities

Governmental activities increased the County of Harding's net position by \$597,859. Grant revenue increased \$30,729 over grant revenue in the prior year. Property taxes, gross receipts taxes and other taxes contributed \$1,417,549 for covering the \$1,272,413 net program expense associated with governmental activities.

Governmental revenues, consisting mostly of taxes, are not directly associated with any government function. The total revenues decreased \$429,163.

Total revenues from governmental activities are summarized on page 9. For fiscal year 2012-2013, Local and State taxes made up 45% of the total general government revenues compared to 51% of the revenues in the prior year.

SUMMARY OF NET POSITION

	Governmental Activities	
	2013	2012
ASSETS		
Current and other assets	\$ 4,937,078	\$ 4,500,358
Capital assets, net of accumulated depreciation	<u>3,820,033</u>	<u>3,451,431</u>
Total assets	<u>\$ 8,757,111</u>	<u>\$ 7,951,789</u>
LIABILITIES		
Current and other liabilities	\$ 86,605	\$ 62,084
Long-term liabilities	<u>182,942</u>	<u>-</u>
Total liabilities	<u>269,547</u>	<u>62,084</u>
NET POSITION		
Net investment in capital assets	3,820,033	3,451,431
Restricted	3,317,938	3,004,265
Debt service fund	182,999	-
Unrestricted	<u>1,166,594</u>	<u>1,434,009</u>
Total net position	<u>8,487,564</u>	<u>7,889,705</u>
Total liabilities and net position	<u>\$ 8,757,111</u>	<u>\$ 7,951,789</u>

CHANGES IN NET POSITION

	Governmental Activities	
	2013	2012
REVENUES		
Program revenues:		
Charges for services	\$ 51,962	\$ 30,088
Operating grants and contributions	686,567	691,654
Capital grants and contributions	953,858	979,500
General revenues:		
Taxes	1,417,549	1,813,139
Other income	10,255	23,409
Interest income	34,398	45,962
Total revenues	3,154,589	3,583,752
EXPENSES		
General government	1,272,413	1,164,764
Public safety	273,211	296,912
Highways and streets	265,696	332,895
Health and welfare	12,813	12,512
Culture and recreation	107,537	105,850
Depreciation	625,060	506,872
Total expenses	2,556,730	2,419,805
Change in net position	597,859	1,163,947
Net position - beginning	7,889,705	6,725,758
Net position - ending	\$ 8,487,564	\$ 7,889,705

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 \$4,884,964, an increase of \$434,162 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 \$3,154,589 in the fiscal year-ended June 30, 2013, which represents an decrease of \$429,163 from the fiscal year-ended June 30, 2012. Expenditures for governmental functions totaled \$2,921,939. This was an increase of approximately \$101,942 from the fiscal year-ended June 30, 2012. In the fiscal year-ended June 30, 2013, revenues for governmental functions exceeded expenditures by approximately \$434,162.

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 \$1,365,457.

The fund balance of the County of Harding's General Fund decreased \$81,080 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 during the fiscal year 2013 and there were no budgeted deficits during the fiscal year 2013.

Change in Cash and Investments

At the end of 2013, the cash and investments balance of the General Fund had decreased by \$151,063. 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, 2013 amount to \$3,820,033 (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 \$368,602 for governmental activities. Equipment costing \$993,662 was purchased for the County and building and building improvements of 2013. There were no deletions in the governmental funds in the fiscal year.

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, 2013

	Governmental Activities
Land	\$ 25,761
Buildings and improvements	1,294,594
Equipment, furniture and machines	1,071,215
Infrastructure	1,428,463
 Capital Assets, Net of Accumulated Depreciation	 \$ 3,820,033

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 Position shows the Net Investment in Capital Assets-Governmental Funds in the amount of \$3,820,033. This investment includes the land, buildings and improvements, equipment, machinery and infrastructure.

The County's long-term debt is summarized as follows:

	Balance June 30, 2013	Balance June 30, 2012
NMFA Loan \$25M	\$ 201,512	\$ -
Long-term debt	\$ 201,512	\$ -

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 POSITION
JUNE 30, 2013

	Governmental Activities
ASSETS	
CURRENT ASSETS:	
Cash	\$ 4,291,846
Accounts receivable	617,048
Other assets	<u>28,184</u>
Total current assets	4,937,078
CAPITAL ASSETS:	
Land	25,761
Property, equipment and machines	<u>7,960,900</u>
Total capital assets	7,986,661
Less accumulated depreciation	<u>(4,166,628)</u>
Total capital assets, net of accumulated depreciation	<u>3,820,033</u>
Total assets	<u>\$ 8,757,111</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES:	
Cash overdraft	\$ 12,542
Accounts payable	7,105
Accrued expenses	32,467
Current portion of NMFA loan	18,570
Compensated absences	<u>15,921</u>
Total current liabilities	86,605
NON-CURRENT LIABILITIES:	
NMFA loan proceeds	<u>182,942</u>
Total non-current liabilities	<u>182,942</u>
Total liabilities	269,547
NET POSITION	
Net investment in capital assets	3,820,033
Restricted for:	
Capital projects	2,062,296
Special revenue funds	1,255,642
Debt service funds	182,999
Unrestricted	<u>1,166,594</u>
Total net position	<u>\$ 8,487,564</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, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expenses) Revenue and changes in Net Position Governmental Activities	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary government:					
Governmental activities:					
General government	\$ 1,272,413	\$ 28,957	\$ 124,862	\$ 637,000	\$ (481,594)
Highways and streets	265,696	-	459,370	149,864	343,538
Health and welfare	12,813	-	-	-	(12,813)
Public safety	273,211	23,005	686	166,994	(82,526)
Culture and recreation	107,537	-	101,649	-	(5,888)
Depreciation	625,060	-	-	-	(625,060)
Total governmental activities	<u>\$ 2,556,730</u>	<u>\$ 51,962</u>	<u>\$ 686,567</u>	<u>\$ 953,858</u>	<u>(864,343)</u>
General revenues:					
Property taxes					649,962
Gross receipts taxes					74,717
Oil and gas taxes					391,546
Motor vehicle taxes					191,811
Gasoline taxes					92,333
Environmental gross receipts taxes					17,180
Unrestricted investment earnings					34,398
Other income					10,255
Total general revenues					<u>1,462,202</u>
Change in net position					597,859
Net position - beginning					<u>7,889,705</u>
Net position - ending					<u>\$ 8,487,564</u>

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

STATE OF NEW MEXICO
HARDING COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	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	Debt Service Fund	Non-Major Government Funds	Total Government Funds
ASSETS												
Cash on deposit	\$ 820,883	\$ 186,508	\$ 75,439	\$ 142,152	\$ 703,374	\$ 389,156	\$ 319,572	\$ -	\$ 969,766	\$ 201,569	\$ 483,427	\$ 4,291,846
Accounts receivable	550,029	24,233	-	2,370	-	-	-	16,292	-	-	24,124	617,048
Other assets	20,994	-	3,595	-	-	-	3,595	-	-	-	-	28,184
Total assets	\$ 1,391,906	\$ 210,741	\$ 79,034	\$ 144,522	\$ 703,374	\$ 389,156	\$ 323,167	\$ 16,292	\$ 969,766	\$ 201,569	\$ 507,551	\$ 4,937,078
LIABILITIES												
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,542	\$ -	\$ -	\$ -	\$ 12,542
Accounts payable	7,105	-	-	-	-	-	-	-	-	-	-	7,105
Accrued expenses	19,344	9,435	-	-	-	-	-	-	-	-	3,688	32,467
Total liabilities	26,449	9,435	-	-	-	-	-	12,542	-	-	3,688	52,114
FUND BALANCES												
Restricted, reported in:												
Special revenue Fund	-	201,306	79,034	144,522	-	-	323,167	3,750	-	-	503,863	1,255,642
Capital projects funds	-	-	-	-	703,374	389,156	-	-	969,766	-	-	2,062,296
Debt service fund	-	-	-	-	-	-	-	-	-	201,569	-	201,569
Unassigned, reported in:												
General fund	1,365,457	-	-	-	-	-	-	-	-	-	-	1,365,457
Total fund balances	1,365,457	201,306	79,034	144,522	703,374	389,156	323,167	3,750	969,766	201,569	503,863	4,884,964
Total liabilities and fund balances	\$ 1,391,906	\$ 210,741	\$ 79,034	\$ 144,522	\$ 703,374	\$ 389,156	\$ 323,167	\$ 16,292	\$ 969,766	\$ 201,569	\$ 507,551	\$ 4,937,078

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 POSITION
JUNE 30, 2013

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

Total fund balances - governmental funds \$ 4,884,964

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

The cost of capital assets	7,986,661	
Accumulated depreciation	<u>(4,166,628)</u>	
		<u>3,820,033</u>

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

NMFA loan proceeds	(201,512)	
Compensated absences payable, net of current portion	<u>(15,921)</u>	
		<u>(217,433)</u>

Net position of governmental activities \$ 8,487,564

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

STATE OF NEW MEXICO
HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	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	Debt Service Fund	Non-Major Government Funds	Total Government Funds
REVENUES												
Property taxes	\$ 639,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,561	\$ 649,962
Gross receipts taxes	36,233	-	-	15,463	-	-	-	-	-	-	23,021	74,717
Motor vehicle taxes	4,056	187,755	-	-	-	-	-	-	-	-	-	191,811
Oil and gas taxes	391,546	-	-	-	-	-	-	-	-	-	-	391,546
Gasoline taxes	1,292	91,041	-	-	-	-	-	-	-	-	-	92,333
Environmental gross receipts taxes	-	-	-	9,994	-	-	-	-	-	-	-	9,994
Charges for services	-	-	-	-	-	-	-	-	-	-	7,186	7,186
Fines and forfeitures	24,208	-	-	-	-	-	-	-	-	-	11,091	11,091
Rents	4,749	-	-	-	-	-	-	-	-	-	11,914	16,663
Local sources	13,001	891	-	-	-	-	-	-	-	-	-	13,892
State sources	637,000	457,226	67,621	-	-	-	106,915	22,011	1,253	-	21,478	35,370
Federal sources	111,861	-	-	-	-	-	-	-	-	-	189,207	1,481,233
Earnings from investments	34,254	87	-	-	-	-	-	-	-	-	11,961	123,822
Other income	10,255	-	-	-	-	-	-	-	-	57	-	34,398
Total revenues	1,907,856	737,000	67,621	25,457	-	-	106,915	22,011	1,253	57	286,419	3,154,589
EXPENDITURES												
Current:												
General government	1,151,630	-	-	-	95,136	-	-	-	-	-	22,254	1,269,020
Highways and streets	-	247,832	-	-	-	7,892	-	-	9,972	-	-	265,696
Public safety	-	-	31,131	66,188	-	-	32,305	13,534	-	-	130,053	273,211
Health and welfare	-	-	-	-	-	-	-	-	-	-	12,813	12,813
Culture and recreation	-	-	-	-	-	-	-	-	-	-	107,537	107,537
Capital outlay	58,272	518,779	16,271	-	-	358,500	2,370	4,727	-	-	34,743	993,662
Total expenditures	1,209,902	766,611	47,402	66,188	95,136	366,392	34,675	18,261	9,972	-	307,400	2,921,939
Excess (deficiency) revenues over expenditures	697,954	(29,611)	20,219	(40,731)	(95,136)	(366,392)	72,240	3,750	(8,719)	57	(20,981)	232,650
OTHER FINANCING SOURCES (USES)												
Transfers in	7,821	146,955	-	-	250,000	335,621	-	-	920	-	90,380	831,697
Transfers out	(786,855)	(35,621)	-	-	-	-	-	-	-	-	(9,221)	(831,697)
Loan proceeds	-	-	-	-	-	-	-	-	-	201,512	-	201,512
Total other financing sources (uses)	(779,034)	111,334	-	-	250,000	335,621	-	-	920	201,512	81,159	201,512
Net change in fund balance	(81,080)	81,723	20,219	(40,731)	154,864	(30,771)	72,240	3,750	(7,799)	201,569	60,178	434,162
Fund balance beginning of year	1,446,537	119,583	58,815	185,253	548,510	419,927	250,927	-	977,565	-	443,685	4,450,802
Fund balance end of year	\$ 1,365,457	\$ 201,306	\$ 79,034	\$ 144,522	\$ 703,374	\$ 389,156	\$ 323,167	\$ 3,750	\$ 969,766	\$ 201,569	\$ 503,863	\$ 4,884,964

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, 2013

Net change in fund balances - total governmental funds \$ 434,162

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 position 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	993,662	
Depreciation expense	<u>(625,060)</u>	
		368,602

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		(3,389)
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Proceeds of notes payable principal is revenue in the governmental funds, but it increase long-term liabilities in the statement of net position and does not affect the statement of activities.

	<u>(201,516)</u>
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Change in net position of governmental activities	<u>\$ 597,859</u>
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See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes	\$ 749,694	\$ 749,694	\$ 575,445	\$ (174,249)
Gross receipts taxes	-	-	39,041	39,041
Motor vehicle taxes	2,500	2,500	4,082	1,582
Oil and gas taxes	334,343	334,343	379,663	45,320
Gasoline taxes	700	700	1,209	509
Payment in lieu of taxes	103,522	103,522	-	(103,522)
Charges for services	3,595	3,595	-	(3,595)
Fines and forfeitures	-	-	24,208	24,208
Rents	-	-	4,749	4,749
Local sources	15,000	15,000	13,001	(1,999)
State sources	637,000	637,000	637,000	-
Federal sources	-	-	111,861	111,861
Earnings from investments	40,000	40,000	34,254	(5,746)
Other income	26,800	26,800	10,255	(16,545)
Total revenues	<u>1,913,154</u>	<u>1,913,154</u>	<u>1,834,768</u>	<u>(78,386)</u>
EXPENDITURES:				
Current:				
General government	1,471,257	1,471,257	1,146,189	325,068
Highways and streets	64,149	64,149	-	64,149
Public safety	73,149	73,149	-	73,149
Health and welfare	500	500	-	500
Culture and recreation	12,000	12,000	-	12,000
Capital outlay	-	-	58,272	(58,272)
Total expenditures	<u>1,621,055</u>	<u>1,621,055</u>	<u>1,204,461</u>	<u>416,594</u>
Excess of revenues over expenditures	292,099	292,099	630,307	338,208
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	7,821	7,821
Transfers out	<u>(786,855)</u>	<u>(786,855)</u>	<u>(786,855)</u>	<u>-</u>
Total other financing sources (uses)	<u>(786,855)</u>	<u>(786,855)</u>	<u>(779,034)</u>	<u>7,821</u>
Net change in fund balance Non-GAAP Basis	(494,756)	(494,756)	(148,727)	346,029
Fund balance - beginning	<u>1,446,537</u>	<u>1,446,537</u>	<u>1,446,537</u>	<u>-</u>
Fund balance - ending	<u>\$ 951,781</u>	<u>\$ 951,781</u>	<u>\$ 1,297,810</u>	<u>\$ 135,446</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(148,727)	
Revenue accruals		73,088		
Expenditure accruals		<u>(5,441)</u>	<u>67,647</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ (81,080)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Motor vehicle taxes	\$ 150,000	\$ 150,000	\$ 188,773	\$ 38,773
Gasoline taxes	60,000	60,000	89,569	29,569
Local sources	-	-	891	891
State sources	450,237	443,164	457,226	14,062
Federal sources	7,500	14,062	-	(14,062)
Earnings from investments	3,000	3,000	87	(2,913)
Total revenues	<u>670,737</u>	<u>670,226</u>	<u>736,546</u>	<u>66,320</u>
EXPENDITURES:				
Current:				
Highways and streets	810,843	810,843	253,332	557,511
Capital outlay	46,171	45,660	518,779	(473,119)
Total expenditures	<u>857,014</u>	<u>856,503</u>	<u>772,111</u>	<u>84,392</u>
Deficiency of revenues over expenditures	(186,277)	(186,277)	(35,565)	150,712
OTHER FINANCING SOURCES				
Transfers in	146,955	146,955	146,955	-
Transfers out	-	(20,355)	(35,621)	15,266
Total other financing sources	<u>146,955</u>	<u>126,600</u>	<u>111,334</u>	<u>15,266</u>
Net change in fund balance Non-GAAP Basis	(39,322)	(59,677)	75,769	135,446
Fund balance - beginning	<u>119,583</u>	<u>119,583</u>	<u>119,583</u>	<u>-</u>
Fund balance - ending	<u>\$ 80,261</u>	<u>\$ 59,906</u>	<u>\$ 195,352</u>	<u>\$ 135,446</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			75,769	
Revenue accruals		454		
Expenditure accruals		<u>5,500</u>	<u>5,954</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 81,723</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 SPECIAL REVENUE FUND - FIRE DISTRICT NO. 2 FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 54,483	\$ 67,621	\$ 67,621	\$ -
Total revenues	54,483	67,621	67,621	-
EXPENDITURES:				
Current:				
Public safety	111,548	124,686	29,381	95,305
Capital outlay	-	-	16,271	(16,271)
Total expenditures	111,548	124,686	45,652	79,034
OTHER FINANCING SOURCES				
Transfers in	-	2,130	-	(2,130)
Total other financing sources (uses)	-	2,130	-	(2,130)
Net change in fund balance Non-GAAP Basis	(57,065)	(54,935)	21,969	76,904
Fund balance - beginning	58,815	58,815	58,815	-
Fund balance - ending	<u>\$ 1,750</u>	<u>\$ 3,880</u>	<u>\$ 80,784</u>	<u>\$ 76,904</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			21,969	
Revenue accruals		-		
Expenditure accruals		(1,750)	(1,750)	
Excess of revenues over expenditures - GAAP basis			<u>\$ 20,219</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ -	\$ -	\$ 19,988	\$ 19,988
Environmental gross receipt taxes	32,000	32,000	9,994	(22,006)
Total revenues	32,000	32,000	29,982	(2,018)
EXPENDITURES:				
Current:				
Public safety	210,537	210,357	66,188	144,169
Total expenditures	210,537	210,357	66,188	144,169
Net change in fund balance Non-GAAP Basis	(178,537)	(178,357)	(36,206)	142,151
Fund balance - beginning	185,253	185,253	185,253	-
Fund balance - ending	<u>\$ 6,716</u>	<u>\$ 6,896</u>	<u>\$ 149,047</u>	<u>\$ 142,151</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(36,206)	
Revenue accruals		(4,525)		
Expenditure accruals		<u>-</u>	(4,525)	
Deficit of revenues over expenditures - GAAP basis			<u>\$ (40,731)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 85,333	\$ 105,911	\$ 106,915	\$ 1,004
Total revenues	85,333	105,911	106,915	1,004
EXPENDITURES:				
Current:				
Public safety	344,510	355,088	30,555	324,533
Capital outlay	-	-	2,370	-
Total expenditures	<u>344,510</u>	<u>355,088</u>	<u>32,925</u>	<u>322,163</u>
Net change in fund balance Non-GAAP Basis	(259,177)	(249,177)	73,990	323,167
Fund balance - beginning	<u>250,927</u>	<u>250,927</u>	<u>250,927</u>	<u>-</u>
Fund balance - ending	<u>\$ (8,250)</u>	<u>\$ 1,750</u>	<u>\$ 324,917</u>	<u>\$ 323,167</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			73,990	
Revenue accruals		-		
Expenditure accruals		<u>(1,750)</u>	<u>(1,750)</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 72,240</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
 MAJOR SPECIAL REVENUE FUND - DWI GRANT FUND
 YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 24,520	\$ 27,781	\$ 15,238	\$ (12,543)
Total revenues	24,520	27,781	15,238	(12,543)
EXPENDITURES:				
Current:				
Public safety	15,000	18,261	13,534	4,727
Capital outlay	-	-	4,727	-
Total expenditures	15,000	18,261	18,261	-
Net change in net position Non-GAAP Basis	9,520	9,520	(3,023)	(12,543)
Fund balance - beginning	(20,066)	(20,066)	-	20,066
Fund balance - ending	<u>\$ (10,546)</u>	<u>\$ (10,546)</u>	<u>\$ (3,023)</u>	<u>\$ 7,523</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(3,023)	
Revenue accruals		6,773		
Expenditure accruals		-	6,773	
Deficit of revenues over expenditures - GAAP basis			<u>\$ 3,750</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, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and temporary investments	\$ 866,242
Taxes receivable	<u>373,618</u>
Total assets	<u>\$ 1,239,860</u>
LIABILITIES	
Due to other governments (cash)	\$ 866,242
Due to other governments (receivables)	<u>373,618</u>
Total liabilities	<u>\$ 1,239,860</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, 2013

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 position 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 position 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.

Debt Service Fund - This fund accounts for the payments of principal and interest of the County's long-term debt.

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 Position

Net position represent the difference between assets and liabilities. Net investment in capital assets, 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 investment in capital assets excludes unspent debt proceeds. Net position is 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 position by the government that is applicable to a future reporting period, and an acquisition of net position 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 position 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 position. 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 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. 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.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 67 Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The Village 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 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The Village 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.

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	\$ 1,510,262
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County	50,000
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County	250,000
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County	63,993
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County	250,000
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
Farmers & Stockmans Bank	Savings	Harding County	389,293
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	332,848
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	150,000
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	394,389
Farmers & Stockmans 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	<u>250,000</u>
Total amount on deposit			<u>\$ 5,014,785</u>
Total amount on deposit			\$ 5,014,785
Plus petty cash			476
Plus deposits in transit			5,012
Less outstanding checks			(76,296)
Loan Proceeds			<u>201,569</u>
Total cash balance			<u>\$ 5,145,546</u>
Total cash per financial statements			<u>\$ 5,145,546</u>
Cash overdraft			\$ (12,542)
Governmental activities			4,291,846
Agency fund			<u>866,242</u>
Total cash per financial statements			<u>\$ 5,145,546</u>

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

	<u>Cash on deposit at June 30</u>	<u>Less F.D.I.C.</u>	<u>Uninsured funds</u>	<u>Funds needing collateralization at 50%</u>	<u>Pledged collateral at June 30</u>	<u>Excess (deficit) of pledged collateral</u>
Comm. 1st of Roy	1,740,530	(250,000)	1,490,530	745,265	1,627,288	882,023
Farmers & Stockman Bank	2,524,255	(250,000)	2,274,255	1,137,128	1,431,202	294,074
American Express Bank	250,000	(250,000)	-	-	-	-
Discover Bank	250,000	(250,000)	-	-	-	-
State Bank of India	250,000	(250,000)	-	-	-	-
Total	<u>\$ 5,014,785</u>	<u>\$(1,250,000)</u>	<u>\$ 3,764,785</u>	<u>\$ 1,882,393</u>	<u>\$ 3,058,490</u>	<u>\$ 1,176,097</u>

At June 30, 2013, the carrying amount County's bank balance was \$5,014,785. Of this balance, \$1,250,000 was covered by federal depository insurance and \$3,764,785 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, 2013, \$3,764,785 of the County's bank balance of \$5,014,785 was exposed to custodial credit risk as follows:

Insured	\$ 1,250,000
Uninsured and collateralized with securities held by the pledging banks trust department, but not in the County's name	<u>3,764,785</u>
Total	<u>\$ 5,014,785</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, 2013, consist of the following:

	<u>Governmental Activities</u>
General Fund	\$ 550,029
Road Fund	24,233
Solid Waste Fund	2,370
Jail Detention Fund	1,581
DWI Grant Fund	16,292
EMT Fund	1,343
Law Enforcement Protection Fund	21,200
Senior Program Fund	<u>-</u>
	<u>\$ 617,048</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 2013 were \$44,576.

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. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE 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 <http://www.pera.state.nm.us>.

Funding Policy - Plan members are required to contribute 9.15% of their gross salary. The Harding County is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the 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, 2013, 2012, and 2011 were \$63,919, \$63,841, and \$60,228, 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, 2013, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Government activities:				
Capital assets				
Land	\$ 25,761	\$ -	\$ -	\$ 25,761
Total assets not depreciated	25,761	-	-	25,761
Buildings and improvements	1,776,483	29,545	-	1,806,028
Equipment, furniture and machines	3,536,583	447,533	-	3,984,116
Infrastructure	<u>1,654,172</u>	<u>516,584</u>	-	<u>2,170,756</u>
Total assets depreciated	6,967,238	993,662	-	7,960,900
Less accumulated depreciation:				
Buildings and improvements	458,378	53,056	-	511,434
Equipment, furniture and machines	2,500,527	412,374	-	2,912,901
Infrastructure	<u>582,663</u>	<u>159,630</u>	-	<u>742,293</u>
Total accumulated depreciation	<u>3,541,568</u>	<u>625,060</u>	-	<u>4,166,628</u>
Capital assets being depreciated, net of accumulated depreciation	<u>3,425,670</u>	<u>368,602</u>	-	<u>3,794,272</u>
Total capital assets, net of accumulated depreciation	<u>\$ 3,451,431</u>	<u>\$ 368,602</u>	<u>\$ -</u>	<u>\$ 3,820,033</u>

8. LONG-TERM LIABILITIES

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the County-Wide Statement of Net Position:

	<u>Balance 6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/13</u>	<u>Due Within One Year</u>
Compensated absences	\$ 12,528	\$ 15,873	\$ 12,480	\$ 15,921	\$ 15,921
Total	<u>\$ 12,528</u>	<u>\$ 15,873</u>	<u>\$ 12,480</u>	<u>\$ 15,921</u>	<u>\$ 15,921</u>

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

The County entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the County to pay a principal amount \$201,512 and interest for the purpose of defraying the cost of fire protection equipment. The yearly payments are to be redirected from the County's share of the State Fire Fund revenue to the New Mexico Finance Authority. The interest rate is 3.50% to 5.08% plus 0.25% administrative fee.

A summary of changes in long-term debt for the year ended June 30, 2013, was as follows:

	<u>Balance 06/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/13</u>	<u>Due within One year</u>
Governmental Activities:					
NMFA -Fire Truck	\$ -	\$ 201,512	\$ -	\$ 201,512	\$ 18,570
Total Governmental Debt	<u>\$ -</u>	<u>\$ 201,512</u>	<u>\$ -</u>	<u>\$ 201,512</u>	<u>\$ 18,570</u>

Scheduled principal and interest payments on the County's long term debt are as follows:

Year Ended June 30,	Principal	Governmental Interest	Total
2014	\$ 18,570	\$ 4,588	\$ 23,158
2015	19,459	2,467	21,926
2016	19,578	2,350	21,928
2017	19,733	2,198	21,931
2018	19,920	2,005	21,925
2019-2023	<u>104,252</u>	<u>5,277</u>	<u>109,529</u>
Total	<u>\$ 201,512</u>	<u>\$ 18,885</u>	<u>\$ 220,397</u>

Below are the terms, amounts due within one year, and maturity dates of the City's outstanding long term debt:

Description	Interest Rate	Payment Frequency	Payment Amount	Maturity Date	Due Within One Year	Servicing Fund
Governmental Activities:						
NMFA - Recreation Center	1.686%	Yearly	\$23,158	May 2023	18,570	Capital Projects

9. INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2013 consisted the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 7,821	\$ 786,855
Road Fund	146,955	35,621
EMS No. 1 Fund	4,300	-
EMS No. 2 Fund	4,100	-
EMS Fund	-	1,400
Capital Improvement Fund	335,621	-
Emergency Management Fund	50,000	-
Building Restoration Fund	250,000	-
Rural Addressing Fund	17,100	-
Senior Program Fund	14,880	-
Special Appropriations Fund	920	-
Jail Detention Fund	-	7,821
	<u>\$ 831,697</u>	<u>\$ 831,697</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. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURE

General accepted accounting principles require disclosures as part of the Combined Statement of certain information concerning individual funds including:

A. Deficit fund balance of individual funds. There following funds reported a deficit fund balance at June 30, 2013:

Nonmajor Funds:	
Senior Program Fund	\$ <u>490</u>
Total	\$ <u>490</u>

MAJOR CAPITAL PROJECTS 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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government	<u>798,510</u>	<u>798,510</u>	<u>95,136</u>	<u>703,374</u>
Total expenditures	<u>798,510</u>	<u>798,510</u>	<u>95,136</u>	<u>703,374</u>
Excess (deficiency) of revenues over expenditures	(798,510)	(798,510)	(95,136)	703,374
OTHER FINANCING USES				
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total other financing uses	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balance Non-GAAP Basis	(548,510)	(548,510)	154,864	703,374
Fund balance - beginning	<u>548,510</u>	<u>548,510</u>	<u>548,510</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703,374</u>	<u>\$ 703,374</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			154,864	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ 154,864</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ -	\$ 117,461	\$ -	\$ (117,461)
Federal sources	-	520	-	(520)
Other income	-	26,191	-	(26,191)
Total revenues	-	144,172	-	(144,172)
EXPENDITURES:				
Current:				
Highways and streets	719,927	719,927	7,892	712,035
Capital outlay	-	-	358,500	(358,500)
Total expenditures	719,927	719,927	366,392	353,535
Excess (deficiency) of revenues over expenditures	(719,927)	(575,755)	(366,392)	209,363
OTHER FINANCING USES				
Transfers in	300,000	335,621	335,621	-
Total other financing uses	300,000	335,621	335,621	-
Net change in fund balance Non-GAAP Basis	(419,927)	(240,134)	(30,771)	209,363
Fund balance - beginning	419,927	419,927	419,927	-
Fund balance - ending	\$ -	\$ 179,793	\$ 389,156	\$ 209,363
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(30,771)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ (30,771)	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 107,000	\$ 130,410	\$ 1,253	\$ (129,157)
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>1,253</u>	<u>(180,658)</u>
EXPENDITURES:				
Current:				
Highways and streets	358,914	373,824	9,972	363,852
Total expenditures	<u>358,914</u>	<u>373,824</u>	<u>9,972</u>	<u>363,852</u>
Excess (deficiency) of revenues over expenditures	(197,313)	(191,913)	(8,719)	183,194
OTHER FINANCING USES				
Transfers in	38,520	38,520	920	(37,600)
Transfers out	<u>-</u>	<u>(8,500)</u>	<u>-</u>	<u>8,500</u>
Total other financing uses	<u>38,520</u>	<u>30,020</u>	<u>920</u>	<u>(29,100)</u>
Net change in fund balance Non-GAAP Basis	(158,793)	(161,893)	(7,799)	154,094
Fund balance - beginning	<u>1,103,006</u>	<u>1,103,006</u>	<u>977,565</u>	<u>-</u>
Fund balance - ending	<u>\$ 944,213</u>	<u>\$ 941,113</u>	<u>\$ 969,766</u>	<u>\$ 28,653</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(7,799)	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ (7,799)</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, 2013

	<u>Special Revenue Funds</u>
ASSETS	
Cash on deposits	\$ 483,427
Accounts receivable	<u>24,124</u>
Total assets	<u>\$ 507,551</u>
LIABILITIES	
Accrued expenses	<u>\$ 3,688</u>
Total liabilities	3,688
FUND BALANCE	
Restricted, reported in:	
Special revenue funds	<u>503,863</u>
Total fund balance	<u>503,863</u>
Total liabilities and fund balance	<u>\$ 507,551</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, 2013

	<u>Special Revenue Funds</u>
REVENUES	
Property taxes	\$ 10,561
Charges for services	11,091
Gross receipt taxes	23,021
Fines and forfeitures	11,914
Local sources	21,478
State sources	189,207
Federal sources	11,961
Environmental gross receipts taxes	<u>7,186</u>
Total revenues	286,419
EXPENDITURES	
Current:	
General government	22,254
Public safety	130,053
Health and welfare	12,813
Culture and recreation	107,537
Capital outlay	<u>34,743</u>
Total expenditures	<u>307,400</u>
Deficiency revenues over expenditures	(20,981)
OTHER FINANCING SOURCES (USES)	
Operating transfers in	90,380
Operating transfers out	<u>(9,221)</u>
Total other financing sources	<u>81,159</u>
Net change in fund balance	60,178
Fund balance beginning of year	<u>443,685</u>
Fund balance end of year	<u>\$ 503,863</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, IIIC-1, IIIC-2 and IIID, monies and monies appropriated in Chapter 12, 1996 Laws of New Mexico (HB2). Also, to account for funds received from the U.S. Department of Agriculture through the Eastern New Mexico area Agency on Aging to be used solely for the purchase of United States Agricultural commodities and other foods produced in the United States for use in the food operations at the Senior Centers. Authority is the Older Americans Act, House Bill 2 and the U.S. Department of Agricultural.

STATE OF NEW MEXICO
HARDING COUNTY

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	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	\$ 669	\$ -	\$ 113,842	\$ 3,642	\$ 3,424	\$ 22,151	\$ 13,531	\$ 39,876	\$ 245,759
Accounts receivable	-	-	-	-	-	-	-	1,343	1,581
Total assets	\$ 669	\$ -	\$ 113,842	\$ 3,642	\$ 3,424	\$ 22,151	\$ 13,531	\$ 41,219	\$ 247,340
LIABILITIES									
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-	-	-	-
FUND BALANCE									
Restricted, reported in:									
Special revenue funds	669	-	113,842	3,642	3,424	22,151	13,531	41,219	247,340
Total liabilities and fund balance	\$ 669	\$ -	\$ 113,842	\$ 3,642	\$ 3,424	\$ 22,151	\$ 13,531	\$ 41,219	\$ 247,340

(Continued)

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

STATE OF NEW MEXICO
HARDING COUNTY

COMBINING NET POSITION
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	DWI Program Fund	DWI Users Fund	Law Enfor. Protection Fund	Rural Addressing Fund	Senior Program Fund	Total
ASSETS						
Cash on deposits	\$ 7,577	\$ 3,213	\$ 11,692	\$ 16,447	\$ 1,604	\$ 483,427
Accounts receivable	-	-	21,200	-	-	24,124
Total assets	<u>\$ 7,577</u>	<u>\$ 3,213</u>	<u>\$ 32,892</u>	<u>\$ 16,447</u>	<u>\$ 1,604</u>	<u>\$ 507,551</u>
LIABILITIES						
Accrued expenses	\$ 1,594	-	-	-	\$ 2,094	\$ 3,688
Total liabilities	1,594	-	-	-	2,094	3,688
NET POSITION						
Restricted, reported in:						
Special revenue funds	5,983	3,213	32,892	16,447	(490)	503,863
Total liabilities and net position	<u>\$ 7,577</u>	<u>\$ 3,213</u>	<u>\$ 32,892</u>	<u>\$ 16,447</u>	<u>\$ 1,604</u>	<u>\$ 507,551</u>

(Concluded)

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

STATE OF NEW MEXICO
HARDING COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION
JUNE 30, 2013

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,561	\$ -	\$ -
Charges for services	-	-	-	-	-	10,631	-	-	-
Gross receipt taxes	-	-	-	-	-	-	-	-	23,021
Fines and forfeitures	-	-	-	-	-	-	-	-	11,914
Local sources	-	12,813	-	5,645	-	-	-	-	-
State sources	-	-	-	-	12,186	-	-	-	-
Federal sources	18	-	-	-	-	-	-	-	-
Environmental gross receipt taxes	-	-	-	-	-	-	-	7,186	-
Total revenues	18	12,813	-	5,645	12,186	10,631	10,561	7,186	34,935
EXPENDITURES									
General government	-	-	-	-	-	(1,589)	23,843	-	-
Public safety	-	-	-	3,231	14,356	-	-	5,900	20,923
Health and welfare	-	12,813	-	-	-	-	-	-	-
Capital outlay	-	-	-	15,915	2,000	3,991	-	-	-
Total expenditures	-	12,813	-	19,146	16,356	2,402	23,843	5,900	20,923
Excess (deficiency) of revenues over expenditures	18	-	-	(13,501)	(4,170)	8,229	(13,282)	1,286	14,012
OTHER FINANCING SOURCES (USES)									
Operating transfers in	-	-	50,000	4,300	4,100	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	(1,400)	(7,821)
Total other financing source	-	-	50,000	4,300	4,100	-	-	(1,400)	(7,821)
Net change in net position	18	-	50,000	(9,201)	(70)	8,229	(13,282)	(114)	6,191
Net position, beginning of year	651	-	63,842	12,843	3,494	13,922	26,813	41,333	241,149
Net position, end of year	669	-	113,842	3,642	3,424	22,151	13,531	41,219	247,340

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 NET POSITION
JUNE 30, 2013

	DWI Program Fund	DWI Users Fund	Law Enfor. Protection Fund	Rural Addressing Fund	Senior Program Fund	Total
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	10,561
Charges for services	-	460	-	-	-	11,091
Gross receipt taxes	-	-	-	-	-	23,021
Fines and forfeitures	-	-	-	-	-	11,914
Local sources	-	3,020	-	-	-	21,478
State sources	63,391	-	42,400	-	71,230	189,207
Federal sources	-	-	-	-	11,943	11,961
Environmental gross receipts taxes	-	-	-	-	-	7,186
Total revenues	63,391	3,480	42,400	-	83,173	286,419
EXPENDITURES						
General government	-	-	-	-	-	22,254
Public safety	57,366	4,965	14,688	8,624	-	130,053
Health and welfare	-	-	-	-	-	12,813
Culture and recreation	-	-	-	-	107,537	107,537
Capital outlay	3,040	-	9,397	-	400	34,743
Total expenditures	60,406	4,965	24,085	8,624	107,937	307,400
Excess (deficiency) of revenues over expenditures	2,985	(1,485)	18,315	(8,624)	(24,764)	(20,981)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	17,100	14,880	90,380
Operating transfers out	-	-	-	-	-	(9,221)
Total other financing source (uses)	-	-	-	17,100	14,880	81,159
Net change in net position	2,985	(1,485)	18,315	8,476	(9,884)	60,178
Net position, beginning of year	2,998	4,698	14,577	7,971	9,394	443,685
Net position, end of year	\$ 5,983	\$ 3,213	\$ 32,892	\$ 16,447	\$ (490)	\$ 503,863

(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 NET POSITION
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - FARM & RANGE FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Federal sources	\$ 18	\$ 18	\$ 18	\$ -
Total revenues	18	18	18	-
EXPENDITURES:				
Current:				
General government	669	669	-	669
Total expenditures	669	669	-	669
Net change in net position Non-GAAP Basis	(651)	(651)	18	669
Fund balance - beginning	651	651	651	-
Fund balance - ending	\$ -	\$ -	\$ 669	\$ 669
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in net position - budgetary basis			18	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ 18</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - INDIGENT FUND
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ 10,500	\$ 13,000	\$ -	\$ (13,000)
Local sources	-	-	12,813	12,813
Total revenues	10,500	13,000	12,813	(187)
EXPENDITURES:				
Current:				
Health and welfare	10,500	13,000	12,813	187
Total expenditures	10,500	13,000	12,813	187
Net change in net position Non-GAAP Basis	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in net position - 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 NET POSITION
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - EMERGENCY MANAGEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:				
Current:				
Public safety	113,842	113,842	-	113,842
Total expenditures	<u>113,842</u>	<u>113,842</u>	<u>-</u>	<u>113,842</u>
OTHER FINANCING SOURCES				
Transfers in	50,000	50,000	50,000	-
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance Non-GAAP Basis	\$ (63,842)	\$ (63,842)	\$ 50,000	\$ 113,842
Fund balance - beginning	<u>63,842</u>	<u>63,842</u>	<u>63,842</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,842</u>	<u>\$ 113,842</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			50,000	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 50,000</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
 NON-MAJOR SPECIAL REVENUE FUND - EMS NO. 1 FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 5,645	\$ 5,645	\$ 5,645	\$ -
Total revenues	5,645	5,645	5,645	-
EXPENDITURES:				
Current:				
Public safety	21,997	22,797	3,231	19,566
Capital outlay	-	-	15,915	-
Total expenditures	21,997	22,797	19,146	3,651
Deficiency of revenues over expenditures	(16,352)	(17,152)	(13,501)	3,651
OTHER FINANCING SOURCES				
Transfers in	3,500	3,500	4,300	800
Total other financing sources	3,500	3,500	4,300	800
Net change in fund balance Non-GAAP Basis	(12,852)	(13,652)	(9,201)	4,451
Fund balance - beginning	12,843	12,843	12,843	-
Fund balance - ending	\$ (9)	\$ (809)	\$ 3,642	\$ 4,451
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(9,201)	
Revenue accruals		-		
Expenditure accruals		-	-	
Deficit of revenues over expenditures - GAAP basis			<u>\$ (9,201)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ -	\$ 12,095	\$ 12,186	\$ 91
Total revenues	-	12,095	12,186	91
EXPENDITURES:				
Current:				
Public safety	16,814	19,680	14,356	5,324
Capital outlay	-	-	2,000	-
Total expenditures	16,814	19,680	16,356	3,324
Excess (deficiency) of revenues over expenditures	(16,814)	(7,585)	(4,170)	3,415
OTHER FINANCING SOURCES (USES)				
Transfers in	7,000	15,500	4,100	(11,400)
Transfers out	-	(1,600)	-	1,600
Total other financing sources (uses)	7,000	13,900	4,100	(9,800)
Net change in fund balance Non-GAAP Basis	(9,814)	6,315	(70)	(6,385)
Fund balance - beginning	3,494	3,494	3,494	-
Fund balance - ending	\$ (6,320)	\$ 9,809	\$ 3,424	\$ (6,385)
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(70)	
Revenue accruals		-		
Expenditure accruals		-		
Deficit of revenues over expenditures - GAAP basis			\$ (70)	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 2,400	\$ 2,400	\$ 10,631	\$ 8,231
Total revenues	2,400	2,400	10,631	8,231
EXPENDITURES:				
Current:				
General government	16,322	16,322	(1,589)	17,911
Capital outlay	-	-	3,991	(3,991)
Total expenditures	16,322	16,322	2,402	13,920
Net change in fund balance Non-GAAP Basis	(13,922)	(13,922)	8,229	22,151
Fund balance - beginning	13,922	13,922	13,922	-
Fund balance - ending	\$ -	\$ -	\$ 22,151	\$ 22,151
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			8,229	
Revenue accruals		-		
Expenditure accruals		-	-	
Deficit of revenues over expenditures - GAAP basis			\$ 8,229	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes	\$ 5,750	\$ 5,750	\$ 10,561	\$ 4,811
Total revenues	5,750	5,750	10,561	4,811
EXPENDITURES:				
Current:				
General government	32,563	32,563	23,843	8,720
Total expenditures	32,563	32,563	23,843	8,720
Net change in fund balance Non-GAAP Basis	(26,813)	(26,813)	(13,282)	13,531
Fund balance - beginning	26,813	26,813	26,813	-
Fund balance - ending	\$ -	\$ -	\$ 13,531	\$ 13,531
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(13,282)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			<u>\$ (13,282)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Environmental gross receipt taxes	\$ 7,000	\$ 7,000	\$ 9,994	\$ 2,994
Total revenues	7,000	7,000	9,994	2,994
EXPENDITURES:				
Current:				
Public safety	44,181	42,781	5,900	36,881
Total expenditures	44,181	42,781	5,900	36,881
Excess (Deficiency) of revenues over expenditures	(37,181)	(35,781)	4,094	39,875
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,400)	(1,400)
Total other financing sources (uses)	-	-	(1,400)	(1,400)
Net change in fund balance Non-GAAP Basis	(37,181)	(35,781)	2,694	38,475
Fund balance - beginning	41,333	41,333	41,333	-
Fund balance - ending	<u>\$ 4,152</u>	<u>\$ 5,552</u>	<u>\$ 44,027</u>	<u>\$ 38,475</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			2,694	
Revenue accruals		(2,808)		
Expenditure accruals		-	(2,808)	
Deficit of revenues over expenditures - GAAP basis			<u>\$ (114)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ 15,000	\$ 15,000	\$ 26,038	\$ 11,038
Fines and forfeitures	9,000	9,000	11,914	2,914
Total revenues	24,000	24,000	37,952	13,952
EXPENDITURES:				
Current:				
Public safety	24,000	24,000	20,923	3,077
Total expenditures	24,000	24,000	20,923	3,077
Excess of revenues over expenditures	-	-	17,029	17,029
OTHER FINANCING USES				
Transfers out	-	-	(7,821)	(7,821)
Total other financing uses	-	-	(7,821)	(7,821)
Net change in fund balance Non-GAAP Basis	-	-	9,208	9,208
Fund balance - beginning	241,149	241,149	241,149	-
Fund balance - ending	<u>\$ 241,149</u>	<u>\$ 241,149</u>	<u>\$ 250,357</u>	<u>\$ 9,208</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			9,208	
Revenue accruals		(3,017)		
Expenditure accruals		-	(3,017)	
Excess of revenues over expenditures - GAAP basis			<u>\$ 6,191</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - DWI PROGRAM FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 61,500	\$ 61,500	\$ 63,391	\$ 1,891
Total revenues	61,500	61,500	63,391	1,891
EXPENDITURES:				
Current:				
Public safety	65,652	65,652	56,926	8,726
Capital outlay	-	-	3,040	(3,040)
Total expenditures	65,652	65,652	59,966	5,686
Net change in fund balance Non-GAAP Basis	(4,152)	(4,152)	3,425	7,577
Fund balance - beginning	2,998	2,998	2,998	-
Fund balance - ending	<u>\$ (1,154)</u>	<u>\$ (1,154)</u>	<u>\$ 6,423</u>	<u>\$ 7,577</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			3,425	
Revenue accruals		-		
Expenditure accruals		(440)	(440)	
Excess of revenues over expenditures - GAAP basis			<u>\$ 2,985</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - DWI USERS FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ -	\$ -	\$ 460	\$ 460
Local sources	<u>3,000</u>	<u>3,000</u>	<u>3,020</u>	<u>20</u>
Total revenues	3,000	3,000	3,480	480
EXPENDITURES:				
Current:				
Public safety	<u>7,698</u>	<u>7,698</u>	<u>4,965</u>	<u>2,733</u>
Total expenditures	<u>7,698</u>	<u>7,698</u>	<u>4,965</u>	<u>2,733</u>
Net change in fund balance Non-GAAP Basis	(4,698)	(4,698)	(1,485)	3,213
Fund balance - beginning	<u>4,698</u>	<u>4,698</u>	<u>4,698</u>	<u>-</u>
Fund balance - ending	<u>-</u>	<u>-</u>	<u>3,213</u>	<u>3,213</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(1,485)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			<u>\$ (1,485)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 21,200	\$ 21,200	\$ 21,200	\$ -
Other income	-	34,965	-	(34,965)
Total revenues	21,200	56,165	21,200	(34,965)
EXPENDITURES:				
Current:				
Public safety	35,777	35,777	14,688	21,089
Capital outlay	-	-	9,397	(9,397)
Total expenditures	35,777	35,777	24,085	11,692
Net change in fund balance Non-GAAP Basis	(14,577)	20,388	(2,885)	(23,273)
Fund balance - beginning	14,577	14,577	14,577	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 34,965</u>	<u>\$ 11,692</u>	<u>\$ (23,273)</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(2,885)	
Revenue accruals		21,200		
Expenditure accruals		-	21,200	
Deficit of revenues over expenditures - GAAP basis			<u>\$ 18,315</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - RURAL ADDRESSING FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:				
Current:				
Public safety	\$ 25,071	\$ 25,071	\$ 8,624	\$ 16,447
Total expenditures	<u>25,071</u>	<u>25,071</u>	<u>8,624</u>	<u>16,447</u>
Deficiency of revenues over expenditures	(25,071)	(25,071)	(8,624)	16,447
OTHER FINANCING SOURCES				
Transfers in	<u>17,100</u>	<u>17,100</u>	<u>17,100</u>	<u>-</u>
Total other financing sources	<u>17,100</u>	<u>17,100</u>	<u>17,100</u>	<u>-</u>
Net change in fund balance Non-GAAP Basis	(7,971)	(7,971)	8,476	16,447
Fund balance - beginning	<u>7,971</u>	<u>7,971</u>	<u>7,971</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,447</u>	<u>\$ 16,447</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			8,476	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ 8,476</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ -	\$ 68,253	\$ 75,605	\$ 7,352
Federal sources	-	20,440	12,948	(7,492)
Other income	-	8,245	-	(8,245)
Total revenues	-	96,938	88,553	(8,385)
EXPENDITURES:				
Current:				
Culture and recreation	111,368	117,748	107,359	10,389
Capital outlay	-	-	400	-
Total expenditures	111,368	117,748	107,759	9,989
Deficiency of revenues over expenditures	(111,368)	(20,810)	(19,206)	1,604
OTHER FINANCING SOURCES				
Transfers in	-	14,880	14,880	-
Total other financing sources	-	14,880	14,880	-
Net change in fund balance Non-GAAP Basis	(111,368)	(5,930)	(4,326)	1,604
Fund balance - beginning	9,394	9,394	9,394	-
Fund balance - ending	<u>\$ (101,974)</u>	<u>\$ 3,464</u>	<u>\$ 5,068</u>	<u>\$ 1,604</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			(4,326)	
Revenue accruals		(5,380)		
Expenditure accruals		(178)	(5,558)	
Excess of revenues over expenditures - GAAP basis			<u>\$ (9,884)</u>	

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

MAJOR DEBT SERVICE FUND

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Earnings from investments	-	57	57	-
Total revenues	-	57	57	-
Excess (deficiency) of revenues over expenditures	-	57	57	-
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	201,512	201,512	-
Total other financing sources (uses)	-	201,512	201,512	-
Net change in fund balance Non-GAAP Basis	-	201,569	201,569	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 201,569</u>	<u>\$ 201,569</u>	<u>\$ -</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Net changes in fund balance - budgetary basis			201,569	
Revenue accruals		-		
Expenditure accruals		-		
Deficit of revenues over expenditures - GAAP basis			<u>\$ 201,569</u>	

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

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO, HARDING COUNTY
HARDING COUNTY

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
AS OF JUNE 30, 2013

<u>Description of Pledged Collateral</u>	<u>Amount</u>	<u>Name and Location of Safekeeper</u>
GNMA II, CUSIP #36225DC51, Maturing 07/20/2034	\$ 170,298	Community 1st Bank Las Vegas
FHLMC, CUSIP #3128N97M7, Maturing 01/01/2036	98,905	Community 1st Bank Las Vegas
FNMA, CUSIP #31412FHU0, Maturing 04/01/2037	80,376	Community 1st Bank Las Vegas
GNMA II, CUSIP #36202FX68, Maturing 10/20/2041	1,081,623	Community 1st Bank Las Vegas
FNMA, CUSIP #31417Y3A3, Maturing 07/01/2031	700,881	Farmers & Stockman BK
GNMA II, CUSIP #545562QA1, Maturing 07/15/2014	50,000	Farmers & Stockman BK
GNMA II, CUSIP #545562QA1, Maturing 07/15/2014	85,000	Farmers & Stockman BK
GNMA II, CUSIP #545562QC7, Maturing 07/15/2016	390,000	Farmers & Stockman BK
FNMA, CUSIP #3136FTJE0,, Maturing 10/28/2015	<u>401,407</u>	Farmers & Stockman BK
Total pledged securities	<u>\$ 3,058,490</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, 2013**

Uncollected Taxes July 1, 2012	\$ 457,428
Net taxes charged to treasurer for current year	1,869,050
Current year tax collections	(1,450,451)
Adjustments	<u>3,516</u>
Uncollected taxes June 30, 2013	<u>\$ 879,543</u>

Detail of taxes distributed by agency:

Municipalities

Village of Roy	\$ 3,113
Village of Mosquero	1,273

School districts

Roy Schools	46,386
Mosquero Schools	284,875
Logan Schools	8,635

Other

State of New Mexico	107,784
County of Harding	<u>603,165</u>

Total Distributed Taxes

\$ 1,055,231

Schedule of receivables - delinquent property tax by year

2003 - 2011	\$ 456,600
2012	<u>422,943</u>

Total taxes receivable

\$ 879,543

Reconciliation of undistributed tax

Undistributed taxes July 1, 2012	\$ 495,827
Current year collections	1,450,451
Current year collections distributed	(1,055,231)
Adjustments	<u>(45,278)</u>

Undistributed taxes June 30, 2013

\$ 845,769

Property tax receivables are reported in the financial statements as follows:

Statement of Net Position	\$ 521,384
Schedule of Changes in Assets and Liabilities - All Agency Funds	<u>358,159</u>

Total property taxes receivable

\$ 879,543

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, 2013

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	\$ 23,690	\$ 120	\$ 23,550	\$ 106	\$ 23,537	\$ -	\$ -	\$ 13	\$ 140
2003 - 2011	3,325	3,154	3,154	3,007	3,007	-	-	147	171
2012	27,015	3,274	26,704	3,113	26,544	-	-	160	311
Total for Village of Roy									
Village of Mosquero	\$ 9,135	\$ 11	\$ 9,221	\$ 4	\$ 9,214	\$ -	\$ -	\$ 7	\$ (86)
2003 - 2011	1,362	1,285	1,285	1,269	1,269	-	-	16	77
2012	10,497	1,296	10,506	1,273	10,483	-	-	23	(9)
Total for Village of Mosquero									
Total for Municipalities	37,512	4,570	37,210	4,386	37,027	-	-	183	302
Harding County:									
General AD Valorem	\$ 3,090,847	\$ 1,842	\$ 2,826,676	\$ 1,842	\$ 2,826,676	\$ -	\$ -	\$ -	\$ 264,171
2003 - 2011	819,196	573,557	573,557	573,557	573,557	-	-	-	245,639
2012	3,910,043	575,399	3,400,233	575,399	3,400,233	-	-	-	509,810
Total for General AD Valorem									
Non-Rendition Fees	\$ 476	\$ 476	\$ 476	\$ 476	\$ 476	\$ -	\$ -	\$ -	\$ -
2003 - 2011	-	-	-	-	-	-	-	-	-
2012	476	476	476	476	476	-	-	-	-
Total for Non-Rendition Fees									
Administrative Fee	\$ 3,079	\$ 37	\$ 3,105	\$ 37	\$ 3,105	\$ -	\$ -	\$ -	\$ (26)
2003 - 2011	361	309	309	309	309	-	-	-	52
2012	3,440	346	3,414	346	3,414	-	-	-	26
Total for Administrative Fee									

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, 2013

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
Predator Control									
2003 - 2011	\$ 131,748	\$ 30	\$ 129,550	\$ 30	\$ 129,549	\$ -	\$ -	\$ 1	\$ 2,198
2012	11,088	10,847	10,847	10,845	10,845	-	-	2	241
Total for Predator Control	142,836	10,877	140,397	10,875	140,394	-	-	3	2,439
Mesa Soil Conservation									
2003 - 2011	\$ 21,312	\$ 30	\$ 21,307	\$ 30	\$ 21,307	\$ -	\$ -	\$ -	\$ 5
2012	2,715	2,684	2,684	2,650	2,650	-	-	34	31
Total for Mesa Soil Conservation	24,027	2,714	23,991	2,680	23,957	-	-	34	36
State of New Mexico									
2003 - 2011	\$ 2,853	\$ 1	\$ 2,852	\$ 1	\$ 2,851	\$ -	\$ -	\$ 1	\$ 1
2012	2,882	2,832	2,832	2,829	2,829	-	-	3	50
Total for State of New Mexico	5,735	2,833	5,684	2,830	5,680	-	-	4	51
Reappraisal									
2003 - 2011	\$ 63,645	\$ 38	\$ 58,856	\$ 38	\$ 58,856	\$ -	\$ -	\$ -	\$ 4,789
2012	14,754	10,521	10,521	10,521	10,521	-	-	-	4,233
Total for Reappraisal	78,399	10,559	69,377	10,559	69,377	-	-	-	9,022
Total for Harding County	4,164,956	603,204	3,643,572	603,165	3,643,531	-	-	41	521,384
State of New Mexico									
State Levy									
2003 - 2011	\$ 400,953	\$ 283	\$ 365,946	\$ 263	\$ 365,926	\$ -	\$ -	\$ 20	\$ 35,007
2012	103,829	72,989	72,989	72,793	72,793	-	-	196	30,840
Total for State Levy	504,782	73,272	438,935	73,056	438,719	-	-	216	65,847
Cattle									
2003 - 2011	\$ 329,338	\$ 86	\$ 326,623	\$ 86	\$ 326,623	\$ -	\$ -	\$ -	\$ 2,715
2012	34,349	33,740	33,740	33,734	33,734	-	-	6	609
Total for Cattle	363,687	33,826	360,363	33,820	360,357	-	-	6	3,324

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, 2013

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
Sheep/Goats									
2003 - 2011	\$ 205	\$ -	\$ 123	\$ -	\$ 123	\$ -	\$ -	\$ -	\$ 82
2012	-	-	-	-	-	-	-	-	-
Total for Sheep/Goats	205	-	123	-	123	-	-	-	82
Equine									
2003 - 2011	\$ 8,981	\$ 2	\$ 8,234	\$ 2	\$ 8,234	\$ -	\$ -	\$ -	\$ 747
2012	754	906	906	906	906	-	-	-	(152)
Total for Equine	9,735	908	9,140	908	9,140	-	-	-	595
Total for State of New Mexico	878,409	108,006	808,561	107,784	808,339	-	-	222	69,848
Schools									
Operational									
2003 - 2011	\$ 140,863	\$ 80	\$ 129,120	\$ 75	\$ 129,114	\$ -	\$ -	\$ 6	\$ 11,743
2012	36,954	25,863	25,863	25,801	25,801	-	-	62	11,091
Total for Operational	177,817	25,943	154,983	25,876	154,915	-	-	68	22,834
Debt									
2003 - 2011	\$ 1,528,907	\$ 905	\$ 1,443,602	\$ 845	\$ 1,443,541	\$ -	\$ -	\$ 61	\$ 85,305
2012	291,259	206,548	206,548	205,876	205,876	-	-	672	84,711
Total for Debt	1,820,166	207,453	1,650,150	206,721	1,649,417	-	-	733	170,016
Capital Improvements									
2003 - 2011	\$ 597,225	\$ 403	\$ 547,416	\$ 375	\$ 547,388	\$ -	\$ -	\$ 28	\$ 49,809
2012	152,561	107,211	107,211	106,924	106,924	-	-	287	45,350
Total for Capital Improvements	749,786	107,614	654,627	107,299	654,312	-	-	315	95,159
Total for Schools	2,747,769	341,010	2,459,760	339,896	654,312	-	-	1,116	288,009

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, 2013

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
Suspense Taxes									
Suspense 2003 - 2011	\$ 907,611	\$ -	\$ 907,611	\$ -	\$ 457,065	\$ -	\$ -	\$ 450,546	\$ -
2012	393,661	393,661	393,661	-	-	-	-	393,661	-
Total for Suspense	1,301,272	393,661	1,301,272	-	457,065	-	-	844,207	-
Total for Suspense Taxes	1,301,272	393,661	1,301,272	-	457,065	-	-	844,207	-
Grand Total	\$ 9,129,918	\$ 1,450,451	\$ 8,250,375	\$ 1,055,231	\$ 4,945,962	\$ -	\$ -	\$ 845,769	\$ 879,543

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, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS				
Cash on deposit	\$ 513,031	\$ 1,078,168	\$ 724,957	\$ 866,242
Accounts receivable	<u>7,781</u>	<u>365,838</u>	<u>-</u>	<u>373,618</u>
Total assets	<u>\$ 520,812</u>	<u>\$ 1,444,006</u>	<u>\$ 724,957</u>	<u>\$ 1,239,860</u>
LIABILITIES				
Deposits held for others:				
Predator Control	\$ 973	\$ 11,088	\$ 9,623	\$ 2,438
Mesa Soil Conservation	3	2,715	2,682	36
Treasurer-Taxes Paid in Suspense	452,985	393,661	-	846,646
Treasurer-Overpayment of Taxes	-	10	10	-
Treasurer-Taxes Paid in Advance	(27)	231	173	31
Municipalities	98	4,687	4,483	302
State of New Mexico	8,551	138,932	77,635	69,848
School Districts	<u>58,229</u>	<u>513,324</u>	<u>250,994</u>	<u>320,559</u>
Total liabilities	<u>\$ 520,812</u>	<u>\$ 1,064,648</u>	<u>\$ 345,600</u>	<u>\$ 1,239,860</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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of Harding County (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds and related budgetary comparisons of the County, presented as supplemental information, and have issued our report thereon dated November 14, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2013-01, 2013-02, and 2013-03).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2013-01, 2013-02, and 2013-03.

Harding County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



El Paso, Texas
November 14, 2013

**STATE OF NEW MEXICO, HARDING COUNTY
HARDING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

Prior audit findings	Current status
CF 12-01 Legal Compliance with Budget	Resolved

HARDING COUNTY

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013**

CURRENT YEAR FINDINGS

Unrecorded Cash Receipts (2013-01) - Significant Deficiency

CONDITION	The County did not deposit public funds in the amount of \$3,750.
CRITERIA	According to Section 6-10-2, NMSA 1978, "It is the duty of every public official or agency of this state that receives or disburses public money to maintain a cash record which is entered daily, in detail, all items of receipts and disbursements of public money."
CAUSE	Due to contrasting views between Management and Board of Commissioners regarding the use of grant money received, Management did not deposit or record public funds.
EFFECT	The County has not complied with state regulations regarding receipts of public funds.
RECOMMENDATION	The County should conduct daily bank deposits and reconciliation's.
RESPONSE	The County was unaware of state rules requiring daily cash deposits and reconciliations. Management will work closely with departments when receiving any public funds.

Unrecorded Revenues (2013-02) - Significant Deficiency

CONDITION	Revenue and cash were understated in the amount of \$3,750.
CRITERIA	The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. "Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements."
CAUSE	Lack of internal control and management oversight.
EFFECT	There is an increase risk of error or fraud due to the lack of internal controls in place.
RECOMMENDATION	We recommend management to oversee and properly train all employees in the receipts of all public funds.
RESPONSE	The public funds were deposited upon discover. Furthermore, the Finance Director implemented an immediate plan of action to conduct daily deposits and reconciliations.

Late Audit Report (IC 2013-03)

CONDITION	The audit report was submitted to the State Auditor after the required deadline.
CRITERIA	County audits are required to be submitted to the State Auditor by November 15. This is a requirement of the State Auditors Office Rule 2.2.2.9A(1)(C)
CAUSE	The audit report was submitted to the State Auditor's Office on November 15th, but had revisions from the State Auditor's Office.
EFFECT	State Auditor regulations have not been adhered to. Also, the users of the financial statements such as legislators, creditors, bondholders, State and Federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit reports could have an effect on State and Federal funding.
RECOMMENDATION	The County should work closely with its auditor to make sure that audit reports are submitted in advance of the required deadline in the event that there are revisions required by the State Auditor.
RESPONSE	The County will work closely with its auditor to make sure audit reports are submitted in advance of the required deadline.

HARDING COUNTY

**FINANCIAL STATEMENT PREPARATION
FOR THE YEAR ENDED JUNE 30, 2013**

The financial statements of Harding County as of, and for the year ended, June 30, 2013 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, 2013**

An exit conference was conducted August 30, 2013 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

Rebecca K. Smith	Commissioner
Nick Archuleta	Commissioner
Barbara L. Shaw	County Clerk
Felicia Esquibel	Treasurer
Pete Callahan	Assessor
Janet Costa	Finance Director
Elizabeth Martinez	Chief Deputy Treasurer
Debra Garcia	Chief Deputy Assessor
Vanita L. Menapace	Administrative Assistant

White + Samaniego + Campbell, LLP

Dahlia Garcia	Audit Supervisor
Jesse Jezbera	Audit Staff
Gaby Cohen	Audit Staff
Nancy Escobar	Audit Staff