

**State of New Mexico  
Harding County**

**Basic Financial Statements and  
Supplementary Information  
for the Year Ended June 30, 2014  
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, 2014**

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**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**

Patrick Thrasher  
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

Tim Keller, 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, 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, 2014, 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, and the budgetary comparisons for the major capital project funds, debt service 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, 2014, 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.

### Auditors' 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, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position and where applicable, 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, and fiduciary fund of the County, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds, debt service 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.



**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2014 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 15, 2014

## STATE OF NEW MEXICO, HARDING COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

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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, 2014. 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 \$8,071,738 (*net position*). Of this amount, \$660,797 (*unrestricted net position*) may be used to meet the government's ongoing, obligations to citizens and creditors.
- The government's total net position decreased by \$415,826 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, 2013.
- As of June 30, 2014, the County's governmental funds reported combined ending fund balances of \$4,515,122. At the close of the current fiscal year, unassigned fund balance of the general fund was \$875,927.

#### 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 24 through 40 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 42 through 49 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 \$7,514,159 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 \$3,759,119 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 decreased by \$415,826. These increases are explained in the governmental activities discussion.

### ***Governmental Activities***

Governmental activities decreased the County of Harding's net position by \$415,826. Grant revenue increased \$61,069 over grant revenue in the prior year. Property taxes, gross receipts taxes and other taxes contributed \$1,178,128 for covering the \$1,580,953 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 \$257,303.

Total revenues from governmental activities are summarized on page 9. For fiscal year 2013-2014, Local and State taxes made up 41% of the total general government revenues compared to 45% of the revenues in the prior year.

### **SUMMARY OF NET POSITION**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Current and other assets	\$ 4,870,198	\$ 4,937,078
Capital assets, net of accumulated depreciation	<u>3,759,119</u>	<u>3,820,033</u>
Total assets	<u>\$ 8,629,317</u>	<u>\$ 8,757,111</u>
<b>LIABILITIES</b>		
Current and other liabilities	\$ 394,096	\$ 86,605
Long-term liabilities	<u>163,483</u>	<u>182,942</u>
Total liabilities	<u>557,579</u>	<u>269,547</u>
<b>NET POSITION</b>		
Net investment in capital assets	3,759,119	3,820,033
Restricted	3,671,281	3,317,938
Debt service fund	(19,459)	182,999
Unrestricted	<u>660,797</u>	<u>1,166,594</u>
Total net position	<u>8,071,738</u>	<u>8,487,564</u>
Total liabilities and net position	<u>\$ 8,629,317</u>	<u>\$ 8,757,111</u>

## CHANGES IN NET POSITION

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 94,796	\$ 51,962
Operating grants and contributions	481,427	686,567
Capital grants and contributions	1,097,929	953,858
General revenues:		
Taxes	1,178,128	1,417,549
Other income	13,327	10,255
Interest income	31,679	34,398
Total revenues	2,897,286	3,154,589
<b>EXPENSES</b>		
General government	1,580,953	1,272,413
Public safety	286,321	273,211
Highways and streets	652,297	265,696
Health and welfare	27,762	12,813
Culture and recreation	125,940	107,537
Depreciation	639,839	625,060
Total expenses	3,313,112	2,556,730
Change in net position	(415,826)	597,859
Net position - beginning	8,487,564	7,889,705
Net position - ending	\$ 8,071,738	\$ 8,487,564

### 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 \$4,515,122, a decrease of \$369,843 in comparison with the prior year. The decrease is primarily due to the increase in grant and taxes revenue.

Revenues for governmental functions overall totaled approximately \$2,897,286 in the fiscal year-ended June 30, 2014, which represents a decrease of \$257,303 from the fiscal year-ended June 30, 2013. Expenditures for governmental functions totaled \$3,267,382. This was an increase of approximately \$345,443 from the fiscal year-ended June 30, 2013. In the fiscal year-ended June 30, 2014, expenditures for governmental functions exceeded revenues by approximately \$369,843.

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 \$875,927.

The fund balance of the County of Harding's General Fund decreased \$489,530 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 2014 and there were no budgeted deficits during the fiscal year 2014.

### **Change in Cash and Investments**

At the end of 2014, the cash and investments balance of the General Fund had increased by \$69,108. 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, 2014 amount to \$3,759,119 (net of accumulated depreciation). Capital assets include land, building improvements, machinery, equipment, and infrastructure. The total decrease in the County's capital assets (excluding accumulated depreciation) for the current fiscal year was \$60,914 for governmental activities. Equipment costing \$578,925 was purchased for the County and building and building improvements of 2014. 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, 2014**

	<b>Governmental Activities</b>
Land	\$ 25,761
Buildings and improvements	1,335,210
Equipment, furniture and machines	1,170,129
Infrastructure	1,228,019
Capital Assets, Net of Accumulated Depreciation	<b>\$ 3,759,119</b>

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 7 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 \$3,759,119. This investment includes the land, buildings and improvements, equipment, machinery and infrastructure.

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

	<b>Balance June 30, 2014</b>	<b>Balance June 30, 2013</b>
NMFA Loan \$25M	\$ 182,942	\$ 201,512
Long-term debt	\$ 182,942	\$ 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, 2014

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash	\$ 4,510,072
Accounts receivable	90,421
Due from other funds	<u>269,705</u>
Total current assets	4,870,198
<b>CAPITAL ASSETS:</b>	
Land	25,761
Property, equipment and machines	<u>8,539,825</u>
Total capital assets	8,565,586
Less accumulated depreciation	<u>(4,806,467)</u>
Total capital assets, net of accumulated depreciation	<u>3,759,119</u>
Total assets	<u>\$ 8,629,317</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 55,202
Accrued expenses	30,169
Current portion of NMFA loan	19,459
Compensated absences	19,561
Due to other funds	<u>269,705</u>
Total current liabilities	394,096
<b>NON-CURRENT LIABILITIES:</b>	
NMFA loan	<u>163,483</u>
Total non-current liabilities	<u>163,483</u>
Total liabilities	557,579
<b>NET POSITION</b>	
Net investment in capital assets	3,759,119
Restricted for:	
Capital projects	2,777,859
Special revenue funds	893,422
Debt service funds	(19,459)
Unrestricted	<u>660,797</u>
Total net position	<u>\$ 8,071,738</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, 2014

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	\$ 1,580,953	\$ 30,456	\$ 140,747	\$ 673,000	\$ (736,750)
Highways and streets	652,297	-	215,729	148,908	(287,660)
Health and welfare	27,762	-	-	3,000	(24,762)
Public safety	286,321	64,340	-	273,021	51,040
Culture and recreation	125,940	-	124,951	-	(989)
Depreciation	639,839	-	-	-	(639,839)
Total governmental activities	<u>\$ 3,313,112</u>	<u>\$ 94,796</u>	<u>\$ 481,427</u>	<u>\$ 1,097,929</u>	<u>(1,638,960)</u>
General revenues:					
Property taxes					318,471
Gross receipts taxes					123,157
Oil and gas taxes					405,298
Motor vehicle taxes					197,765
Gasoline taxes					88,679
Environmental gross receipts taxes					44,758
Unrestricted investment earnings					31,679
Other income					13,327
Total general revenues					<u>1,223,134</u>
Change in net position					(415,826)
Net position - beginning					<u>8,487,564</u>
Net position - ending					<u>\$ 8,071,738</u>

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

STATE OF NEW MEXICO  
HARDING COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>General Fund</u>	<u>Road Fund</u>	<u>Community Development Fund</u>	<u>Building Restoration ADA Fund</u>	<u>Capital Improv. Fund</u>	<u>Fire District No. 1 Fund</u>	<u>Special Approp. Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Government Funds</u>	<u>Total Government Funds</u>
<b>ASSETS</b>										
Cash on deposit	\$ 889,991	\$ 222,148	\$ 35,900	\$ 704,869	\$ 840,222	\$ 161,302	\$ 963,063	\$ -	\$ 692,577	\$ 4,510,072
Accounts receivable	33,506	25,024	-	-	-	-	-	-	31,891	90,421
Due from other funds	-	-	-	-	269,705	-	-	-	-	269,705
Total assets	<u>\$ 923,497</u>	<u>\$ 247,172</u>	<u>\$ 35,900</u>	<u>\$ 704,869</u>	<u>\$ 1,109,927</u>	<u>\$ 161,302</u>	<u>\$ 963,063</u>	<u>\$ -</u>	<u>\$ 724,468</u>	<u>\$ 4,870,198</u>
<b>LIABILITIES</b>										
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	30,202	-	25,000	-	-	-	-	-	-	55,202
Accrued expenses	17,368	9,553	-	-	-	-	-	-	3,248	30,169
Due to other funds	-	269,705	-	-	-	-	-	-	-	269,705
Total liabilities	47,570	279,258	25,000	-	-	-	-	-	3,248	355,076
<b>FUND BALANCES</b>										
Restricted, reported in:										
Special revenue Fund	-	-	10,900	-	-	161,302	-	-	721,220	893,422
Special revenue	-	-	-	704,869	1,109,927	-	963,063	-	-	2,777,859
Debt service fund	-	-	-	-	-	-	-	-	-	-
Unassigned, reported in:										
General fund	875,927	-	-	-	-	-	-	-	-	875,927
Special revenue	-	(32,086)	-	-	-	-	-	-	-	(32,086)
Total fund balances	<u>875,927</u>	<u>(32,086)</u>	<u>10,900</u>	<u>704,869</u>	<u>1,109,927</u>	<u>161,302</u>	<u>963,063</u>	<u>-</u>	<u>721,220</u>	<u>4,515,122</u>
Total liabilities and fund balances	<u>\$ 923,497</u>	<u>\$ 247,172</u>	<u>\$ 35,900</u>	<u>\$ 704,869</u>	<u>\$ 1,109,927</u>	<u>\$ 161,302</u>	<u>\$ 963,063</u>	<u>\$ -</u>	<u>\$ 724,468</u>	<u>\$ 4,870,198</u>

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, 2014

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

Total fund balances - governmental funds \$ 4,515,122

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

The cost of capital assets	8,565,586	
Accumulated depreciation	<u>(4,806,467)</u>	
		<u>3,759,119</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	(182,942)	
Compensated absences payable, net of current portion	<u>(19,561)</u>	
		<u>(202,503)</u>

Net position of governmental activities \$ 8,071,738

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

STATE OF NEW MEXICO  
HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Road Fund	Community Development Fund	Building Restoration ADA Fund	Capital Improv. Fund	Fire District No. 1 Fund	Special Apprpr. Fund	Debt Service Fund	Non-Major Government Funds	Total Government Funds
<b>REVENUES</b>										
Property taxes	\$ 302,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,662	\$ 318,471
Gross receipts taxes	73,712	-	-	-	-	-	-	-	49,445	123,157
Motor vehicle taxes	4,087	193,677	-	-	-	-	-	-	-	197,764
Oil and gas taxes	405,298	-	-	-	-	-	-	-	-	405,298
Gasoline taxes	1,827	86,853	-	-	-	-	-	-	-	88,680
Environmental gross receipts taxes	-	-	-	-	-	-	-	-	44,758	44,758
Charges for services	675	-	-	-	-	-	-	-	53,729	54,404
Fines and forfeitures	17,062	-	-	-	-	-	-	-	10,611	27,673
Rents	12,719	-	-	-	-	-	-	-	-	12,719
Local sources	20,140	340	-	-	-	-	-	-	37,657	58,137
State sources	673,000	358,267	-	-	-	103,235	6,030	-	246,250	1,386,782
Federal sources	120,607	-	-	-	-	-	-	-	13,830	134,437
Earnings from investments	31,483	173	-	-	-	-	-	23	-	31,679
Other income	2,966	7,093	-	-	-	2,813	-	-	455	13,327
Total revenues	1,666,385	646,403	-	-	-	106,048	6,030	23	472,397	2,897,286
<b>EXPENDITURES</b>										
Current:										
General government	1,349,430	-	92,000	98,505	-	-	-	260	34,043	1,574,238
Highways and streets	-	634,564	15,000	-	-	-	2,733	-	-	652,297
Public safety	-	-	8,500	-	-	45,888	-	-	231,933	286,321
Health and welfare	-	-	-	-	-	-	-	-	27,762	27,762
Culture and recreation	-	-	16,600	-	-	-	-	-	109,340	125,940
Capital outlay	103,006	74,461	-	-	-	401,458	-	-	-	578,925
Debt service:										
Principal	-	-	-	-	-	-	-	18,570	-	18,570
Interest	-	-	-	-	-	-	-	3,329	-	3,329
Total expenditures	1,452,436	709,025	132,100	98,505	-	447,346	2,733	22,159	403,078	3,267,382
Excess (deficiency) revenues over expenditures	213,949	(62,622)	(132,100)	(98,505)	-	(341,298)	3,297	(22,136)	69,319	(370,096)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	142,073	325,000	143,000	100,000	451,065	179,433	175,000	-	68,901	1,584,472
Transfers out	(845,552)	(226,065)	-	-	-	-	(185,000)	(179,433)	(148,169)	(1,584,219)
Loan proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(703,479)	98,935	143,000	100,000	451,065	179,433	(10,000)	(179,433)	(79,268)	253
Net change in fund balance	(489,530)	36,313	10,900	1,495	451,065	(161,865)	(6,703)	(201,569)	(9,949)	(369,843)
Fund balance, beginning of year	1,365,457	201,306	-	703,374	389,157	323,167	969,766	201,569	731,169	4,884,965
Restatement	-	(269,705)	-	-	269,705	-	-	-	-	-
Fund balance, beginning of year as restated	1,365,457	(68,399)	-	703,374	658,862	323,167	969,766	201,569	731,169	4,884,965
Fund balance end of year	\$ 875,927	\$ (32,086)	\$ 10,900	\$ 704,869	\$ 1,109,927	\$ 161,302	\$ 963,063	\$ -	\$ 721,220	\$ 4,515,122

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, 2014

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Net change in fund balances - total governmental funds \$ (369,843)

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	578,925	
Depreciation expense	<u>(639,839)</u>	(60,914)

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		(3,639)
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Payments 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.

18,570

Change in net position of governmental activities		<u>\$ (415,826)</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Property taxes	\$ 822,413	\$ 822,413	\$ 269,303	\$ (553,110)
Gross receipts taxes	30,000	30,000	73,712	43,712
Motor vehicle taxes	2,500	2,500	4,087	1,587
Oil and gas taxes	385,873	385,873	405,298	19,425
Gasoline taxes	500	500	1,827	1,327
Payment in lieu of taxes	98,000	98,000	-	(98,000)
Charges for services	30,000	30,000	675	(29,325)
Fines and forfeitures	-	-	17,062	17,062
Rents	-	-	12,719	12,719
Local sources	-	-	20,140	20,140
State sources	637,000	637,000	673,000	36,000
Federal sources	-	-	120,607	120,607
Earnings from investments	30,000	30,000	31,483	1,483
Other income	7,300	9,318	2,966	(6,352)
Total revenues	<u>2,043,586</u>	<u>2,045,604</u>	<u>1,632,879</u>	<u>(412,725)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	1,369,900	1,374,918	1,319,228	55,690
Public safety	210,785	210,785	-	210,785
Culture and recreation	12,000	9,000	-	9,000
Capital outlay	-	-	<u>103,006</u>	<u>(103,006)</u>
Total expenditures	<u>1,592,685</u>	<u>1,594,703</u>	<u>1,422,234</u>	<u>172,469</u>
Excess of revenues over expenditures	450,901	450,901	210,645	(240,256)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	142,073	142,073	-
Transfers out	<u>(845,552)</u>	<u>(845,552)</u>	<u>(845,552)</u>	<u>-</u>
Total other financing sources (uses)	<u>(845,552)</u>	<u>(703,479)</u>	<u>(703,479)</u>	<u>-</u>
Net change in fund balance Non-GAAP Basis	(394,651)	(252,578)	(492,834)	(240,256)
Fund balance - beginning	<u>1,365,457</u>	<u>1,365,457</u>	<u>1,365,457</u>	<u>-</u>
Fund balance - ending	<u>\$ 970,806</u>	<u>\$ 1,112,879</u>	<u>\$ 872,623</u>	<u>\$ (170,500)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			(492,834)	
Revenue accruals		33,506		
Expenditure accruals		<u>(30,202)</u>	3,304	
Net changes in fund balance - GAAP basis			<u>\$ (489,530)</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Motor vehicle taxes	\$ 175,000	\$ 175,000	\$ 168,653	\$ (6,347)
Gasoline taxes	80,000	80,000	86,853	6,853
Local sources	-	-	340	340
State sources	286,856	286,856	358,267	71,411
Federal sources	7,500	7,500	-	(7,500)
Earnings from investments	750	750	173	(577)
Other income	-	7,093	7,093	-
	<u>550,106</u>	<u>557,199</u>	<u>621,379</u>	<u>64,180</u>
<b>EXPENDITURES:</b>				
Current:				
General government	715,892	733,285	-	733,285
Highways and streets	-	-	634,564	(634,564)
Capital outlay	-	49,700	74,461	(24,761)
	<u>715,892</u>	<u>782,985</u>	<u>709,025</u>	<u>73,960</u>
Deficiency of revenues over expenditures	(165,786)	(225,786)	(87,646)	138,140
<b>OTHER FINANCING SOURCES</b>				
Transfers in	100,000	425,000	325,000	100,000
Transfers out	<u>(61,065)</u>	<u>(287,130)</u>	<u>(226,065)</u>	<u>(61,065)</u>
Total other financing sources	<u>38,935</u>	<u>137,870</u>	<u>98,935</u>	<u>38,935</u>
Net change in fund balance Non-GAAP Basis	(126,851)	(87,916)	11,289	99,205
Fund balance - beginning	<u>201,306</u>	<u>201,306</u>	<u>201,306</u>	<u>-</u>
Restatement	<u>-</u>	<u>-</u>	<u>(269,705)</u>	<u>-</u>
Fund balance - ending	<u>\$ 74,455</u>	<u>\$ 113,390</u>	<u>\$ (57,110)</u>	<u>\$ (170,500)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			11,289	
Revenue accruals		25,024		
Expenditure accruals		<u>-</u>	<u>25,024</u>	
Net changes in fund balance - GAAP basis			<u>\$ 36,313</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 - COMMUNITY DEVELOPMENT  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	92,000	(92,000)
Highways and streets	-	-	15,000	(15,000)
Public safety	143,000	143,000	8,500	134,500
Culture and recreation	-	-	16,600	(16,600)
Total expenditures	<u>143,000</u>	<u>143,000</u>	<u>132,100</u>	<u>10,900</u>
Excess of revenues over expenditures	(143,000)	(143,000)	(132,100)	10,900
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	143,000	143,000
Total other financing sources (uses)	-	-	143,000	143,000
Net change in fund balance Non-GAAP Basis	(143,000)	(143,000)	10,900	153,900
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ (143,000)</u>	<u>\$ (143,000)</u>	<u>\$ 10,900</u>	<u>\$ 153,900</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			10,900	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ 10,900</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources	169,110	169,110	103,235	(65,875)
Other income	\$ 2,813	\$ 2,813	\$ 2,813	\$ -
Total revenues	171,923	171,923	106,048	(65,875)
<b>EXPENDITURES:</b>				
Current:				
Public safety	541,961	544,774	45,888	498,886
Capital outlay	-	-	401,458	-
Total expenditures	541,961	544,774	447,346	97,428
Excess (deficiency) of revenues over expenditures	(370,038)	(372,851)	(341,298)	31,553
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	179,433	179,433
Total other financing sources (uses)	-	-	179,433	179,433
Net change in fund balance Non-GAAP Basis	(370,038)	(372,851)	(161,865)	210,986
Fund balance - beginning	323,167	323,167	323,167	-
Fund balance - ending	\$ (46,871)	\$ (49,684)	\$ 161,302	\$ 210,986
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			(161,865)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			\$ (161,865)	

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, 2014**

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	<b><u>Agency Funds</u></b>
<b>ASSETS</b>	
Cash and temporary investments	\$ 899,213
Taxes receivable	<u>756,722</u>
Total assets	<u>\$ 1,655,935</u>
<b>LIABILITIES</b>	
Due to other governments (cash)	\$ 899,213
Due to other governments (receivables)	<u>756,722</u>
Total liabilities	<u>\$ 1,655,935</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, 2014

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#### 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.

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

The County reports the following major governmental funds:

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

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

**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.

**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.

**Community Development Fund - Special Revenue Fund** - To account for requests approved by Commissioners in order to fund different organizations and Villages in Harding County.

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

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 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 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. 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 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 January 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 69 Government Combinations and Disposals of government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged. 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 April 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 70 Accounting and Financial Reporting for Nonexchange Financial Guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. 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 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 71 Pension Transition for Contributions made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The County is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

**M. Subsequent Events**

Management has evaluated subsequent events through November 15, 2014, the date the financial statements were available to be issued.

## 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	\$ 2,155,294
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County	150,000
Community 1st Bank of Las Vegas	Certificate of Deposit	Harding County	64,365
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	150,000
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	398,050
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	250,000
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	389,294
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	473,265
Farmers & Stockmans Bank	Certificate of Deposit	Harding County	300,092
Wells Fargo - Bank of India	Certificate of Deposit	Harding County	250,137
Wells Fargo - Bank of India	Certificate of Deposit	Harding County	249,392
Wells Fargo - Beal BK Las Vegas	Certificate of Deposit	Harding County	249,833
Wells Fargo - Bank of China	Certificate of Deposit	Harding County	<u>249,922</u>
Total amount on deposit			<u>\$ 5,553,644</u>
Total amount on deposit			\$ 5,553,644
Plus petty cash			500
Plus deposits in transit			3,686
Less outstanding checks			<u>(148,871)</u>
Total cash balance			<u>\$ 5,408,959</u>
Cash equivalents			
State Treasurers Investment Pool	Investments	Harding County	<u>\$ 326</u>
Total cash per financial statements			<u>\$ 5,409,285</u>
Governmental activities			\$ 4,510,072
Agency fund			<u>899,213</u>
Total cash per financial statements			<u>\$ 5,409,285</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 collateraliz ation at 50%</u>	<u>Pledged collateral at June 30</u>	<u>Excess (deficit) of pledged collateral</u>
Comm. 1st of Las Vegas	2,369,659	(250,000)	2,119,659	1,059,830	1,140,117	80,287
Wells Fargo	999,284	(250,000)	749,284	374,642	750,000	375,358
Farmers & Stockman Bank	<u>2,184,701</u>	<u>(250,000)</u>	<u>1,934,701</u>	<u>967,351</u>	<u>2,141,410</u>	<u>1,174,059</u>
Total	<u>\$ 5,553,644</u>	<u>\$ (750,000)</u>	<u>\$ 4,803,644</u>	<u>\$ 2,401,823</u>	<u>\$ 4,031,527</u>	<u>\$ 1,629,704</u>

At June 30, 2014, the carrying amount County's bank balance was \$5,553,644. Of this balance, \$750,000 was covered by federal depository insurance and \$4,803,644 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, 2014, \$4,803,644 of the County's bank balance of \$5,553,644 was exposed to custodial credit risk as follows:

Insured	\$ 750,000
Uninsured and collateralized with securities held by the pledging banks trust department, but not in the County's name	<u>4,803,644</u>
Total	<u>\$ 5,553,644</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, 2014, consist of the following:

	<b><u>Governmental Activities</u></b>
General Fund	\$ 33,506
Road Fund	25,024
Solid Waste Fund	4,586
Jail Detention Fund	3,237
EMT Fund	2,868
Law Enforcement Protection Fund	<u>21,200</u>
	<b><u>\$ 90,421</u></b>

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 2014 were \$67,399.

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, 2014, 2013, and 2012 were \$62,823, \$63,919, and \$63,841, 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, 2014, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	<b>Balance June 30, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2014</b>
<b>Government activities:</b>				
Capital assets				
Land	\$ 25,761	\$ -	\$ -	\$ 25,761
Total assets not depreciated	25,761	-	-	25,761
Buildings and improvements	1,806,028	97,500	-	1,903,528
Equipment, furniture and machines	3,984,116	481,425	-	4,465,541
Infrastructure	2,170,756	-	-	2,170,756
Total assets depreciated	7,960,900	578,925	-	8,539,825
Less accumulated depreciation:				
Buildings and improvements	511,434	56,884	-	568,318
Equipment, furniture and machines	2,912,901	382,511	-	3,295,412
Infrastructure	742,293	200,444	-	942,737
Total accumulated depreciation	4,166,628	639,839	-	4,806,467
Capital assets being depreciated, net of accumulated depreciation	3,794,272	(60,914)	-	3,733,358
Total capital assets, net of accumulated depreciation	\$ 3,820,033	\$ (60,914)	\$ -	\$ 3,759,119

**8. LONG-TERM LIABILITIES**

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the County-Wide Statement of Net Position:

	<u>Balance 6/30/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/14</u>	<u>Due Within One Year</u>
Compensated absences	\$ 15,921	\$ 29,832	\$ 26,192	\$ 19,561	\$ 19,561
Total	<u>\$ 15,921</u>	<u>\$ 29,832</u>	<u>\$ 26,192</u>	<u>\$ 19,561</u>	<u>\$ 19,561</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, 2014, was as follows:

	<u>Balance 06/30/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/14</u>	<u>Due within One year</u>
<b>Governmental Activities:</b>					
NMFA -Fire Truck	\$ 201,512	\$ -	\$ (18,570)	\$ 182,942	\$ 19,459
Total Governmental Debt	<u>\$ 201,512</u>	<u>\$ -</u>	<u>\$ (18,570)</u>	<u>\$ 182,942</u>	<u>\$ 19,459</u>

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

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Governmental Interest</b>	<b>Total</b>
2015	\$ 19,459	\$ 2,517	\$ 21,976
2016	19,578	2,417	21,995
2017	19,733	2,282	22,015
2018	19,920	2,115	22,035
2019	20,159	1,895	22,054
2020-2024	<u>84,093</u>	<u>4,330</u>	<u>88,423</u>
Total	<u>\$ 182,942</u>	<u>\$ 15,556</u>	<u>\$ 198,498</u>

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

Description	Interest Rate	Payment Frequency	Payment Amount	Maturity Date	Due Within One Year	Servicing Fund
<b>Governmental Activities:</b>						
NMFA - Recreation Center	1.686%	Yearly	\$21,976	May 2023	19,459	Capital Projects

**9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund transfers during the year ended June 30, 2014 consisted the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 142,073	\$ 845,552
Road Fund	325,000	226,065
Fire Dist No. 1	179,433	-
EMS No. 1 Fund	3,500	-
EMS No. 2 Fund	5,300	-
EMS Fund	-	1,800
Community Development	143,000	-
Agency funds	-	253
Capital Improvement Fund	451,065	-
Solid Waste	-	145,566
DWI Grant	12,822	-
DWI Program	-	803
DWI Users	803	-
Building Restoration Fund	100,000	-
Rural Addressing Fund	17,100	-
Senior Program Fund	25,630	-
Special Appropriations Fund	175,000	185,000
Debt Service	-	179,433
Jail Detention Fund	3,746	-
	<u>\$ 1,584,472</u>	<u>\$ 1,584,472</u>

The County records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2014 is as follows:

Governmental Activities	<u>Due from other funds</u>	<u>Due to other funds</u>
Capital Improvements Fund	\$ 269,705	\$ -
Road Fund	-	269,705
Totals	<u>\$ 269,705</u>	<u>\$ 269,705</u>

**10. RESTATEMENT**

During fiscal year ended June 30, 2013, the County's Road department purchased equipment using the Capital Improvements Fund. The County's Road Department will repay the funds to the Capital Improvements Fund over a period of 6 years. An adjustment of \$269,705 was made during the fiscal year ending June 30, 2014 to record the corresponding intergovernmental revivable and payable.

**11. BUDGETARY DIFFERENCES**

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

<u>Fund</u>	<u>Budget Expenses</u>	<u>Actual Expenses</u>	<u>Difference</u>
EMS No. 2 Fund	\$ -	\$ 11,812	\$ (11,812)
EMT Fund	-	3,300	(3,300)
DWI Program Fund	-	62,847	(62,847)
Fire District No. 2 Fund	-	48,991	(48,991)
Rural Addressing Fund	-	12,080	(12,080)
Building Restoration ADA Fund	-	98,505	(98,505)
Total	<u>\$ -</u>	<u>\$ 237,535</u>	<u>\$ (237,535)</u>

**NON-MAJOR FUNDS**

STATE OF NEW MEXICO, HARDING COUNTY

COMBINING BALANCE SHEET BY FUND TYPE  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

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	<b>Special Revenue Funds</b>
<b>ASSETS</b>	
Cash on deposits	\$ 692,577
Accounts receivable	<u>31,891</u>
Total assets	<u>\$ 724,468</u>
<b>LIABILITIES</b>	
Accrued expenses	<u>\$ 3,248</u>
Total liabilities	3,248
<b>FUND BALANCE</b>	
Restricted, reported in:	
Special revenue funds	<u>721,220</u>
Total fund balance	<u>721,220</u>
Total liabilities and fund balance	<u>\$ 724,468</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, 2014

	<u>Special Revenue Funds</u>
REVENUES	
Property taxes	\$ 15,662
Charges for services	53,729
Gross receipt taxes	49,445
Fines and forfeitures	10,611
Local sources	37,657
State sources	246,250
Federal sources	13,830
Gross receipts taxes	455
Environmental gross receipts taxes	<u>44,758</u>
Total revenues	472,397
EXPENDITURES	
Current:	
General government	34,043
Public safety	231,933
Health and welfare	27,762
Culture and recreation	<u>109,340</u>
Total expenditures	<u>403,078</u>
Deficiency revenues over expenditures	69,319
OTHER FINANCING SOURCES (USES)	
Operating transfers in	68,901
Operating transfers out	<u>(148,169)</u>
Total other financing sources	<u>(79,268)</u>
Net change in fund balance	(9,949)
Fund balance beginning of year	<u>731,169</u>
Fund balance end of year	<u>\$ 721,220</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 Gazing 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.

**JAIL DETENTION 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, IIC-1, IIC-2 and IID, monies and monies appropriated in Chapter 12, 1996 Laws of New Mexico (HB2). Also, to account for funds received from the U.S. Department of Agriculture through the Eastern New Mexico area Agency on Aging to be used solely for the purchase of United States Agricultural commodities and other foods produced in the United States for use in the food operations at the Senior Centers. Authority is the Older Americans Act, House Bill 2 and the U.S. Department of Agricultural.

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

**FIRE DISTRICT NO. 2 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-** 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.

STATE OF NEW MEXICO  
HARDING COUNTY

COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014

	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
<b>ASSETS</b>									
Cash on deposits	\$ 684	\$ -	\$ 113,842	\$ 7,967	\$ 6,340	\$ 12,055	\$ 13,380	\$ 56,392	\$ 295,553
Accounts receivable	-	-	-	-	-	-	-	2,868	3,237
Total assets	<u>\$ 684</u>	<u>\$ -</u>	<u>\$ 113,842</u>	<u>\$ 7,967</u>	<u>\$ 6,340</u>	<u>\$ 12,055</u>	<u>\$ 13,380</u>	<u>\$ 59,260</u>	<u>\$ 298,790</u>
<b>LIABILITIES</b>									
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-	-	-	-
<b>FUND BALANCE</b>									
Restricted, reported in:									
Special revenue funds	<u>684</u>	<u>-</u>	<u>113,842</u>	<u>7,967</u>	<u>6,340</u>	<u>12,055</u>	<u>13,380</u>	<u>59,260</u>	<u>298,790</u>
Total liabilities and fund balance	<u>\$ 684</u>	<u>\$ -</u>	<u>\$ 113,842</u>	<u>\$ 7,967</u>	<u>\$ 6,340</u>	<u>\$ 12,055</u>	<u>\$ 13,380</u>	<u>\$ 59,260</u>	<u>\$ 298,790</u>

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

(Continued)

STATE OF NEW MEXICO  
HARDING COUNTY

COMBINING NET POSITION  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014

	<u>DWI Program Fund</u>	<u>DWI Users Fund</u>	<u>Law Enfor. Protection Fund</u>	<u>Rural Addressing Fund</u>	<u>Senior Program Fund</u>	<u>Fire District No. 2 Fund</u>	<u>Solid Waste Fund</u>	<u>DWI Grant Fund</u>	<u>County Health Program Fund</u>	<u>Total</u>
<b>ASSETS</b>										
Cash on deposits	\$ 5,477	\$ 3,713	\$ 7,336	\$ 21,467	\$ 9,867	\$ 95,941	\$ 34,836	\$ 7,727	\$ -	\$ 692,577
Accounts receivable	-	-	21,200	-	-	-	4,586	-	-	31,891
Total assets	<u>\$ 5,477</u>	<u>\$ 3,713</u>	<u>\$ 28,536</u>	<u>\$ 21,467</u>	<u>\$ 9,867</u>	<u>\$ 95,941</u>	<u>\$ 39,422</u>	<u>\$ 7,727</u>	<u>\$ -</u>	<u>\$ 724,468</u>
<b>LIABILITIES</b>										
Accrued expenses	\$ 1,154	\$ -	\$ -	\$ -	\$ 2,094	\$ -	\$ -	\$ -	\$ -	\$ 3,248
Total liabilities	1,154	-	-	-	2,094	-	-	-	-	3,248
<b>NET POSITION</b>										
Restricted, reported in:										
Special revenue funds	<u>4,323</u>	<u>3,713</u>	<u>28,536</u>	<u>21,467</u>	<u>7,773</u>	<u>95,941</u>	<u>39,422</u>	<u>7,727</u>	<u>-</u>	<u>721,220</u>
Total liabilities and net position	<u>\$ 5,477</u>	<u>\$ 3,713</u>	<u>\$ 28,536</u>	<u>\$ 21,467</u>	<u>\$ 9,867</u>	<u>\$ 95,941</u>	<u>\$ 39,422</u>	<u>\$ 7,727</u>	<u>\$ -</u>	<u>\$ 724,468</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, 2014

	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
<b>REVENUES</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,662	\$ -	\$ -
Charges for services	-	-	-	-	-	8,134	-	-	-
Gross receipt taxes	-	-	-	-	-	-	-	-	49,445
Fines and forfeitures	-	-	-	-	-	-	-	-	10,611
Local sources	-	24,762	-	8,263	-	-	-	-	-
State sources	-	-	-	-	9,428	-	-	-	-
Federal sources	15	-	-	-	-	-	-	-	-
Environmental gross receipt taxes	-	-	-	-	-	-	-	23,141	-
Total revenues	15	24,762	-	8,263	9,428	8,134	15,662	23,141	60,056
<b>EXPENDITURES</b>									
General government	-	-	-	-	-	18,230	15,813	-	-
Public safety	-	-	-	7,438	11,812	-	-	3,300	12,352
Health and welfare	-	24,762	-	-	-	-	-	-	-
Total expenditures	-	24,762	-	7,438	11,812	18,230	15,813	3,300	12,352
Excess (deficiency) of revenues over expenditures	15	-	-	825	(2,384)	(10,096)	(151)	19,841	47,704
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating transfers in	-	-	-	3,500	5,300	-	-	-	3,746
Operating transfers out	-	-	-	-	-	-	-	(1,800)	-
Total other financing source	-	-	-	3,500	5,300	-	-	(1,800)	3,746
Net change in net position	15	-	-	4,325	2,916	(10,096)	(151)	18,041	51,450
Net position, beginning of year	669	-	113,842	3,642	3,424	22,151	13,531	41,219	247,340
Net position, end of year	\$ 684	\$ -	\$ 113,842	\$ 7,967	\$ 6,340	\$ 12,055	\$ 13,380	\$ 59,260	\$ 298,790

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, 2014

	<u>DWI Program Fund</u>	<u>DWI Users Fund</u>	<u>Law Enfor. Protection Fund</u>	<u>Rural Addressing Fund</u>	<u>Senior Program Fund</u>	<u>Fire District No. 2 Fund</u>	<u>Solid Waste Fund</u>	<u>DWI Grant Fund</u>	<u>County Health Program Fund</u>	<u>Total</u>
<b>REVENUES</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,662
Charges for services	-	84	-	-	62	-	45,449	-	-	53,729
Gross receipt taxes	-	-	-	-	-	-	-	-	-	49,445
Fines and forfeitures	-	-	-	-	-	-	-	-	-	10,611
Local sources	-	4,632	-	-	-	-	-	-	-	37,657
State sources	63,144	-	21,200	-	78,096	65,898	-	5,484	3,000	246,250
Federal sources	-	-	-	-	13,815	-	-	-	-	13,830
Sale of property	-	1	454	-	-	-	-	-	-	455
Environmental gross receipts taxes	-	-	-	-	-	-	21,617	-	-	44,758
Total revenues	<u>63,144</u>	<u>4,717</u>	<u>21,654</u>	<u>-</u>	<u>91,973</u>	<u>65,898</u>	<u>67,066</u>	<u>5,484</u>	<u>3,000</u>	<u>472,397</u>
<b>EXPENDITURES</b>										
General government	-	-	-	-	-	-	-	-	-	34,043
Public safety	64,001	5,020	26,010	12,080	-	48,991	26,600	14,329	-	231,933
Health and welfare	-	-	-	-	-	-	-	-	3,000	27,762
Culture and recreation	-	-	-	-	109,340	-	-	-	-	109,340
Total expenditures	<u>64,001</u>	<u>5,020</u>	<u>26,010</u>	<u>12,080</u>	<u>109,340</u>	<u>48,991</u>	<u>26,600</u>	<u>14,329</u>	<u>3,000</u>	<u>403,078</u>
Excess (deficiency) of revenues over expenditures	(857)	(303)	(4,356)	(12,080)	(17,367)	16,907	40,466	(8,845)	-	69,319
<b>OTHER FINANCING SOURCES (USES)</b>										
Operating transfers in	-	803	-	17,100	25,630	-	-	12,822	-	68,901
Operating transfers out	(803)	-	-	-	-	-	(145,566)	-	-	(148,169)
Total other financing source (uses)	<u>(803)</u>	<u>803</u>	<u>-</u>	<u>17,100</u>	<u>25,630</u>	<u>-</u>	<u>(145,566)</u>	<u>12,822</u>	<u>-</u>	<u>(79,268)</u>
Net change in net position	(1,660)	500	(4,356)	5,020	8,263	16,907	(105,100)	3,977	-	(9,949)
Net position, beginning of year	<u>5,983</u>	<u>3,213</u>	<u>32,892</u>	<u>16,447</u>	<u>(490)</u>	<u>79,034</u>	<u>144,522</u>	<u>3,750</u>	<u>-</u>	<u>731,169</u>
Net position, end of year	<u>\$ 4,323</u>	<u>\$ 3,713</u>	<u>\$ 28,536</u>	<u>\$ 21,467</u>	<u>\$ 7,773</u>	<u>\$ 95,941</u>	<u>\$ 39,422</u>	<u>\$ 7,727</u>	<u>\$ -</u>	<u>\$ 721,220</u>

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

(Concluded)

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NON-MAJOR SPECIAL REVENUE FUND - FARM & RANGE FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Federal sources	\$ 18	\$ 18	\$ 15	\$ (3)
Total revenues	18	18	15	(3)
<b>EXPENDITURES:</b>				
Current:				
General government	<u>687</u>	<u>687</u>	<u>-</u>	<u>687</u>
Total expenditures	<u>687</u>	<u>687</u>	<u>-</u>	<u>687</u>
Excess (deficiency) of revenues over expenditures	(669)	(669)	15	684
Net change in net position Non-GAAP Basis	(669)	(669)	15	684
Fund balance - beginning	<u>669</u>	<u>669</u>	<u>669</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684</u>	<u>\$ 684</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in net position - budgetary basis			15	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Net changes in fund balance - GAAP basis			<u>\$ 15</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Local sources	\$ 13,000	\$ 28,000	\$ 24,762	\$ (3,238)
Total revenues	13,000	28,000	24,762	(3,238)
<b>EXPENDITURES:</b>				
Current:				
Health and welfare	<u>13,000</u>	<u>28,000</u>	<u>24,762</u>	<u>3,238</u>
Total expenditures	<u>13,000</u>	<u>28,000</u>	<u>24,762</u>	<u>3,238</u>
Net change in net position Non-GAAP Basis	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in net position - budgetary basis			-	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Net changes in fund balance - GAAP basis			<u>\$ -</u>	

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



STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NON-MAJOR SPECIAL REVENUE FUND - EMERGENCY MANAGEMENT FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance Non-GAAP Basis	\$ -	\$ -	\$ -	\$ -
Fund balance - beginning	113,842	113,842	113,842	-
Fund balance - ending	<u>\$ 113,842</u>	<u>\$ 113,842</u>	<u>\$ 113,842</u>	<u>\$ -</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			-	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ -</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NON-MAJOR SPECIAL REVENUE FUND - EMS NO. 1 FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources	\$ 17,741	\$ 17,741	\$ 8,263	\$ (9,478)
Total revenues	17,741	17,741	8,263	(9,478)
<b>EXPENDITURES:</b>				
Current:				
Public safety	31,808	33,608	7,438	26,170
Total expenditures	31,808	33,608	7,438	26,170
Deficiency of revenues over expenditures	(14,067)	(15,867)	825	16,692
<b>OTHER FINANCING SOURCES</b>				
Transfers in	7,000	15,800	3,500	(12,300)
Total other financing sources	7,000	15,800	3,500	(12,300)
Net change in fund balance Non-GAAP Basis	(7,067)	(67)	4,325	4,392
Fund balance - beginning	3,642	3,642	3,642	-
Fund balance - ending	<u>\$ (3,425)</u>	<u>\$ 3,575</u>	<u>\$ 7,967</u>	<u>\$ 4,392</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			4,325	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ 4,325</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NON-MAJOR SPECIAL REVENUE FUND - EMS NO. 2 FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources	\$ -	\$ -	\$ 9,428	\$ 9,428
Total revenues	-	-	9,428	9,428
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	11,812	(11,812)
Total expenditures	-	-	11,812	(11,812)
Excess (deficiency) of revenues over expenditures	-	-	(2,384)	(2,384)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	5,300	5,300
Total other financing sources (uses)	-	-	5,300	5,300
Net change in fund balance Non-GAAP Basis	-	-	2,916	2,916
Fund balance - beginning	3,424	3,424	3,424	-
Fund balance - ending	<u>\$ 3,424</u>	<u>\$ 3,424</u>	<u>\$ 6,340</u>	<u>\$ 2,916</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			2,916	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ 2,916</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NON-MAJOR SPECIAL REVENUE FUND - RECORDING AND EQUIPMENT FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Charges for services	\$ 3,200	\$ 5,651	\$ 8,134	\$ 2,483
Total revenues	3,200	5,651	8,134	2,483
<b>EXPENDITURES:</b>				
Current:				
General government	<u>25,350</u>	<u>27,801</u>	<u>18,230</u>	<u>9,571</u>
Total expenditures	<u>25,350</u>	<u>27,801</u>	<u>18,230</u>	<u>9,571</u>
Excess (deficiency) of revenues over expenditures	(22,150)	(22,150)	(10,096)	12,054
Net change in fund balance Non-GAAP Basis	(22,150)	(22,150)	(10,096)	12,054
Fund balance - beginning	<u>22,151</u>	<u>22,151</u>	<u>22,151</u>	<u>-</u>
Fund balance - ending	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 12,055</u>	<u>\$ 12,054</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			(10,096)	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Net changes in fund balance - GAAP basis			<u>\$ (10,096)</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NON-MAJOR SPECIAL REVENUE FUND - REAPPRAISAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Property taxes	\$ 5,750	\$ 14,791	\$ 15,662	\$ 871
Total revenues	5,750	14,791	15,662	871
<b>EXPENDITURES:</b>				
Current:				
General government	19,281	28,322	15,813	12,509
Total expenditures	19,281	28,322	15,813	12,509
Excess (deficiency) of revenues over expenditures	(13,531)	(13,531)	(151)	13,380
Net change in fund balance Non-GAAP Basis	(13,531)	(13,531)	(151)	13,380
Fund balance - beginning	13,531	13,531	13,531	-
Fund balance - ending	\$ -	\$ -	\$ 13,380	\$ 13,380
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			(151)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ (151)</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Environmental gross receipt taxes	\$ -	\$ -	\$ 20,273	\$ 20,273
Total revenues	-	-	20,273	20,273
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	3,300	(3,300)
Total expenditures	-	-	3,300	(3,300)
Excess (Deficiency) of revenues over expenditures	-	-	16,973	16,973
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(1,800)	(1,800)
Total other financing sources (uses)	-	-	(1,800)	(1,800)
Net change in fund balance Non-GAAP Basis	-	-	15,173	15,173
Fund balance - beginning	41,219	41,219	41,219	-
Fund balance - ending	<u>\$ 41,219</u>	<u>\$ 41,219</u>	<u>\$ 56,392</u>	<u>\$ 15,173</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			15,173	
Revenue accruals		2,868		
Expenditure accruals		-	2,868	
Net changes in fund balance - GAAP basis			<u>\$ 18,041</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Gross receipts taxes	\$ 20,000	\$ 20,000	\$ 47,789	\$ 27,789
Fines and forfeitures	9,000	9,000	10,611	1,611
Total revenues	29,000	29,000	58,400	29,400
<b>EXPENDITURES:</b>				
Current:				
Public safety	29,000	29,000	12,352	16,648
Total expenditures	29,000	29,000	12,352	16,648
Excess of revenues over expenditures	-	-	46,048	46,048
<b>OTHER FINANCING USES</b>				
Transfers in	-	3,746	3,746	-
Total other financing uses	-	3,746	3,746	-
Net change in fund balance Non-GAAP Basis	-	3,746	49,794	46,048
Fund balance - beginning	247,340	247,340	247,340	-
Fund balance - ending	<u>\$ 247,340</u>	<u>\$ 251,086</u>	<u>\$ 297,134</u>	<u>\$ 46,048</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			49,794	
Revenue accruals		1,656		
Expenditure accruals		-	1,656	
Net changes in fund balance - GAAP basis			<u>\$ 51,450</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources	\$ -	\$ -	\$ 63,144	\$ 63,144
Total revenues	-	-	63,144	63,144
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	62,847	(62,847)
Total expenditures	-	-	62,847	(62,847)
Excess (deficiency) of revenues over expenditures	-	-	297	297
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(803)	(803)
Total other financing sources (uses)	-	-	(803)	(803)
Net change in fund balance Non-GAAP Basis	-	-	(506)	(506)
Fund balance - beginning	5,983	5,983	5,983	-
Fund balance - ending	<u>\$ 5,983</u>	<u>\$ 5,983</u>	<u>\$ 5,477</u>	<u>\$ (506)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			(506)	
Revenue accruals		-		
Expenditure accruals		<u>(1,154)</u>	<u>(1,154)</u>	
Net changes in fund balance - GAAP basis			<u>\$ (1,660)</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 85	\$ 85
Local sources	-	3,000	4,632	1,632
Total revenues	-	3,000	4,717	1,717
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	7,698	5,020	2,678
Total expenditures	-	7,698	5,020	2,678
Excess (deficiency) of revenues over expenditures	-	(4,698)	(303)	4,395
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	803	803
Total other financing sources (uses)	-	-	803	803
Net change in fund balance Non-GAAP Basis	-	(4,698)	500	5,198
Fund balance - beginning	3,213	3,213	3,213	-
Fund balance - ending	3,213	(1,485)	3,713	5,198
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			500	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ 500</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources	\$ 21,200	\$ 21,200	\$ 21,200	\$ -
Other income	-	454	454	-
Total revenues	21,200	21,654	21,654	-
<b>EXPENDITURES:</b>				
Current:				
Public safety	<u>32,892</u>	<u>33,346</u>	<u>26,010</u>	<u>7,336</u>
Total expenditures	<u>32,892</u>	<u>33,346</u>	<u>26,010</u>	<u>7,336</u>
Net change in fund balance Non-GAAP Basis	(11,692)	(11,692)	(4,356)	7,336
Fund balance - beginning	<u>32,892</u>	<u>32,892</u>	<u>32,892</u>	<u>-</u>
Fund balance - ending	<u>\$ 21,200</u>	<u>\$ 21,200</u>	<u>\$ 28,536</u>	<u>\$ 7,336</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			(4,356)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ (4,356)</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NON-MAJOR SPECIAL REVENUE FUND - FIRE DISTRICT NO. 2  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources	\$ -	\$ -	\$ 65,898	\$ 65,898
Total revenues	-	-	65,898	65,898
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	48,991	(48,991)
Total expenditures	-	-	48,991	(48,991)
Net change in fund balance Non-GAAP Basis	-	-	16,907	16,907
Fund balance - beginning	79,034	79,034	79,034	-
Fund balance - ending	<u>\$ 79,034</u>	<u>\$ 79,034</u>	<u>\$ 95,941</u>	<u>\$ 16,907</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			16,907	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ 16,907</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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	\$ -	\$ -	\$ 12,080	\$ (12,080)
Total expenditures	<u>-</u>	<u>-</u>	<u>12,080</u>	<u>(12,080)</u>
Deficiency of revenues over expenditures	-	-	(12,080)	(12,080)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>17,100</u>	<u>17,100</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>17,100</u>	<u>17,100</u>
Net change in fund balance Non-GAAP Basis	-	-	5,020	5,020
Fund balance - beginning	<u>16,447</u>	<u>16,447</u>	<u>16,447</u>	<u>-</u>
Fund balance - ending	<u>\$ 16,447</u>	<u>\$ 16,447</u>	<u>\$ 21,467</u>	<u>\$ 5,020</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			5,020	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Net changes in fund balance - GAAP basis			<u>\$ 5,020</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources	\$ 68,656	\$ 65,937	\$ 78,096	\$ 12,159
Federal sources	24,407	24,407	13,815	(10,592)
Other income	<u>7,925</u>	<u>7,925</u>	<u>62</u>	<u>(7,863)</u>
Total revenues	100,988	98,269	91,973	(6,296)
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	<u>114,222</u>	<u>111,503</u>	<u>109,340</u>	<u>2,163</u>
Total expenditures	<u>114,222</u>	<u>111,503</u>	<u>109,340</u>	<u>2,163</u>
Deficiency of revenues over expenditures	(13,234)	(13,234)	(17,367)	(4,133)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>15,630</u>	<u>25,630</u>	<u>25,630</u>	<u>-</u>
Total other financing sources	<u>15,630</u>	<u>25,630</u>	<u>25,630</u>	<u>-</u>
Net change in fund balance Non-GAAP Basis	2,396	12,396	8,263	(4,133)
Fund balance - beginning	<u>(490)</u>	<u>(490)</u>	<u>(490)</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,906</u>	<u>\$ 11,906</u>	<u>\$ 7,773</u>	<u>\$ (4,133)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			8,263	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Net changes in fund balance - GAAP basis			<u>\$ 8,263</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NON-MAJOR SPECIAL REVENUE FUND - COUNTY HEALTH PROGRAM FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Other income	3,000	3,000	3,000	-
Total revenues	3,000	3,000	3,000	-
<b>EXPENDITURES:</b>				
Current:				
Health and welfare	3,000	3,000	3,000	-
Total expenditures	3,000	3,000	3,000	-
Deficiency of revenues over expenditures	-	-	-	-
Net change in fund balance Non-GAAP Basis	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			-	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ -</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NON-MAJOR SPECIAL REVENUE FUND - DWI GRANT FUND  
 YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Local sources	\$ 35,888	\$ 35,888	\$ -	\$ (35,888)
State sources	63,000	63,000	5,484	(57,516)
Other income	<u>\$ 7,077</u>	<u>\$ 7,077</u>	<u>\$ -</u>	<u>\$ (7,077)</u>
Total revenues	105,965	105,965	5,484	(100,481)
<b>EXPENDITURES:</b>				
Current:				
Public safety	<u>113,284</u>	<u>100,462</u>	<u>14,329</u>	<u>86,133</u>
Total expenditures	<u>113,284</u>	<u>100,462</u>	<u>14,329</u>	<u>86,133</u>
Excess (deficiency) of revenues over expenditures	(7,319)	5,503	(8,845)	(14,348)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	13,625	37,250	12,822	(24,428)
Transfers out	<u>803</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Total other financing sources (uses)	<u>14,428</u>	<u>27,250</u>	<u>12,822</u>	<u>(14,428)</u>
Net change in net position Non-GAAP Basis	7,109	32,753	3,977	(28,776)
Fund balance - beginning	<u>3,750</u>	<u>3,750</u>	<u>3,750</u>	<u>-</u>
Fund balance - ending	<u>\$ 10,859</u>	<u>\$ 36,503</u>	<u>\$ 7,727</u>	<u>\$ (28,776)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			3,977	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ 3,977</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Environmental gross receipt taxes	\$ 23,000	\$ 45,021	\$ 17,031	\$ (27,990)
Charges for services	-	-	45,449	45,449
Total revenues	23,000	45,021	62,480	17,459
<b>EXPENDITURES:</b>				
Current:				
Public safety	<u>165,152</u>	<u>26,600</u>	<u>26,600</u>	<u>-</u>
Total expenditures	<u>165,152</u>	<u>26,600</u>	<u>26,600</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(142,152)	18,421	35,880	17,459
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>-</u>	<u>(145,566)</u>	<u>(145,566)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(145,566)</u>	<u>(145,566)</u>	<u>-</u>
Net change in fund balance Non-GAAP Basis	(142,152)	(127,145)	(109,686)	17,459
Fund balance - beginning	<u>144,522</u>	<u>144,522</u>	<u>144,522</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,370</u>	<u>\$ 17,377</u>	<u>\$ 34,836</u>	<u>\$ 17,459</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			(109,686)	
Revenue accruals		4,586		
Expenditure accruals		<u>-</u>	<u>4,586</u>	
Net changes in fund balance - GAAP basis			<u>\$ (105,100)</u>	

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



**MAJOR CAPITAL PROJECTS FUND**

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	98,505	(98,505)
Total expenditures	-	-	98,505	(98,505)
Excess (deficiency) of revenues over expenditures	-	-	(98,505)	(98,505)
<b>OTHER FINANCING USES</b>				
Transfers in	-	-	100,000	100,000
Total other financing uses	-	-	100,000	100,000
Net change in fund balance Non-GAAP Basis	-	-	1,495	1,495
Fund balance - beginning	703,374	703,374	703,374	-
Fund balance - ending	<u>\$ 703,374</u>	<u>\$ 703,374</u>	<u>\$ 704,869</u>	<u>\$ 1,495</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			1,495	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ 1,495</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
<b>OTHER FINANCING USES</b>				
Transfers in	-	-	451,065	451,065
Total other financing uses	-	-	451,065	451,065
Net change in fund balance Non-GAAP Basis	-	-	451,065	451,065
Fund balance - beginning	389,157	389,157	389,157	-
Restatement	-	-	269,705	-
Fund balance - ending	<u>\$ 389,157</u>	<u>\$ 389,157</u>	<u>\$ 1,109,927</u>	<u>\$ 720,770</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			451,065	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - GAAP basis			<u>\$ 451,065</u>	

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

STATE OF NEW MEXICO, HARDING COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 CAPITAL PROJECT FUND - SPECIAL APPROPRIATIONS PROJECT FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State sources	\$ 6,030	\$ 6,030	\$ 6,030	\$ -
Total revenues	6,030	6,030	6,030	-
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	<u>2,733</u>	<u>2,733</u>	<u>2,733</u>	<u>-</u>
Total expenditures	<u>2,733</u>	<u>2,733</u>	<u>2,733</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	3,297	3,297	3,297	-
<b>OTHER FINANCING USES</b>				
Transfers in	-	-	175,000	175,000
Transfers out	<u>-</u>	<u>-</u>	<u>(185,000)</u>	<u>(185,000)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Net change in fund balance Non-GAAP Basis	3,297	3,297	(6,703)	(10,000)
Fund balance - beginning	<u>969,766</u>	<u>969,766</u>	<u>969,766</u>	<u>-</u>
Fund balance - ending	<u>\$ 973,063</u>	<u>\$ 973,063</u>	<u>\$ 963,063</u>	<u>\$ (10,000)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			(6,703)	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Net changes in fund balance - GAAP basis			<u>\$ (6,703)</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Earnings from investments	43	43	23	(20)
Total revenues	43	43	23	(20)
<b>EXPENDITURES:</b>				
Current:				
General government	260	260	260	-
Principal	18,570	18,570	18,570	-
Interest	3,329	3,329	3,329	-
Total expenditures	22,159	22,159	22,159	-
Excess (deficiency) of revenues over expenditures	(22,116)	(22,116)	(22,136)	(20)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(179,433)	(179,433)
Total other financing sources (uses)	-	-	(179,433)	(179,433)
Net change in fund balance Non-GAAP Basis	(22,116)	(22,116)	(201,569)	(179,453)
Fund balance - beginning	201,569	201,569	201,569	-
Fund balance - ending	<u>\$ 179,453</u>	<u>\$ 179,453</u>	<u>\$ -</u>	<u>\$ (179,453)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Net changes in fund balance - budgetary basis			(201,569)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net changes in fund balance - 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, 2014**

<u>Description of Pledged Collateral</u>	<u>Amount</u>	<u>Name and Location of Safekeeper</u>
GNMA II, CUSIP #36225DC51, Maturing 07/20/2034	\$ 148,042	Community 1st Bank Las Vegas
FHLMC, CUSIP #3128N97M7, Maturing 01/01/2036	69,713	Community 1st Bank Las Vegas
FNMA, CUSIP #31412FHU0, Maturing 04/01/2037	69,311	Community 1st Bank Las Vegas
GNMA II, CUSIP #36202FX68, Maturing 10/20/2041	193,875	Community 1st Bank Las Vegas
GNMA II, CUSIP #36202FX68, Maturing 10/20/2041	193,875	Community 1st Bank Las Vegas
GNMA II, CUSIP #36202FX68, Maturing 10/20/2041	77,550	Community 1st Bank Las Vegas
GNMA II, CUSIP #36202FX68, Maturing 10/20/2041	387,751	Community 1st Bank Las Vegas
FNMA, CUSIP #3134G4KS6, Maturing 11/27/2018	248,496	Farmers & Stockman BK
FNMA, CUSIP #3134G4KS6, Maturing 11/27/2018	546,690	Farmers & Stockman BK
FNMA, CUSIP #83165AK79, Maturing 07/01/2031	544,717	Farmers & Stockman BK
FNMA, CUSIP #31417Y3A3, Maturing 07/01/2031	572,158	Farmers & Stockman BK
FNMA, CUSIP #31403DMA4, Maturing 11/01/2035	69,745	Farmers & Stockman BK
FNMA, CUSIP #83165AHP2, Maturing 9/25/2023	159,604	Farmers & Stockman BK
CUSIP #02587DJZ2, Maturing 12/23/15	250,000	Wells Fargo Securities
CUSIP #254671DB3, Maturing 6/27/15	250,000	Wells Fargo Securities
CUSIP #856284K86, Maturing 6/24/15	<u>250,000</u>	Wells Fargo Securities
Total pledged securities	<u>\$ 4,031,527</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, 2014**

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Uncollected Taxes July 1, 2013	\$ 879,543
Net taxes charged to treasurer for current year	2,055,112
Current year tax collections	(2,066,422)
Adjustments	<u>18,223</u>

Uncollected taxes June 30, 2014	<u>\$ 886,456</u>
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**Detail of taxes distributed by agency:**

**Municipalities**

Village of Roy	\$ 3,517
Village of Mosquero	1,425

**School districts**

Roy Schools	51,434
Mosquero Schools	508,138
Logan Schools	9,241

**Other**

State of New Mexico	139,878
County of Harding	<u>857,661</u>

<b>Total Distributed Taxes</b>	<u>\$ 1,571,294</u>
--------------------------------	---------------------

**Schedule of receivables - delinquent property tax by year**

2003 - 2011	\$ 447,653
2012	<u>435,611</u>

Total taxes receivable	<u>\$ 883,264</u>
------------------------	-------------------

**Reconciliation of undistributed tax**

Undistributed taxes July 1, 2013	\$ 845,769
Current year collections	2,066,422
Current year collections distributed	(1,571,294)
Adjustments	<u>(475,760)</u>

Undistributed taxes June 30, 2014	<u>\$ 865,137</u>
-----------------------------------	-------------------

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

Statement of Net Position	\$ 495,571
Schedule of Changes in Assets and Liabilities - All Agency Funds	<u>390,885</u>

<b>Total property taxes receivable</b>	<u>\$ 886,456</u>
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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, 2014

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									
2004 - 2012	\$ 24,780	\$ 305	\$ 24,775	\$ 397	\$ 24,707	\$ -	\$ (23)	\$ 68	\$ 28
2013	3,349	3,196	3,196	3,120	3,120	-	-	76	153
Total for Village of Roy	28,129	3,501	27,971	3,517	27,827	-	(23)	144	181
Village of Mosquero									
2004 - 2012	\$ 9,646	\$ 100	\$ 9,755	\$ 120	\$ 9,752	\$ -	\$ -	\$ 3	\$ (109)
2013	1,351	1,314	1,314	1,305	1,305	-	-	9	37
Total for Village of Mosquero	10,997	1,414	11,069	1,425	11,057	-	-	12	(72)
Total for Municipalities	39,126	4,915	39,040	4,942	38,884	-	(23)	156	109
Harding County:									
General AD Valorem									
2004 - 2012	\$ 3,765,144	\$ 247,345	\$ 3,505,289	\$ 247,345	\$ 3,505,289	\$ -	\$ 4,932	\$ -	\$ 254,923
2013	805,873	576,849	576,849	576,849	576,849	-	-	-	229,024
Total for General AD Valorem	4,571,017	824,194	4,082,138	824,194	4,082,138	-	4,932	-	483,947
Non-Rendition Fees									
2004 - 2012	\$ 476	\$ -	\$ 476	\$ -	\$ -	\$ -	\$ -	\$ 476	\$ -
2013	-	-	-	-	-	-	-	-	-
Total for Non-Rendition Fees	476	-	476	-	-	-	-	476	-
Administrative Fee									
2004 - 2012	\$ 3,128	\$ 91	\$ 3,189	\$ 91	\$ 3,189	\$ -	\$ 3	\$ -	\$ (64)
2013	3,128	91	3,189	91	3,189	-	3	-	(64)
Total for Administrative Fee	3,128	91	3,189	91	3,189	-	3	-	(64)

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, 2014

Agency	Property Taxes Levied	Collected in Current Year	Collected To-Date	Distributed in Current Year	Distributed To-Date	Current Amount Uncollectible	To-Date Amount Uncollectible	Undistributed at Year End	County Receivable at Year End
Administrative Fee									
2004 - 2012	\$ 133,652	\$ 382	\$ 131,632	\$ 385	\$ 131,632	\$ -	\$ (859)	\$ -	\$ 2,879
2013	8,496	8,760	8,760	8,661	8,661	-	-	99	(264)
Total for Administrative Fee	142,148	9,142	140,392	9,046	140,293	-	(859)	99	2,615
Mesa Soil Conservation									
2004 - 2012	\$ 22,282	\$ 35	\$ 22,281	\$ 69	\$ 22,280	\$ -	\$ -	\$ 1	\$ 1
2013	-	-	-	-	-	-	-	-	-
Total for Mesa Soil Conservation	22,282	35	22,281	69	22,280	-	-	1	1
State of New Mexico									
2004 - 2012	\$ 5,735	\$ 5,735	\$ 51	\$ 5,734	\$ 53	\$ 5,734	\$ 5,684	\$ (2)	\$ -
2013	2,877	2,865	2,865	2,865	2,864	2,864	-	1	12
Total for State of New Mexico	8,612	8,600	2,916	8,599	2,917	8,598	5,684	(1)	12
Reappraisal									
2004 - 2012	\$ 73,973	\$ 4,186	\$ 69,215	\$ 4,186	\$ 69,215	\$ -	\$ 33	\$ -	\$ 4,725
2013	15,811	11,476	11,476	11,476	11,476	-	-	-	4,335
Total for Reappraisal	89,784	15,662	80,691	15,662	80,691	-	33	-	9,060
Total for Harding County	4,837,447	857,724	4,332,083	857,661	4,331,508	8,598	9,793	575	495,571
State of New Mexico									
State Levy									
2004 - 2012	\$ 477,853	\$ 32,088	\$ 444,893	\$ 32,239	\$ 444,828	\$ -	\$ 298	\$ 65	\$ 32,662
2013	102,254	73,499	73,499	73,317	73,317	-	-	182	28,755
Total for State Levy	580,107	105,587	518,392	105,556	518,145	-	298	247	61,417
Cattle									
2004 - 2012	\$ 333,159	\$ 852	\$ 330,686	\$ 857	\$ 330,685	\$ -	\$ (2,448)	\$ 1	\$ 4,921
2013	32,146	33,345	33,345	33,025	33,025	-	-	320	(1,199)
Total for Cattle	365,305	34,197	364,031	33,882	363,710	-	(2,448)	321	3,722

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, 2014

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									
2004 - 2012	\$ 187	\$ -	\$ 104	\$ -	\$ 104	\$ -	\$ -	\$ -	\$ 83
2013	7	7	7	7	7	-	-	-	-
Total for Sheep/Goats	194	7	111	7	111	-	-	-	83
Equine									
2004 - 2012	\$ 8,623	\$ 9	\$ 8,016	\$ 9	\$ 8,016	\$ -	\$ (11)	\$ -	\$ 618
2013	430	433	433	424	424	-	-	9	(3)
Total for Equine	9,053	442	8,449	433	8,440	-	(11)	9	615
Total for State of New Mexico	954,659	140,233	890,983	139,878	890,406	-	(2,161)	577	65,837
Schools									
Operational									
2004 - 2012	\$ 169,627	\$ 11,017	\$ 157,957	\$ 11,066	\$ 157,939	\$ -	\$ 222	\$ 18	\$ 11,448
2013	37,012	26,469	26,469	26,412	26,412	-	-	57	10,543
Total for Operational	\$ 206,639	\$ 37,486	\$ 184,426	\$ 37,478	\$ 184,351	\$ -	\$ 222	\$ 75	\$ 21,991
Debt									
2004 - 2012	\$ 1,642,850	\$ 75,374	\$ 1,551,271	\$ 75,879	\$ 1,551,043	\$ -	\$ 2,824	\$ 228	\$ 88,755
2013	421,036	301,489	298,991	300,751	300,751	-	-	(1,760)	122,045
Total for Debt	\$ 2,063,886	\$ 376,863	\$ 1,850,262	\$ 376,630	\$ 1,851,794	\$ -	\$ 2,824	\$ (1,532)	\$ 210,800
Capital Improvements									
2004 - 2012	\$ 714,943	\$ 46,909	\$ 667,282	\$ 47,131	\$ 667,188	\$ -	\$ 878	\$ 94	\$ 46,783
2013	150,076	107,840	107,839	107,574	107,574	-	-	265	42,237
Total for Capital Improvements	865,019	154,749	775,121	154,705	774,762	-	878	359	89,020
Total for Schools	3,135,544	569,098	2,809,809	568,813	774,762	-	3,924	(1,098)	321,811

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, 2014

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									
2004 - 2012	\$ 1,230,306	\$ -	\$ 1,230,306	\$ -	\$ 450,546	\$ -	\$ -	\$ 393,661	\$ -
2013	471,266	494,452	471,266	-	-	-	-	471,266	-
Total for Suspense	1,701,572	494,452	1,701,572	-	450,546	-	-	864,927	-
Total for Suspense Taxes	1,701,572	494,452	1,701,572	-	450,546	-	-	864,927	-
Grand Total	\$ 10,668,348	\$ 2,066,422	\$ 9,773,487	\$ 1,571,294	\$ 5,711,344	\$ 8,598	\$ 11,533	\$ 865,137	\$ 883,328

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, 2014

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2014</b>
<b>ASSETS</b>				
Cash on deposit	\$ 866,242	\$ 724,957	\$ 691,986	\$ 899,213
Accounts receivable	<u>373,618</u>	<u>398,665</u>	<u>15,560</u>	<u>756,722</u>
Total assets	<u>\$ 1,239,860</u>	<u>\$ 1,123,622</u>	<u>\$ 707,546</u>	<u>\$ 1,655,935</u>
<b>LIABILITIES</b>				
Deposits held for others:				
Predator Control	\$ 2,438	\$ 11,088	\$ 9,623	\$ 3,903
Mesa Soil Conservation	36	2,715	2,682	69
Treasurer-Taxes Paid in Suspense	846,646	90,688	-	937,334
Treasurer-Overpayment of Taxes	-	10	10	-
Treasurer-Taxes Paid in Advance	31	231	173	89
Municipalities	302	4,687	4,483	506
State of New Mexico	69,848	138,932	77,635	131,145
School Districts	<u>320,559</u>	<u>513,324</u>	<u>250,994</u>	<u>582,889</u>
Total liabilities	<u>\$ 1,239,860</u>	<u>\$ 761,675</u>	<u>\$ 345,600</u>	<u>\$ 1,655,935</u>

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

**INDEPENDENT AUDITORS' 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**

Tim Keller, 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, 2014, 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 15, 2014.

**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. 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 (2013-003 (2013-03), 2014-001, 2014-002, 2014-003).



**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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.

*White & Samaniego & Campbell, LLP*

El Paso, Texas  
November 15, 2014

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

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<b>Prior audit findings</b>		<b>Current status</b>
2013-01	Unrecorded Cash Receipts	Resolved
2013-02	Unrecorded Revenues	Resolved
2013-003 (2013-03)	Late Audit Report	Repeated

**HARDING COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

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**PRIOR YEAR FINDINGS**

**Late Audit Report (2013-003)[2013-03] Significant Deficiency**

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<b>CONDITION</b>	The audit report was submitted to the State Auditor after the required deadline.
<b>CRITERIA</b>	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)
<b>CAUSE</b>	The original report was submitted on November 15th but was rejected. Corrections were made, but not approved prior to November 15th, which resulted in a late audit report.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	The County will work closely with its auditor to make sure audit reports are submitted in advance of the required deadline

## CURRENT YEAR FINDINGS

### Bank Reconciliation (2014-001) - Significant Deficiency

---

<b>CONDITION</b>	The County did not prepare bank reconciliations for various investment accounts for the year ended June 30, 2014.
<b>CRITERIA</b>	According to NMAC 2.20.5.18 C. (4), The County's cash account records shall be reconciled timely each month to the division's reports and to the State Treasurer's reports.
<b>CAUSE</b>	The Treasury Department was unaware that investment accounts needed to be reconciled on a monthly basis to tie to the general ledger.
<b>EFFECT</b>	Investment accounts may not be fairly stated.
<b>RECOMMENDATION</b>	The County should perform complete and accurate bank reconciliations at month end and assign another member of management the responsibility of reviewing each month's bank reconciliation. All unusual reconciling items should be investigated and dealt with promptly to prevent and detect errors.
<b>RESPONSE</b>	At this time, the County is implementing procedures to prepare monthly bank reconciliations for all cash and cash equivalent accounts. The reconciliation is being reviewed and approved by the Treasurer.

**Unauthorized Cash Accounts (2014-002) - Significant Deficiency**

---

<b>CONDITION</b>	The County's Fire Department opened various bank account using the County's Tax Identification Number without notifying the County. The cash amounts were not recorded in the County's trial balance.
<b>CRITERIA</b>	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."
<b>CAUSE</b>	Lack of management oversight.
<b>EFFECT</b>	A portion of cash was not recorded into the County's trial balance.
<b>RECOMMENDATION</b>	New bank accounts should be opened only by the Treasurer's Office, and should be recorded in the County's accounting system as soon as they are opened.
<b>RESPONSE</b>	At this time, the County is investigating the unauthorized bank accounts and closing out these bank accounts so that they are no longer operating under the County's Tax Identification Number.

**Legal Compliance with Budget (2014-003) - Significant Deficiency**

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**CONDITION**                      Section 6-6-6 of the New Mexico state statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget. During the fiscal year ended June 30, 2014, the County remitted payments for goods and services in excess of the adopted budget as follows:

<u>Fund</u>	<u>Budget Expenses</u>	<u>Actual Expenses</u>	<u>Difference</u>
EMS No. 2 Fund	\$ -	\$ 11,812	\$ (11,812)
EMT Fund	-	3,300	(3,300)
DWI Program Fund	-	62,847	(62,847)
Fire District No. 2 Fund	-	48,991	(48,991)
Rural Addressing Fund	-	12,080	(12,080)
Building Restoration ADA Fund	-	98,505	(98,505)
Total	<u>\$ -</u>	<u>\$ 237,535</u>	<u>\$ (237,535)</u>

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

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

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

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

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

**HARDING COUNTY**

**FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2014**

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The financial statements of Harding County as of, and for the year ended, June 30, 2014 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, 2014**

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An exit conference was conducted September 26, 2014 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

Harold Smith	Commissioner
Rebecca K. Smith	Commissioner
Nick Archuleta	Commissioner
Barbara L. Shaw	County Clerk
Felicia Esquibel	Treasurer
Patrick Thrasher	Finance Director
Elizabeth Martinez	Chief Deputy Treasurer
Carla J. Garrison	Chief Deputy Clerk

White + Samaniego + Campbell, LLP

Dahlia Garcia	Supervisor
Nancy Escobar	Staff