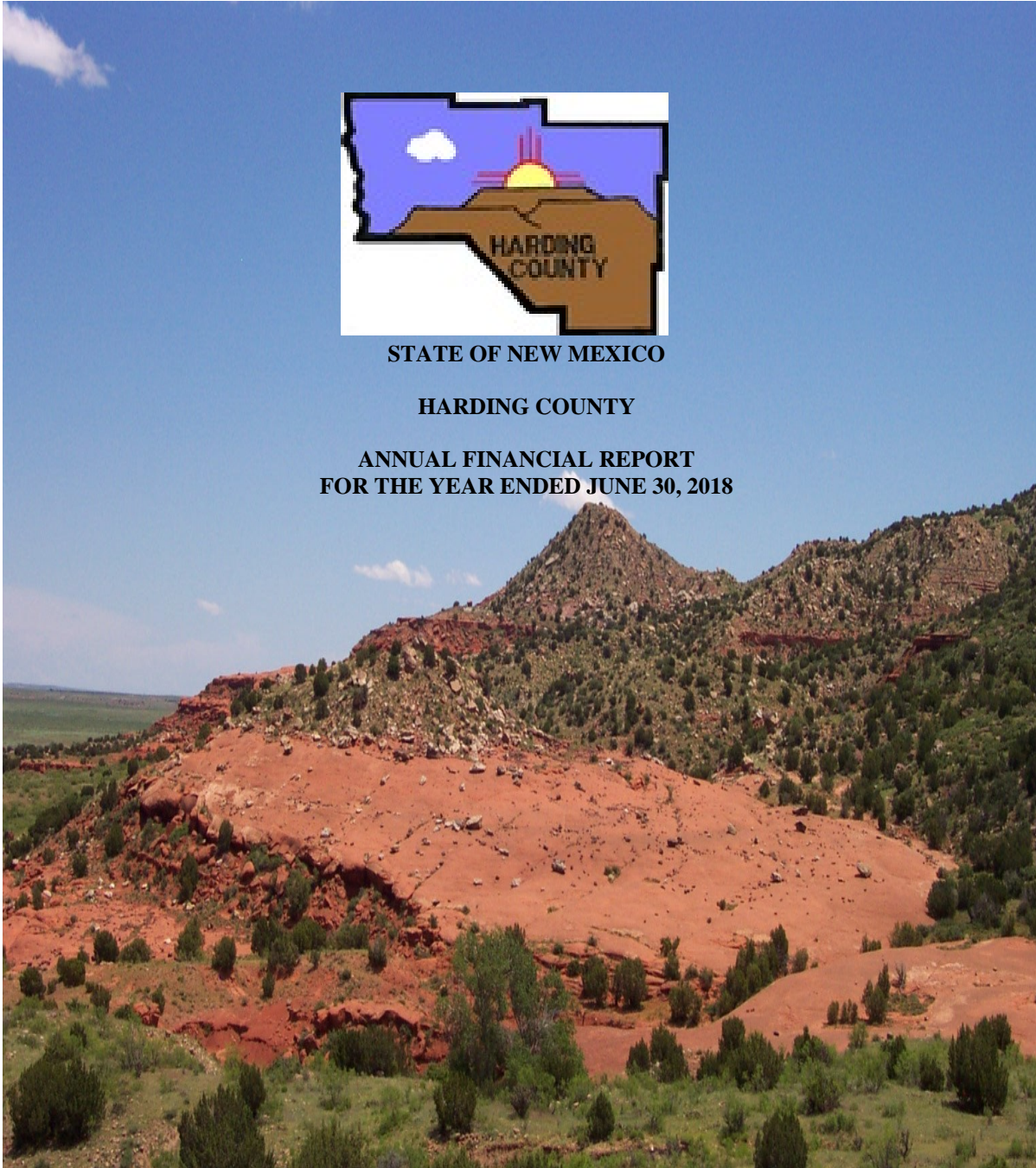




STATE OF NEW MEXICO

HARDING COUNTY

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**



GPS Griego Professional Services, LLC
Certified Public Accountants

INTRODUCTORY SECTION

STATE OF NEW MEXICO
HARDING COUNTY
OFFICIAL ROSTER
JUNE 30, 2018

<u>Name</u>		<u>Title</u>
	Board of County Commissioners	
<u>Harold R. Mackey</u>		<u>Chairperson</u>
<u>Robert E. Aragon</u>		<u>Vice-Chairman</u>
<u>Pedro Laumbach</u>		<u>Member</u>
	Elected Officials	
<u>Carla J. Garrison</u>		<u>County Clerk</u>
<u>Felicia A. Esquibel</u>		<u>Treasurer</u>
<u>Phillip Trujillo</u>		<u>Assessor</u>
	Administrative Officials	
<u>Jennifer Baca</u>		<u>Manager</u>
<u>Evangeline Garrison</u>		<u>Finance Director</u>
<u>Courtney Mitchell</u>		<u>Chief Deputy Clerk</u>
<u>Deborah Garcia</u>		<u>Chief Deputy Assessor</u>

STATE OF NEW MEXICO
HARDING COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018
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STATE OF NEW MEXICO
HARDING COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Wayne Johnson, New Mexico State Auditor
State Auditor's Office
The Board of Harding County 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, the budgetary comparisons for the general fund and major special revenue fund of Harding County, New Mexico (the County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

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, and the respective budgetary comparisons for the general funds and major special revenue funds of Harding County, New Mexico, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance 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 Schedule of Proportionate Share of the Net Pension Liability and Schedule of County's Contributions on page 38 be represented 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 evidence sufficient to express an opinion or provide any assurance.

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

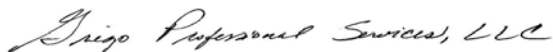
Other Information

Our audit was conducted for the purpose of forming opinions on the County's financial statements, and the combining and individual fund financial statements and budgetary comparisons. The schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedules required by 2.2.2 NMAC are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018 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 Governmental Auditing Standards in considering the County's internal control over financial reporting and compliance.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, New Mexico

November 28, 2018

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2018

Exhibit A-1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 5,751,277
Accounts receivable:	
Taxes	4,764
Intergovernmental	69,000
Noncurrent assets:	
Capital assets (Note 6)	4,973,149
Deferred outflows	216,512
<i>Total assets</i>	11,014,702
LIABILITIES	
Accounts payable	28,641
Accrued payroll	21,915
Accrued interest	316
Noncurrent liabilities:	
Pension liability	1,095,525
Due within one year (Note 7)	31,926
Due within more than one year (Note 7)	113,392
<i>Total liabilities</i>	1,291,715
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow - pension	149,274
Deferred inflow - PILT	121,282
NET POSITION	
Net investment in capital assets	4,832,315
Restricted for:	
Debt service	193
Capital projects	-
Special revenue funds	1,275,746
Unrestricted	3,344,177
<i>Total net position</i>	\$ 9,452,431

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
<i>Governmental activities:</i>				
General government	1,206,276	\$ 26,175	\$ 825,763	\$ -
Public safety	602,204	24,636	290,197	-
Culture and recreation	127,600	104	100,032	-
Health and welfare	43,464	-	4,456	-
Public works	970,825	-	-	-
Interest and other charges	2,078	-	-	-
<i>Total governmental activities</i>	<u>2,952,447</u>	<u>50,915</u>	<u>1,220,448</u>	<u>-</u>
Total primary government	<u>\$ 2,952,447</u>	<u>\$ 50,915</u>	<u>\$ 1,220,448</u>	<u>\$ -</u>

General revenues:

- Property taxes
- Gross receipt taxes
- Motor vehicle and fuel taxes
- Loss on disposals
- Miscellaneous income
- Interest income

Transfers

Total general revenues and transfers

Changes in net position

Net position - beginning of year

Prior period restatement

Net position - beginning of year restated

Net position - end of year

The accompanying notes are an integral part of these financial statements

Net (Expenses) Revenue and
Changes in Net Assets
Governmental
Activities

\$	(354,338)
	(287,371)
	(27,464)
	(39,008)
	(970,825)
	(2,078)
	<hr style="border-top: 1px solid black;"/> (1,681,084)

 (1,681,084)

	152,179
	143,514
	509,160
	(1,047,830)
	265,184
	55,000
	-
	<hr style="border-top: 1px solid black;"/> 77,207

 (1,603,877)

	10,823,997
	232,311
	<hr style="border-top: 1px solid black;"/> 11,056,308

 \$ 9,452,431

**STATE OF NEW MEXICO
HARDING COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Special	Capital Project Funds		
		Revenue Fund Road Fund	Building Restoration	Improvement Fund	Land Acquisition Project Fund
ASSETS					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 4,499,892	\$ 239,732	\$ -	\$ -	\$ -
Accounts receivable:					
Licenses and fees	-	-	-	-	-
Property taxes	4,764	-	-	-	-
Other taxes	40,779	-	-	-	-
Intergovernmental	-	13,771	-	-	-
Interfund balances	-	-	-	-	-
<i>Total assets</i>	<u>\$ 4,545,435</u>	<u>\$ 253,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
<i>Current liabilities:</i>					
Accounts payable	\$ 16,175	\$ 2,685	\$ -	\$ -	\$ -
Accrued payroll	14,016	5,703	-	-	-
Interfund balances	-	-	-	-	-
<i>Total liabilities</i>	<u>30,191</u>	<u>8,388</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources:</i>					
Deferred inflows - PILT	116,768	-	-	-	-
Deferred inflows - property taxes	4,514	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>121,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances:</i>					
Nonspendable	-	-	-	-	-
Restricted	-	245,115	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	4,393,962	-	-	-	-
<i>Total fund balances</i>	<u>4,393,962</u>	<u>245,115</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 4,545,435</u>	<u>\$ 253,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 193	\$ 1,011,460	\$ 5,751,277
-	-	-
-	-	4,764
-	-	40,779
-	14,450	28,221
-	-	-
<u>\$ 193</u>	<u>\$ 1,025,910</u>	<u>\$ 5,825,041</u>
\$ -	\$ 9,781	\$ 28,641
-	2,196	21,915
-	-	-
<u>-</u>	<u>11,977</u>	<u>50,556</u>
-	-	116,768
-	-	4,514
<u>-</u>	<u>-</u>	<u>121,282</u>
-	-	-
193	1,013,991	1,259,299
-	-	-
-	-	-
<u>-</u>	<u>(58)</u>	<u>4,393,904</u>
<u>193</u>	<u>1,013,933</u>	<u>5,653,203</u>
<u>\$ 193</u>	<u>\$ 1,025,910</u>	<u>\$ 5,825,041</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF
NET POSITION - GOVERNMENTAL FUNDS
JUNE 30, 2018

Exhibit B-1
(Page 2 of 2)

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

Fund balances - total governmental funds	\$	5,653,203
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements.		4,973,149
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the fund statements.		
Accrued interest		(316)
Deferred revenue - property taxes		
Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the fund statements.		
Deferred outflows		216,512
Deferred inflows		(149,274)
Pension liability		(1,095,525)
Notes payable		(140,834)
Compensated absences		(4,484)
		<hr style="border-top: 1px solid black;"/>
Net position - total governmental activities	\$	<u><u>9,452,431</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Project Funds		
		Road Fund	Building Restoration	Improvement Fund	Land Acquisition Project Fund
<i>Revenues:</i>					
Taxes	\$ 1,494,916	\$ 344,901	\$ -	\$ -	\$ -
Federal grants	-	9,510	-	-	-
State and local source grants	825,763	-	-	-	-
Licenses and fees	13,643	-	-	-	-
Charges for services	8,090	-	-	-	-
Investment income	54,910	-	-	-	-
Miscellaneous	7,418	244,481	-	-	-
<i>Total revenues</i>	<u>2,404,740</u>	<u>598,892</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>					
Current:					
General government	1,199,434	-	-	-	-
Public safety	250,268	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	-	522,583	-	-	-
Capital outlay	74,309	29,455	-	2,155	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
<i>Total expenditures</i>	<u>1,524,011</u>	<u>552,038</u>	<u>-</u>	<u>2,155</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>880,729</u>	<u>46,854</u>	<u>-</u>	<u>(2,155)</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Transfers in (out)	2,609,632	268,668	(1,138,567)	(342,109)	(925,702)
Bond proceeds	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,609,632</u>	<u>268,668</u>	<u>(1,138,567)</u>	<u>(342,109)</u>	<u>(925,702)</u>
<i>Net change in fund balances</i>	<u>3,490,361</u>	<u>315,522</u>	<u>(1,138,567)</u>	<u>(344,264)</u>	<u>(925,702)</u>
<i>Fund balances - beginning of year</i>	903,601	(70,407)	1,138,567	344,264	925,702
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Fund balances - beginning of year (restated)</i>	<u>903,601</u>	<u>(70,407)</u>	<u>1,138,567</u>	<u>344,264</u>	<u>925,702</u>
<i>Fund balances - end of year</i>	<u>\$ 4,393,962</u>	<u>\$ 245,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 81,948	\$ 1,921,765
-	36,807	46,317
-	343,912	1,169,675
-	4,442	18,085
-	24,740	32,830
90	-	55,000
-	17,741	269,640
<u>90</u>	<u>509,590</u>	<u>3,513,312</u>
124	66,560	1,266,118
-	305,483	555,751
-	132,368	132,368
-	26,854	26,854
-	29,200	551,783
36,582	81,772	224,273
19,920	-	19,920
2,114	-	2,114
-	-	-
<u>58,740</u>	<u>642,237</u>	<u>2,779,181</u>
<u>(58,650)</u>	<u>(132,647)</u>	<u>734,131</u>
22,159	(494,081)	-
36,582	-	36,582
<u>58,741</u>	<u>(494,081)</u>	<u>36,582</u>
91	(626,728)	770,713
102	1,640,661	4,882,490
-	-	-
<u>102</u>	<u>1,640,661</u>	<u>4,882,490</u>
<u>\$ 193</u>	<u>\$ 1,013,933</u>	<u>\$ 5,653,203</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit B-2
 (Page 2 of 2)

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

Net change in fund balances - total governmental funds	\$	770,713
--------------------------------------------------------	----	---------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures		682,873
Depreciation expense		(826,638)
Loss on disposals		(1,047,830)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements:

Change in deferred revenue related to property taxes receivable		(1,112,398)
-----------------------------------------------------------------	--	-------------

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

Pension Contributions		(129,429)
-----------------------	--	-----------

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Bond proceeds		36582
Change in accrued compensated absences		2,294
Change in accrued interest		36
Principal payments on bonds and notes payable		19,920

Changes in net position - governmental activities	\$	(1,603,877)
---------------------------------------------------	----	-------------

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Exhibit B-3

HARDING COUNTY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Y.T.D. Actual	Variance Final Budget vs Actual Favorable (Unfavorable)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 905,103	\$ 905,103	\$ 1,429,753	\$ 524,650
Intergovernmental	889,921	889,921	923,768	33,847
Licenses and fees	4,870	4,870	13,643	8,773
Charges for services	4,512	6,055	8,090	2,035
Interest	25,000	25,000	56,531	31,531
Miscellaneous	2,500	2,508	7,418	4,910
<i>Total revenues</i>	<u>1,831,906</u>	<u>1,833,457</u>	<u>2,439,203</u>	<u>605,746</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	1,373,183	1,486,825	1,195,817	291,008
Public safety	281,661	282,537	249,843	32,694
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	131,100	129,051	74,309	54,742
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>1,785,944</u>	<u>1,898,413</u>	<u>1,519,969</u>	<u>378,444</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>45,962</u>	<u>(64,956)</u>	<u>919,234</u>	<u>984,190</u>
<i>Other financing sources (uses):</i>				
Designated cash	(45,962)	64,956	-	64,956
Transfers in (out)	-	-	2,669,938	2,669,938
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(45,962)</u>	<u>64,956</u>	<u>2,669,938</u>	<u>2,734,894</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>3,589,172</u>	<u>\$ 3,589,172</u>
<i>Fund balances - beginning of year</i>			<u>910,720</u>	
<i>Fund balances - end of year</i>			<u>\$ 4,499,892</u>	
Reconciliation to GAAP Basis:				
Net change in fund balances			\$ 3,589,172	
Adjustments to revenues			(53,226)	
Adjustments to expenditures			(45,585)	
Net change in fund balance (GAAP basis)			<u>\$ 3,490,361</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Exhibit B-4

HARDING COUNTY

ROAD SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Y.T.D. Actual	Variance Final Budget vs Actual Favorable (Unfavorable)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 320,000	\$ 320,000	\$ 344,943	\$ 24,943
Intergovernmental	7,052	11,604	9,510	(2,094)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	489,969	408,712	244,481	(164,231)
<i>Total revenues</i>	<u>817,021</u>	<u>740,316</u>	<u>598,934</u>	<u>(141,382)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	836,661	569,193	517,612	51,581
Capital outlay	32,000	29,455	29,455	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>868,661</u>	<u>598,648</u>	<u>547,067</u>	<u>51,581</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(51,640)</u>	<u>141,668</u>	<u>51,867</u>	<u>(89,801)</u>
<i>Other financing sources (uses):</i>				
Designated cash	51,640	(141,668)	-	(141,668)
Transfers in (out)	-	-	3,000	3,000
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>51,640</u>	<u>(141,668)</u>	<u>3,000</u>	<u>(138,668)</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>54,867</u>	<u>\$ 54,867</u>
<i>Fund balances - beginning of year</i>			<u>184,865</u>	
<i>Fund balances - end of year</i>			<u>\$ 239,732</u>	
Reconciliation to GAAP Basis:				
Net change in fund balances			\$ 54,867	
Adjustments to revenues			265,626	
Adjustments to expenditures			(4,971)	
Net change in fund balance (GAAP basis)			<u>\$ 315,522</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2018

Exhibit D-1

	<u>Agency Funds</u>
ASSETS	
<i>Current assets:</i>	
Cash and cash equivalents	32,986
Property taxes receivable	<u>4,569</u>
<i>Total assets</i>	<u><u>\$ 37,555</u></u>
 LIABILITIES	
<i>Current liabilities:</i>	
Due to other taxing units	<u>\$ 37,555</u>
<i>Total liabilities</i>	<u><u>\$ 37,555</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies

Harding County is a political sub-division of the State of New Mexico established and regulated by the constitution of the State of New Mexico. The County operates under a commission-manager form of government and provides the following services as authorized by public law: public safety (sheriff, fire, emergency medical, etc.), roads, health and welfare (social services), culture and recreation, sanitation, planning and zoning, property assessment, tax collection and general administrative services.

During the year ended June 30, 2018, the District adopted GASB Statements No. 72, *Fair Value Measurement and Application*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants*. GASB Statements Nos. 72 and 79, are required to be implemented for the fiscal year ending June 30, 2018.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

The objective of GASB Statement No. 77 is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current year revenues were sufficient to pay for current year services, (b) compliance with financial-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them and (d) financial position and economic condition and how they have changed over time. The pronouncement is effective as of June 30, 2018. The County is responsible and makes the determination of all individual tax abatements, if any; therefore, the County's, and the agencies the County collects for and distributes to, current and future revenues that may be affected by any such abatement agreements entered by the County. The County has not entered into property tax abatement agreements as defined by GASB 77. As of June 30, 2018, the County entered a tax abatement agreement which affected the tax roll which has a financial effect on the property tax revenue received and due and requires disclosure in the financial statements.

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

For tax abatement agreements entered into by other governments, the following should be disclosed:

- The names of the governments that entered into the agreements;
- The specific taxes being abated; and
- The gross dollar amount of taxes abated during the period.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool for measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

GASB Statement No. 82 objective is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements

The more significant of the County's accounting policies are described below.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity

GASB Statement No. 14 and GASB Statement No. 61, *The Financial Reporting Entity and The Financial Reporting Entity – Omnibus – an amendment of GASB No.14 and No. 34*, established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the County is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14 and GASB Statement No. 61, fiscally independent means that the County may, without the approval or consent of another government entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The County also has no *component units*, as defined by GASB Statement No. 14 and GASB Statement No.61 and/or GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, as there are no other legally separate organizations for which the elected County Commissioners are financial accountable. There are no other primary governments with which the County Commissioners are financially accountable. There are no other primary governments with which the County has a significant relationship.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model: Assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position.

Deferred outflows of resources – a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred inflows of resources – an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Net position – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The County’s net position is reported in three parts – net investment in capital assets, restricted, and unrestricted.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes (property taxes), franchise taxes, licenses, and interest associated with the current fiscal period are all 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental funds are used to account for the County's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the primary operating fund of the County, and accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Agency 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; from property taxes collected on behalf of other governments.

Under the requirements of GASB No. 34, the County is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which includes funds that were not required to be presented as major but were at the discretion of management:

Road Fund – Special Revenue Funds account for funds used to maintain roads for which the County has responsibility. Financing is provided by motor vehicle fees flowing through the state. Expenditures are restricted to the construction and maintenance of County roads. Authority is Section 7-24A, NMSA, 1978.

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

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

Land Acquisition Fund – Capital Projects Funds account for a permanent cash transfer from the General Fund for future projects.

Debt Service Funds account for the payments of principal and interest of the County's long-term debt.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activities of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and non-operating expenses. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (b) program-specific operating grants, which includes revenues received from federal and state sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. General revenues include all taxes and other items not properly included among program revenues.

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

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, Liabilities and Net Position or Equity

Cash and Temporary Investments: The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the County to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the County are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

Certain Special Revenue Funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column 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 and an estimated useful life in excess of one year. 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, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the County did not maintain internally developed software. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs 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 as they are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2018.

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>
Infrastructure	10-20
Permanent Buildings	10-40
Land Improvements	5-30
Vehicles	2-30
Other furniture and equipment	2-30

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Deferred Revenues: The County recognizes grant revenue at the time the eligibility restrictions have been met. Such restrictions include 1) the agency should have the characteristics specified by the provider, 2) the time requirements specified by the enabling legislation or provider have been met, 3) if applicable, the provider offers the resources on a reimbursement basis and the recipient has incurred allowable costs under the program and 4) the provider's contingencies have been met. Amounts received and not meeting such restrictions in the Special Revenue Funds are shown as deferred revenues.

Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

Compensated Absences: Qualified employees are entitled to accumulate annual and sick leave of twelve days up to 240 hours per year according to the leave schedule, depending on length of service. The liability for compensated absences reported in the government-wide statements. 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. Employees earn up to 12 days of annual leave a year and may accumulate up to 240 hours.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

For fund financial reporting, bond premiums, discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the County's fund balances is presented in Note 18.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

Net Investment in Capital Assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Restricted: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position are restricted for “debt service or capital projects.”

Unrestricted: All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The Government-wide Statement of Net Position reports \$1,275,939 of restricted net position of which \$193 is restricted by enabling legislation. The County’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the County’s financial statements include management’s estimate of the useful lives of capital assets and the landfill closure and post-closure care costs.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the County are prepared prior to June 1 and must be approved by resolution of the Board of County Commissioners, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners and the State of New Mexico Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the cash basis of accounting (not GAAP), excluding encumbrances and appropriation of funds are secured for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

For the year ended June 30, 2018, budgets relating to Capital Projects Funds were not submitted for approval to the State of New Mexico Department of Finance with the General Fund, Special Revenue Funds and Debt Service Funds. Presentation of budget information relating to these funds has therefore been excluded from these financial statements.

The County is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The County's legal level of control is at the expenditure function level.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budgets with actual data on a budgetary basis (i.e., cash basis).

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2018 is presented.

NOTE 3. Cash and Temporary Investments

State statutes authorize the investment of County funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pools, money market accounts, and United States Government obligations. According to 6-6-19 D (2) NMSA 1978, the County's permanent funds may be invested in fixed-income securities or debt instruments that are listed in a nationally recognized, broad-market, fixed-income-securities market index. All invested funds of the County properly followed State investment requirements as of June 30, 2018.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The collateral pledged is listed on Schedule III of this report. 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.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3. Cash and Temporary Investments (continued)

Deposits

NM 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 County for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Farmers &		
	Stockman's Bank	Wells Fargo Bank	Total
Total amount of deposits	\$ 4,848,204	\$ 1,000,000	\$ 5,848,204
FDIC coverage	250,000	1,000,000	1,250,000
Total uninsured public funds	\$ 4,598,204	\$ -	\$ 4,598,204
Collateral requirement	\$ 2,299,102	\$ -	\$ 2,299,102
(50% of uninsured public funds)			
Pledged security	(8,475,000)	-	(8,475,000)
Total under (over) collateralized	\$ (6,175,898)	\$ -	\$ (6,175,898)

All deposits maintained in Wells Fargo are held in Certificates of Deposit in \$250,000 increments, therefore all amounts maintained within FDIC insurance limits.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$4,598,204 of the County's bank balance of \$5,848,204 was exposed to custodial credit risk because it was uninsured uncollateralized at year end.

The County has presented The New MexiGrow Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per section 6-10-10(F), 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 fund amounts were invested. Participation in the LGIP is voluntary. As of June 30, 2018, the County's investment in the State Treasurer Local Government Investment Pool was rated AAAM by Standard & Poor's.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4. Receivables

Receivables as of June 30, 2018, are as follows:

	General		Building		Nonmajor	Total
	Fund	Road Fund	Restoration	Debt Service	Governmental Funds	
Property taxes	\$ 4,764	\$ -	\$ -	\$ -	\$ -	\$ 4,764
Other taxes	40,779	-	-	-	-	40,779
Intergovernmental	-	13,771	-	-	14,450	28,221
	<u>\$ 45,543</u>	<u>\$ 13,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,450</u>	<u>\$ 73,764</u>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, *Accounting and Reporting for Nonexchange transactions*, property tax receivables are presented net of deferred revenues of \$4,514 in the Balance Sheet – Governmental Funds.

NOTE 5. Interfund Receivables, Payables, and Transfers

Receivables and payables from interfund transactions as of June 30, 2018 were not presented. In the past and in the future; the majority of interfund balances were caused by an overdraft of fund cash carried forward from the prior year or attributable to the current year.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5. Interfund Receivables, Payables, and Transfers (continued)

Operating transfers, made to close out funds and to supplement other funding sources, were as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
Major Funds:		
General Fund	\$ 2,609,632	\$ -
Road Fund	268,668	-
Building Restoration Fund	-	1,138,567
Land Acquisition Project Fund	-	925,702
Improvement Fund	-	342,109
Debt Service Fund	22,159	-
Total Major Funds	<u>2,900,459</u>	<u>2,406,378</u>
Nonmajor Funds:		
Recording and Equipment Special Revenue Fund	848	-
EMT Special Revenue Fund	-	5,400
DWI Program and Grant Revenue Fund	10,000	-
Senior Program Special Revenue Fund	54,267	-
Fire District No. 1 General Special Revenue Fund	1,300	-
Fire District No.1 Special Revenue Fund	-	21,229
Fire District No. 2 General Special Revenue Fund	4,100	-
Assisted Living Special Revenue Fund	-	99,680
Safety Net Care Special Revenue Fund	13,352	-
Community Development Special Revenue Fund	57,500	-
Information Technology Special Revenue Fund	-	508,209
Fire District Water Supp. Special Revenue Fund	-	930
Total Nonmajor Funds	<u>141,367</u>	<u>635,448</u>
Grand Total	<u>\$ 3,041,826</u>	<u>\$ 3,041,826</u>

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
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NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2018, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

Capital Assets used in Governmental Activities:	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/Adjts</u>	Balance <u>June 30, 2018</u>
<i>Capital assets not depreciated</i>					
Land	\$ 25,315	\$ —	\$ —	\$ —	\$ 25,315
Construction in Progress	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total not being depreciated	<u>\$ 25,315</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 25,315</u>
	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/Adjts</u>	Balance <u>June 30, 2018</u>
<i>Capital assets being depreciated</i>					
Buildings & improvements	\$ 6,724,278	\$ 9,795	\$ (1,173,702)	\$ 118,862	\$ 5,679,233
Machinery & equipment	3,674,255	221,316	—	—	3,895,571
Infrastructure	<u>3,533,404</u>	<u>451,762</u>	<u>(13,372)</u>	<u>32,941</u>	<u>4,004,735</u>
Total being depreciated	<u>\$ 13,931,937</u>	<u>\$ 682,873</u>	<u>\$ (1,187,074)</u>	<u>\$ 151,803</u>	<u>\$ 13,579,539</u>
Total capital assets	<u>\$ 13,957,252</u>	<u>\$ 682,873</u>	<u>\$ (1,187,074)</u>	<u>\$ 151,803</u>	<u>\$ 13,604,854</u>
<i>Less accumulated depreciation</i>					
Buildings	\$ 3,076,712	\$ 215,444	\$ (139,244)	\$ (60,941)	\$ 3,091,971
Machinery & equipment	2,723,456	332,323	—	(31,144)	3,024,635
Infrastructure	<u>2,224,651</u>	<u>278,871</u>	<u>—</u>	<u>11,577</u>	<u>2,515,099</u>
Total accumulated depreciation	<u>\$ 8,024,819</u>	<u>\$ 826,638</u>	<u>\$ (139,244)</u>	<u>\$ (80,508)</u>	<u>\$ 8,631,705</u>
Net capital assets	<u>\$ 5,932,433</u>	<u>\$ (143,765)</u>	<u>\$ (1,047,830)</u>	<u>\$ 232,311</u>	<u>\$ 4,973,149</u>

Depreciation expense reported for governmental activities for the year ended June 30, 2018 was charged to the following functions:

General Government	\$ 53,858
Public Safety	55,903
Health and Welfare	16,610
Public Works	<u>700,267</u>
<i>Total depreciation expense</i>	<u>\$ 826,638</u>

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7. Long-Term Debt

During the year ended June 30, 2018, the following changes occurred in the governmental activities noncurrent liabilities reported in the government-wide statement of net position:

Governmental Activities	Balance			Balance June 30, 2018	Due Within One Year
	June 30, 2017	Additions	Deletions		
Notes Payable	\$ 124,172	\$ 36,582	\$ 19,920	\$ 140,834	\$ 27,442
Compensated absences	6,778	6,135	8,429	4,484	4,484
Total Long-Term Debt	\$ 130,950	\$ 42,717	\$ 28,349	\$ 145,318	\$ 31,926

Interest expense paid on long-term debt totaled \$2,078 for the year ended June 30, 2018 as indicated on the Statement of Activities.

The annual requirements to amortize bonds payable as of June 30, 2018, including interest payments are as follows:

FY Ending June 30th	Total Debt		
	Principal	Interest	Service
2019	\$ 27,442	\$ 1,955	\$ 29,397
2020	27,766	1,653	29,419
2021	28,114	1,324	29,438
2022	28,524	934	29,458
2023	28,988	493	29,481
2024-2028	-	-	-
	<u>\$ 140,834</u>	<u>\$ 6,359</u>	<u>\$ 147,193</u>

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

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 principal payments are redirected from the County's share of the State Fire Protection Fund revenue, which is pledged to the New Mexico Finance Authority to secure the loan. The note maintains an interest rate of 1.686 plus .1% administrative fee with semi-annual interest payments.

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 \$36,582 and interest for the purpose of purchasing a new police vehicle. The yearly principal payments are redirected from the County's share of the Law Enforcement Protection Fund revenue, which is pledged to the New Mexico Finance Authority to secure the loan. The note maintains an interest rate of 1.00 plus .1% administrative fee with semi-annual interest payments.

Compensated Absences – Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences decreased \$2,294 from the prior year. Additional information on compensated absences can be found in Note 1.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8. Deferred Revenue

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to subsequent years, unless such excess revenues are requested to be returned to the grantor. At year-end, the County did not have any unused grant awards.

The deferred revenue balance in the General Fund totaling \$116,768, respectively, consisted of fiscal year 2018 Payments in Lieu of Taxes received from the Bureau of Land Management before June 30, 2018.

NOTE 9. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. Harding County is a member and is insured through the New Mexico County Insurance Authority. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Authority acts as the common carrier for the State of New Mexico counties. The County pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The County is not liable for more than the premiums paid.

NOTE 10. Other Required Individual Fund Disclosures

GAAP require disclosures as part of the Combined Statements - Overview of certain information concerning individual funds including:

A. *Deficit fund balance of individual funds:* There were governmental funds reflecting a deficit fund balance as of June 30, 2018:

EMS Fund	\$	58
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B. *Excess of expenditures over appropriations:* There was one fund which exceeded approved budgetary authority for the year ended June 30, 2018.

DWI Users Fund – Public Safety	\$	1,038
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C. *Designated cash appropriation in excess of available balances:* There were funds which had designated cash in appropriations in excess of available balances for the year ended June 30, 2018. They are illustrated as follows:

Law Enforcement Fund	\$	21,800
Senior Program Fund		24,252
Fire District No.1 Fund		97,325
Fire District No.2 Fund		4,100
Community Development Fund		56,500
Safety Net Care Fund		13,352
Fire District Wildfire Fund		9,973
Rosebud Wildfire Fund		3,879
Total		<u>\$ 231,181</u>

STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11. PERA Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2017-CAFR_12.22.2016_FINAL-with-corrections.pdf.

Contributions. The contribution requirements of defined benefit plan members and the (name of employer) are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures in the PERA FY17 annual audit report at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2017-CAFR_12.22.2017_FINAL-with-corrections.pdf. The PERA coverage options that apply to the City are the Municipal General Division, Municipal Police Division and Municipal Fire Division.

Statutorily required contributions to the pension plan from the County are stated and employer did not pay member benefits that were “picked up” by the employer for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2017.

STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11. PERA Pension Plan (Continued)

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The County's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General Division, at June 30, 2018, the County reported a liability of \$905,522 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was .0659 percent, which there was no change .00046 percent from its proportion measured as of June 30, 2016, due to the insignificance of the difference.

For the year ended June 30, 2018, the County recognized PERA Fund Municipal General Division pension expense of \$84,228. At June 30, 2018, the County reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 35,580	\$ 46,379
Changes of assumptions	41,758	9,357
Net difference between projected and actual Earnings on pension plan investments	74,293	—
Changes in proportion and differences between the County's contributions and proportionate Share of contributions	—	53,620
County's contributions subsequent to the measurement date	<u>—</u>	<u>—</u>
Total	<u>\$ 151,631</u>	<u>\$ 109,356</u>

\$151,631 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30.</u>	
2019	\$ 339
2020	63,345
2021	303
2022	(21,712)
2023	--

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11. PERA Pension Plan (Continued)

For PERA Fund Division Municipal Police Division, at June 30, 2018, the County reported a liability of \$190,003 for its proportionate share of the net pension liability. At June 30, 2017, the County's proportion was .0342 percent, which was .0014 percent change from its proportion measured as of June 30, 2016, due to the insignificance of the difference.

For the year ended June 30, 2018, the County recognized PERA Fund Division Municipal Police Members pension expense of \$13,335. At June 30, 2017, the County reported PERA Fund Division Municipal Police Members deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 11,540	\$ 35,500
Changes of assumptions	11,305	4,418
Net difference between projected and actual earnings on pension plan investments	15,302	—
Changes in proportion and differences between the County's contributions and proportionate Share of contributions	26,734	—
County's contributions subsequent to the measurement date	<u>—</u>	<u>—</u>
Total	<u>\$ 64,881</u>	<u>\$ 39,918</u>

\$64,881 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30.</u>	
2019	\$ 12,035
2020	20,572
2021	(3,171)
2022	(4,473)
2023	-

STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
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NOTE 11. PERA Pension Plan (Continued)

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2016 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
<input type="checkbox"/> Investment rate of return	7.48% annual rate, net of investment expense
<input type="checkbox"/> Payroll growth	2.25% annual rate
<input type="checkbox"/> Projected salary increases	3.50% to 14.25% annual rate
<input type="checkbox"/> Includes inflation at	2.75% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate if Return
Global Equity	43.5%	7.39%
Risk Reduction and Mitigation	21.5	1.79
Credit Oriented Fixed Income	15.0	5.77
Real Assets	20.0	7.35
Total	100.0%	

Discount rate: The discount rate used to measure the total pension liability was 7.51 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.51% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the County's net pension liability in each PERA Fund Division that the County participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
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NOTE 11. PERA Pension Plan (Continued)

Fiscal Year <u>Ending June 30,</u>	1% Decrease <u>(6.51%)</u>	Current Discount <u>Rate (7.51%)</u>	1% Increase <u>(8.51%)</u>
County's proportionate share of the net pension liability	\$ 1,419,252	\$ 905,522	\$ 478,284
Fiscal Year <u>Ending June 30,</u>	1% Decrease <u>(6.51%)</u>	Current Discount <u>Rate (7.51%)</u>	1% Increase <u>(8.51%)</u>
County's proportionate share of the net pension liability	\$ 303,003	\$ 190,003	\$ 97,271

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY17 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan

The Retiree Health Care Act, Chapter IV, Article 7C, NMSA 1978 provides a comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The county and has elected not to participate in the post-employment health insurance plan.

NOTE 13. Joint Powers Agreement

The Board of Commissioners for the Harding County Sheriff's office and the Governing body of the Village of Mosquero, New Mexico, entered into the joint powers agreement to assist the Village of Mosquero in providing adequate Law Enforcement coverage. The agreement provides that the Village will make available to the Sheriff's Department is Law Enforcement Protection Funds for the purchase of law enforcement equipment. However, the Village retains ownership of the equipment. Other police equipment owned by the Village will be available for use by the Sheriff. The Village will not pay the County for these services. Costs of the project are not available. The agreement is effective April 2, 2015 and may be terminated by either party, upon 30 days' notice.

NOTE 14. Contingent Liabilities and Commitments

Liabilities - The County is party to various claims and lawsuits arising in the normal course of business. The County is insured through the New Mexico County Insurance Authority. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the County.

Commitments - The County had various construction and purchase commitments for various projects as of June 30, 2018. The funding to cover the various commitments was bond proceeds, including bonds and grants.

NOTE 15. Tax Abatements

The County entered into the "settlement agreement resolving property tax issues for tax years 2012-2017" between the County and OXY USA, Inc., a Delaware Corporation to reduce tax due by the taxpayer during the year 2012-2017. The details are as follows:

- The taxpayer is receiving tax refunds/abatements for years 2012-2017. The abatement is allowed under Section 7-36-27 of the Property Tax Code pursuant to State Law. The taxpayer shall continue to pay 100% of taxable property valued;
- The gross dollar amount of taxes abated and refunded to OXY USA, Inc. for the years 2012-2017 totaled \$1,584,942 and was paid from the County's property tax suspense account;
- The property tax values for 2017-2017 as well as future years were modified to reflect the Property Values set forth in the agreement.
- No other commitments were made by the County.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16. Federal and State Grants

In the normal course of operations, the County receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 17. Subsequent Accounting Standard Pronouncements

In November 2016, GASB Statement No. 83 *Certain Asset Retirement Obligations*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87 *Leases*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In August 2018, GASB Statement No. 90 *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

NOTE 18. Restatement

Beginning net position balances required restatement of \$232,311 which only affects the government-wide financial statements. The adjustment is a result of the district re-evaluating and correcting previous capital asset listings and related depreciation calculations.

NOTE 19. Governmental Fund Balances

Fund Balances: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

In the governmental financial statements, fund balance is classified and is displayed in five components:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 19. Governmental Fund Balances (continued)

Restricted: Consists of amounts that are restricted to specific purposes as a result of 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.

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: 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.

Detail relating to the fund balance classifications is displayed below:

Fund Balances:	General	Road	Building	Improvement	Landfill	Debt Service	Nonmajor	Total
	Fund	Fund	Restoration	Fund	Acquisition	Fund	Governmental	
					Project		Funds	
<i>Nonspendable</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Restricted:</i>								
Capital Projects	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	193	-	193
Roads & Highways	-	245,115	-	-	-	-	-	245,115
Recreation	-	-	-	-	-	-	770	770
Fire Protection	-	-	-	-	-	-	370,953	370,953
EMS	-	-	-	-	-	-	73,671	73,671
Law Enforcement	-	-	-	-	-	-	441,658	441,658
County Administration	-	-	-	-	-	-	72,910	72,910
Citizen Health	-	-	-	-	-	-	33,240	33,240
Senior Citizens	-	-	-	-	-	-	20,789	20,789
<i>Unassigned</i>	4,393,962	-	-	-	-	-	(58)	4,393,904
Total fund balances	\$ 4,393,962	\$ 245,115	\$ -	\$ -	\$ -	\$ 193	\$ 1,013,933	\$ 5,653,203

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OF PERA FUND DIVISION
Public Employees retirement Association (PERA) Plan
Last 10 Fiscal Years*
JUNE 30, 2018

	General				Police			
	2018 Municipal General	2017 Municipal General	2016 Municipal General	2015 Municipal General	2018 Municipal Police	2017 Municipal Police	2016 Municipal Police	2015 Municipal Police
Proportion of the net pension liability	0.0659%	0.0705%	0.0705%	0.0751%	0.0342%	0.0328%	1.0620%	0.0233%
Proportionate share of the net pension liability	905,522	1,126,353	718,809	585,861	190,003	242,008	119,252	75,955
Covered-employee payroll	706,394	700,720	529,285	551,375	133,098	81,842	70,206	88,417
Proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	128.19%	160.74%	135.81%	106.25%	142.75%	295.70%	169.86%	85.91%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%	76.99%	81.29%	73.74%	69.18%	76.99%	81.29%

*The amounts were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County present information for those years for which information is available.

SCHEDULE OF COUNTY'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Fund Division
Last 10 Fiscal Years**

Contractually required contribution	84,228	57,266	55,755	59,023	36,124	13,847	12,208	9,563
Contributions in relation to the contractually required contribution	55,295	57,266	55,755	59,023	13,335	13,847	12,208	9,563
Contribution deficiency (excess)	28,933	-	-	-	22,789	-	-	-
County's covered-employee payroll	706,394	700,720	529,285	551,375	133,098	81,842	70,206	88,417
Contributions as a percentage of covered-employee payroll	11.92%	8.17%	10.53%	10.70%	27.14%	16.92%	17.39%	10.82%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for funding that is restricted either by statute or by grantor/donor restrictions.

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

Indigent Fund - To account for the operations of the health and welfare expenses incurred in order to help needy 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 6-1-6 NMSA, 1978.

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

Recording and Equipment Fund - To account for monies collected by the County Clerk's office for each instrument recorded and when the instrument is photocopied. The County Clerk may charge, in addition to any other fees authorized by law, an equipment recording fee. The equipment recording fee revenues are to be expended only to rent, purchase, lease or lease-purchase equipment associated with recording, filing, maintaining or reproducing documents in the County Clerk's office and for staff training on office procedures and equipment. Authority is the Absentee-Early Voting Act (Section 15-8-12.2, 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 6-1-6 NMSA, 1978.

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 29-14-1, NMSA, 1978.

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

Law Enforcement Protection Fund - To account for a grant from the State of New Mexico Correction Department through the Law Enforcement Protection Act. The funding is to be used for law enforcement improvements. Authority is 29-14-1, 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 6-1-6 NMSA, 1978.

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

Fire District NO. 1 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 59A-53-1, NMSA, 1978.

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 59A-53-1, NMSA, 1978.

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.

Assisted Living Project Fund- To account for the assistance in the planning and development of an assisted living facility per County Commission, October, 2014.

Affordable Housing Plan Project Fund – To account for funds used to rehabilitate homes per County Commission.

Fire District NO. 1 Equipment Grant Fund - To account for the equipment purchases for the fire districts. Financing is provided by an allotment from the State Fire Marshall under 59A-53-1, NMSA, 1978.

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

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. The County at this time does not provide solid waste services. Authority is 7-19D-10 and 7-2DE-17, NMSA, 1978.

Safety Net Care Pool Fund - To account for the safety net care pool.

Information Technology Fund - To account for information technology per County Commission.

Fire No. 1 Wildland Fire Fund- To account for money received for wildland fires for the Fire District No.1 through the Energy, Minerals and Natural Resources Department, Forestry Division.

Rosebud Wildland Fire Fund- To account for money received for wildland fires for the Rosebud Fire District through the Energy, Minerals and Natural Resources Department, Forestry Division.

STATE OF NEW MEXICO
HARDING COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Farm and Range Fund	Indigent Claims Fund	EMS Fund
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 770	\$ -	\$ -
Accounts receivable:			
Licenses and fees	-	-	-
Property taxes	-	-	-
Other taxes	-	-	-
Intergovernmental	-	1,980	-
Other receivables	-	-	-
Interfund balances	-	-	-
Restricted cash and cash equivalents	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 770</u>	<u>\$ 1,980</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Interfund balances	-	-	-
Deferred revenue	-	-	-
Deferred revenue - property taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances:</i>			
Nonspendable	-	-	-
Restricted	770	1,980	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u>770</u>	<u>1,980</u>	<u>-</u>
<i>Total fund balances</i>	<u>770</u>	<u>1,980</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 770</u>	<u>\$ 1,980</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

EMS 1 Fund	EMS 2 Fund	Recording and Equipment Fund	Re-appraisal Fund	EMT Fund	Jail Detention Fund
\$ 968	\$ 3,775	\$ 19,870	\$ 36,684	\$ 70,515	\$ 411,545
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,600	1,908
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 968</u>	<u>\$ 3,775</u>	<u>\$ 19,870</u>	<u>\$ 36,684</u>	<u>\$ 72,115</u>	<u>\$ 413,453</u>
\$ 1,026	\$ 2,219	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,026</u>	<u>2,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	1,556	19,870	36,684	72,115	413,453
-	-	-	-	-	-
-	-	-	-	-	-
(58)	-	-	-	-	-
<u>(58)</u>	<u>1,556</u>	<u>19,870</u>	<u>36,684</u>	<u>72,115</u>	<u>413,453</u>
<u>\$ 968</u>	<u>\$ 3,775</u>	<u>\$ 19,870</u>	<u>\$ 36,684</u>	<u>\$ 72,115</u>	<u>\$ 413,453</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	DWI Program and Grant Fund	DWI User's Fund	Law Enforcement Fund	Rural Addressing Fund	Senior Program Fund
ASSETS					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 10,069	\$ 1,212	\$ 17,072	\$ 16,356	\$ 17,732
Accounts receivable:					
Licenses and fees	-	-	-	-	-
Property taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	5,819
Other receivables	-	-	-	-	-
Interfund balances	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
<i>Total assets</i>	<u>\$ 10,069</u>	<u>\$ 1,212</u>	<u>\$ 17,072</u>	<u>\$ 16,356</u>	<u>\$ 23,551</u>
LIABILITIES AND FUND BALANCES					
<i>Current liabilities:</i>					
Accounts payable	\$ -	\$ 47	\$ 101	\$ -	\$ 566
Accrued payroll	-	-	-	-	2,196
Interfund balances	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Deferred revenue - property taxes	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>47</u>	<u>101</u>	<u>-</u>	<u>2,762</u>
<i>Fund balances:</i>					
Nonspendable	-	-	-	-	-
Restricted	10,069	1,165	16,971	16,356	20,789
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>10,069</u>	<u>1,165</u>	<u>16,971</u>	<u>16,356</u>	<u>20,789</u>
<i>Total liabilities and fund balances</i>	<u>\$ 10,069</u>	<u>\$ 1,212</u>	<u>\$ 17,072</u>	<u>\$ 16,356</u>	<u>\$ 23,551</u>

The accompanying notes are an integral part of these financial statements.

<u>Fire District No.1 General Fund</u>	<u>Fire District No.1 Fund</u>	<u>Fire District No.2 Fund</u>	<u>Fire District No.2 General Fund</u>	<u>County Health Program Fund</u>
\$ 4,827	\$ 110,389	\$ 191,421	\$ 14,506	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,827</u>	<u>110,389</u>	<u>191,421</u>	<u>14,506</u>	<u>-</u>
\$ -	\$ 1,703	\$ 243	\$ 3,876	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>1,703</u>	<u>243</u>	<u>3,876</u>	<u>-</u>
-	-	-	-	-
4,827	108,686	191,178	10,630	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,827</u>	<u>108,686</u>	<u>191,178</u>	<u>10,630</u>	<u>-</u>
<u>\$ 4,827</u>	<u>\$ 110,389</u>	<u>\$ 191,421</u>	<u>\$ 14,506</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Assisted Living Project Fund	Affordable Housing Plan Project Fund	Fire No.1 Equipment Grant Fund	Community Development Fund
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable:				
Licenses and fees	-	-	-	-
Property taxes	-	-	-	-
Other taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other receivables	-	-	-	-
Interfund balances	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Interfund balances	-	-	-	-
Deferred revenue	-	-	-	-
Deferred revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances:</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Solid Waste Fund	Safety Net Care Pool Fund	Information Technology Fund	Fire No. 1 Water Supp Fund	Fire No. 1 Wildland Fire Fund	Rosebud Wildland Fire Fund	Total
\$ 5,036	\$ 23,081	\$ -	\$ -	\$ 25,350	\$ 30,282	\$ 1,011,460
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,143	-	-	-	-	-	14,450
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 8,179</u>	<u>\$ 23,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,350</u>	<u>\$ 30,282</u>	<u>\$ 1,025,910</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9,781
-	-	-	-	-	-	2,196
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	11,977
-	-	-	-	-	-	-
8,179	23,081	-	-	25,350	30,282	1,013,991
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(58)
<u>8,179</u>	<u>23,081</u>	<u>-</u>	<u>-</u>	<u>25,350</u>	<u>30,282</u>	<u>1,013,933</u>
<u>\$ 8,179</u>	<u>\$ 23,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,350</u>	<u>\$ 30,282</u>	<u>\$ 1,025,910</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BLANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Farm and Range Fund	Indigent Claims Fund	EMS Fund
<i>Revenues:</i>			
Taxes	\$ -	\$ -	\$ -
Federal grants	23	-	-
State and local source grants	-	-	-
Licenses and fees	-	-	-
Charges for services	-	-	-
Interest	-	-	-
Miscellaneous	-	11,915	-
<i>Total revenues</i>	23	11,915	-
<i>Expenditures:</i>			
Current:			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	9,935	-
Public works	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
<i>Total expenditures</i>	-	9,935	-
<i>Excess (deficiency) of revenues over expenditures</i>	23	1,980	-
<i>Other financing sources (uses):</i>			
Transfers in (out)	-	-	-
Bond proceeds	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-
<i>Net change in fund balances</i>	23	1,980	-
<i>Fund balances - beginning of year</i>	747	-	-
<i>Prior period adjustment</i>	-	-	-
<i>Fund balances - beginning of year (restated)</i>	747	-	-
<i>Fund balances - end of year</i>	\$ 770	\$ 1,980	\$ -

The accompanying notes are an integral part of these financial statements.

EMS 1 Fund	EMS 2 Fund	Recording and Equipment Fund	Re-appraisal Fund	EMT Fund	Jail Detention Fund
\$ -	\$ -	\$ -	\$ 27,976	\$ 9,021	\$ 19,545
-	-	-	-	-	-
-	10,654	-	-	-	-
-	-	4,442	-	-	-
-	-	-	-	-	6,525
-	-	-	-	-	-
-	-	-	-	-	-
-	10,654	4,442	27,976	9,021	26,070
-	-	-	15,334	-	-
4,800	9,536	-	-	1,267	4,477
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,220	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,800	9,536	1,220	15,334	1,267	4,477
(4,800)	1,118	3,222	12,642	7,754	21,593
-	-	848	-	(5,400)	-
-	-	-	-	-	-
-	-	848	-	(5,400)	-
(4,800)	1,118	4,070	12,642	2,354	21,593
4,742	438	15,800	24,042	69,761	391,860
-	-	-	-	-	-
4,742	438	15,800	24,042	69,761	391,860
\$ (58)	\$ 1,556	\$ 19,870	\$ 36,684	\$ 72,115	\$ 413,453

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BLANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	DWI Program and Grant Fund	DWI User's Fund	Law Enforcement Fund	Rural Addressing Fund	Senior Program Fund
<i>Revenues:</i>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-	36,784
State and local source grants	66,130	2,050	21,800	-	53,715
Licenses and fees	-	-	-	-	-
Charges for services	-	-	-	-	104
Interest	-	-	-	-	-
Miscellaneous	-	200	749	-	-
<i>Total revenues</i>	<u>66,130</u>	<u>2,250</u>	<u>22,549</u>	<u>-</u>	<u>90,603</u>
<i>Expenditures:</i>					
Current:					
General government	-	-	-	-	-
Public safety	66,081	5,766	15,237	1,268	-
Culture and recreation	-	-	-	-	127,600
Health and welfare	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
<i>Total expenditures</i>	<u>66,081</u>	<u>5,766</u>	<u>15,237</u>	<u>1,268</u>	<u>127,600</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>49</u>	<u>(3,516)</u>	<u>7,312</u>	<u>(1,268)</u>	<u>(36,997)</u>
<i>Other financing sources (uses):</i>					
Transfers in (out)	10,000	-	-	-	54,267
Bond proceeds	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,267</u>
<i>Net change in fund balances</i>	10,049	(3,516)	7,312	(1,268)	17,270
<i>Fund balances - beginning of year</i>	20	4,681	9,659	17,624	3,519
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Fund balances - beginning of year (restated)</i>	20	4,681	9,659	17,624	3,519
<i>Fund balances - end of year</i>	<u>\$ 10,069</u>	<u>\$ 1,165</u>	<u>\$ 16,971</u>	<u>\$ 16,356</u>	<u>\$ 20,789</u>

The accompanying notes are an integral part of these financial statements.

<u>Fire District No.1 General Fund</u>	<u>Fire District No.1 Fund</u>	<u>Fire District No.2 Fund</u>	<u>Fire District No.2 General Fund</u>	<u>County Health Program Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	115,850	73,713	-	-
-	-	-	-	-
-	-	-	-	-
-	-	421	4,456	-
<u>-</u>	<u>115,850</u>	<u>74,134</u>	<u>4,456</u>	<u>-</u>
-	-	-	-	-
-	46,484	57,842	9,966	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	62,988	15,564	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>109,472</u>	<u>73,406</u>	<u>9,966</u>	<u>-</u>
-	6,378	728	(5,510)	-
1,300	(21,229)	-	4,100	-
-	-	-	-	-
<u>1,300</u>	<u>(21,229)</u>	<u>-</u>	<u>4,100</u>	<u>-</u>
1,300	(14,851)	728	(1,410)	-
3,527	123,537	190,450	12,040	-
-	-	-	-	-
<u>3,527</u>	<u>123,537</u>	<u>190,450</u>	<u>12,040</u>	<u>-</u>
<u>\$ 4,827</u>	<u>\$ 108,686</u>	<u>\$ 191,178</u>	<u>\$ 10,630</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BLANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Assisted Living Project Fund	Affordable Housing Plan Project Fund	Fire No.1 Equipment Grant Fund	Community Development Fund	Solid Waste Fund
<i>Revenues:</i>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 25,406
Federal grants	-	-	-	-	-
State and local source grants	-	-	-	-	-
Licenses and fees	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,406</u>
<i>Expenditures:</i>					
Current:					
General government	-	-	-	50,000	-
Public safety	-	-	-	7,500	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	-	-	-	-	29,200
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,500</u>	<u>29,200</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,500)</u>	<u>(3,794)</u>
<i>Other financing sources (uses):</i>					
Transfers in (out)	(99,680)	-	-	57,500	-
Bond proceeds	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(99,680)</u>	<u>-</u>	<u>-</u>	<u>57,500</u>	<u>-</u>
<i>Net change in fund balances</i>	(99,680)	-	-	-	(3,794)
<i>Fund balances - beginning of year</i>	99,680	-	-	-	11,973
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Fund balances - beginning of year (restated)</i>	<u>99,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,973</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,179</u>

The accompanying notes are an integral part of these financial statements.

Safety Net Care Pool Fund	Information Technology Fund	Fire No. 1 Water Supp Fund	Fire No. 1 Wildland Fire Fund	Rosebud Wildland Fire Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,948
-	-	-	-	-	36,807
-	-	-	-	-	343,912
-	-	-	-	-	4,442
-	-	-	7,689	10,422	24,740
-	-	-	-	-	-
-	-	-	-	-	17,741
-	-	-	7,689	10,422	509,590
-	5,994	-	-	-	71,328
-	-	75,259	-	-	305,483
-	-	-	-	-	127,600
16,919	-	-	-	-	26,854
-	-	-	-	-	29,200
-	2,000	-	-	-	81,772
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,919	7,994	75,259	-	-	642,237
(16,919)	(7,994)	(75,259)	7,689	10,422	(132,647)
13,352	(508,209)	(930)	-	-	(494,081)
-	-	-	-	-	-
13,352	(508,209)	(930)	-	-	(494,081)
(3,567)	(516,203)	(76,189)	7,689	10,422	(626,728)
26,648	516,203	76,189	17,661	19,860	1,640,661
-	-	-	-	-	-
26,648	516,203	76,189	17,661	19,860	1,640,661
\$ 23,081	\$ -	\$ -	\$ 25,350	\$ 30,282	\$ 1,013,933

The accompanying notes are an integral part of these financial statements.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO

Schedule I

HARDING COUNTY

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments:	\$ 2,265,952	\$ 3,080,145	\$ 5,313,111	\$ 32,986
Property taxes receivable	1,098,415	1,986,299	3,080,145	4,569
<i>Total assets</i>	<u>\$ 3,364,367</u>	<u>\$ 5,066,444</u>	<u>\$ 8,393,256</u>	<u>\$ 37,555</u>
LIABILITIES				
<i>Current liabilities:</i>				
Due to other taxing units	\$ 3,364,367	\$ 5,066,444	\$ 8,393,256	\$ 37,555
<i>Total liabilities</i>	<u>\$ 3,364,367</u>	<u>\$ 5,066,444</u>	<u>\$ 8,393,256</u>	<u>\$ 37,555</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF DEPOSITORIES
JUNE 30, 2018

Schedule II

Bank Account Type/Name	Farmers and Stocckmans Bank	Wells Fargo Bank	Grand Total
<i>BALANCE PER BANK</i>			
Treasurer	\$ 2,870,166	\$ -	\$ 2,870,166
Checking - MMA	428,038	-	428,038
CD #8521132	250,000	-	250,000
CD #8521133	250,000	-	250,000
CD #8521134	250,000	-	250,000
CD #8521619	250,000	-	250,000
CD #8521667	-	-	-
CD #8521663	-	-	-
CD #8421003	250,000	-	250,000
CD #8521677	300,000	-	300,000
CD #06740KKT733	-	250,000	250,000
CD #140420Z29	-	250,000	250,000
CD #02006LU430	-	250,000	250,000
CD #61747MD99	-	250,000	250,000
<i>Total on deposit</i>	<u>4,848,204</u>	<u>1,000,000</u>	<u>5,848,204</u>
<i>Reconciling items</i>	<u>(62,222)</u>	<u>-</u>	<u>(62,222)</u>
<i>Reconciled balance, end of year</i>	<u>\$ 4,785,982</u>	<u>\$ 1,000,000</u>	<u>\$ 5,785,982</u>
Add: Cash on hand			<u>250</u>
			<u>5,786,232</u>
Less: Agency Fund			<u>32,986</u>
<i>Total cash and cash equivalents</i>			<u>\$ 5,753,246</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2018

Schedule III
Page 1 of 2

Name of Depository	Description of Pledged Collateral	Fair Market Value	Name and Location of Safekeeper
Farmer's and Stockman's Bank	FHLB LOC, 8/28/18 CUSIP 3615000054	3,250,000	Federal Home Loan Bank Dallas, Texas
Farmer's and Stockman's Bank	FHLB LOC, 3/28/19 CUSIP 3615000039	550,000	Federal Home Loan Bank Dallas, Texas
Farmer's and Stockman's Bank	FHLB LOC, 11/29/18 CUSIP 3615000059	200,000	Federal Home Loan Bank Dallas, Texas
Farmer's and Stockman's Bank	FHLB LOC, 12/28/18 CUSIP 3615000060	3,750,000	Federal Home Loan Bank Dallas, Texas
Farmer's and Stockman's Bank	FHLB LOC, 12/28/18 CUSIP 3615000061	725,000	Federal Home Loan Bank Dallas, Texas
TOTAL Farmer's and Stockman's Bank		8,475,000	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
TAX ROLL RECONCILIATION of CHANGES IN COUNTY
TREASURERS PROPERTY TAX RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2018

Property Taxes Receivable, beginning of year	\$	2,215,435
Changes to Tax Roll:		
Net taxes charged to treasurer for fiscal year		1,986,299
Adjustments:		
Increases/(Decreases) in taxes receivables		860,709
Charge off of taxes receivables		<u>(2,255,134)</u>
Total receivables prior to collections		2,807,309
Collections for fiscal year ended June 30, 2018		<u>(2,797,976)</u>
Property taxes receivable, end of year	\$	<u><u>9,333</u></u>
Property Taxes receivable by years:		
2008	\$	33
2009		37
2010		63
2011		5
2012		922
2013		5
2014		18
2015		1,422
2016		2,169
2017		<u>4,659</u>
Total taxes receivable	\$	<u><u>9,333</u></u>

STATE OF NEW MEXICO
HARDING COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE

Schedule V

Agency/Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year-end	County Receivable at Year-End
NM Debt Service							
2017	\$ 104,165	\$ 101,249	\$ 101,249	\$ 101,096	\$ 103,869	\$ -	\$ 296
2016	18,381	9,285	106,730	9,286	18,229	-	152
2015	31,395	16,848	112,629	16,875	31,296	-	99
2014	33,557	9,298	97,883	9,300	33,556	-	1
2013	32,314	8,214	82,839	8,224	32,314	-	-
2012	29,935	8,679	84,473	8,679	29,899	-	36
2011	1,060	-	105,982	-	1,060	-	-
2010	823	-	81,888	-	819	-	4
2009	578	-	57,584	-	576	-	2
2008	328	-	32,576	-	326	-	2
Subtotal	252,536	153,573	863,832	153,460	251,944	-	592
Co Operation							
2017	817,641	794,942	794,942	794,942	815,714	-	1,927
2016	145,654	73,901	838,832	73,901	144,671	-	983
2015	249,904	134,338	886,103	134,338	249,255	-	649
2014	263,011	72,899	757,673	72,899	263,005	-	6
2013	257,609	65,529	650,826	65,529	257,609	-	-
2012	238,712	69,237	664,641	69,237	238,428	-	284
2011	8,083	-	808,267	-	8,083	-	-
2010	5,583	-	555,545	-	5,556	-	27
2009	4,893	-	487,499	-	4,875	-	18
2008	2,688	-	268,623	-	2,686	-	2
Subtotal	2,702	1,210,847	6,712,951	1,210,847	1,989,883	-	3,895
Mun Operator							
2017	4,832	4,665	4,665	4,572	4,832	-	-
2016	262	113	4,762	84	201	-	61
2015	121	11	4,881	41	91	-	30
2014	54	1	4,915	3	53	-	1
2013	49	1	4,770	1	49	-	-
2012	47	-	4,734	-	47	-	-
2011	45	-	4,521	-	45	-	-
2010	49	-	4,338	-	43	-	6
2009	44	-	3,955	-	40	-	4
2008	42	-	3,936	-	39	-	3
Subtotal	5,545	4,791	45,477	4,702	5,440	-	105
Sch Levy							
2017	37,599	36,553	4,665	36,503	37,509	-	90
2016	6,730	3,404	4,762	3,405	6,682	-	48
2015	11,525	6,190	4,881	6,198	11,491	-	34
2014	12,155	3,369	4,915	3,369	12,155	-	-
2013	11,874	3,020	4,770	3,023	11,874	-	-
2012	10,780	3,127	4,734	3,127	10,767	-	13
2011	360	-	4,521	-	360	-	-
2010	250	-	4,338	-	249	-	1
2009	222	-	3,955	-	221	-	1
2008	123	-	3,936	-	122	-	1
Subtotal	91,618	55,662	45,477	55,624	91,430	-	188
Sch Debt Serv							
2017	738,522	718,120	718,120	717,367	737,269	-	1,253
2016	142,625	72,514	777,256	72,714	142,105	-	520
2015	183,783	98,958	628,291	99,056	183,477	-	306
2014	172,765	47,801	486,070	47,807	172,762	-	3
2013	134,293	34,148	340,140	34,190	134,293	-	-
2012	82,147	23,789	238,227	23,789	82,021	-	126
2011	2,553	-	255,345	-	2,553	-	-
2010	2,899	-	288,368	-	2,884	-	15
2009	1,118	-	111,002	-	1,110	-	8
2008	881	-	87,275	-	873	-	8
Subtotal	1,461,586	995,331	3,930,094	994,923	1,459,347	-	2,239

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE

Schedule V

Agency/Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year-end	County Receivable at Year-End
Sch Capt Improv							
2017	152,789	148,517	148,517	148,297	152,367	-	422
2016	27,011	13,647	156,575	13,651	26,795	-	216
2015	46,146	24,771	164,472	24,809	46,004	-	142
2014	48,692	13,492	141,217	13,494	48,690	-	2
2013	47,516	12,079	121,559	12,094	47,516	-	-
2012	44,017	12,763	124,088	12,763	43,965	-	52
2011	1,548	-	154,806	-	1,548	-	-
2010	1,074	-	106,856	-	1,069	-	5
2009	908	-	90,369	-	904	-	4
2008	519	-	51,464	-	515	-	4
Subtotal	370,220	225,269	1,259,923	225,108	369,373	-	847
Sch Edu-Tech							
2017	57,527	55,960	55,960	55,928	57,496	-	31
2016	8,557	4,371	44,328	4,392	8,554	-	3
2015	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
Subtotal	66,084	60,331	100,288	60,319	66,050	-	34
Ute Creek							
2017	2,934	2,893	2,893	2,877	2,922	-	12
2016	23	-	2,151	1	23	-	-
2015	29	-	2,905	-	29	-	-
2014	29	-	2,905	-	29	-	-
2013	29	-	2,906	-	29	-	-
2012	29	-	2,911	-	29	-	-
2011	29	-	2,882	-	29	-	-
2010	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
Subtotal	3,102	2,893	19,554	2,879	3,090	-	12
Sheep/Goats							
2017	6	6	6	6	6	-	-
2016	-	-	12	-	-	-	-
2015	-	-	10	-	-	-	-
2014	-	-	5	-	-	-	-
2013	-	-	7	-	-	-	-
2012	-	-	-	-	-	-	-
2011	-	-	7	-	-	-	-
2010	-	-	8	-	-	-	-
2009	-	-	6	-	-	-	-
2008	-	-	5	-	-	-	-
Subtotal	6	6	67	6	6	-	-

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE

Schedule V

Agency/Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year-end	County Receivable at Year-End
Cattle							
2017	57,400	56,607	56,607	56,351	57,093	-	307
2016	762	1	57,006	85	655	-	107
2015	590	-	49,624	-	497	-	93
2014	1,023	652	37,067	652	1,023	-	-
2013	413	-	33,994	73	413	-	-
2012	609	-	34,434	-	347	-	262
2011	345	-	34,492	-	345	-	-
2010	315	-	31,540	-	315	-	-
2009	368	-	36,826	-	368	-	-
2008	-	-	37,027	-	-	-	-
Subtotal	<u>61,825</u>	<u>57,260</u>	<u>408,616</u>	<u>57,161</u>	<u>61,056</u>	<u>-</u>	<u>769</u>
Equine Levy							
2017	421	417	417	417	421	-	-
2016	6	0	462	1	6	-	-
2015	9	5	453	5	9	-	-
2014	4	-	443	-	4	-	-
2013	4	-	448	-	4	-	-
2012	9	-	915	-	9	-	-
2011	5	-	470	-	5	-	-
2010	5	-	499	-	5	-	-
2009	5	-	541	-	5	-	-
2008	-	-	-	-	-	-	-
Subtotal	<u>468</u>	<u>422</u>	<u>4,647</u>	<u>423</u>	<u>468</u>	<u>-</u>	<u>-</u>
Pred CTL-CTTL							
2017	28,554	28,034	28,034	27,928	28,282	-	272
2016	356	0	25,882	33	292	-	64
2015	305	-	23,986	-	241	-	64
2014	261	154	10,749	154	261	-	-
2013	130	-	8,954	41	130	-	-
2012	256	-	11,057	-	112	-	144
2011	137	-	13,662	-	137	-	-
2010	157	-	15,690	-	157	-	-
2009	150	-	14,955	-	150	-	-
2008	153	-	15,290	-	153	-	-
Subtotal	<u>30,459</u>	<u>28,188</u>	<u>168,257</u>	<u>28,155</u>	<u>29,915</u>	<u>-</u>	<u>544</u>
Pred CTL SH/GT							
2017	37	37	37	37	37	-	-
2016	1	-	59	-	1	-	-
2015	1	-	52	-	1	-	-
2014	-	-	22	-	-	-	-
2013	-	-	18	-	-	-	-
2012	-	-	-	-	-	-	-
2011	-	-	34	-	-	-	-
2010	-	-	38	-	-	-	-
2009	-	-	36	-	-	-	-
2008	-	-	27	-	-	-	-
Subtotal	<u>39</u>	<u>37</u>	<u>321</u>	<u>37</u>	<u>39</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
HARDING COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE

Agency/Tax Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	Undistributed at Year-end	County Receivable at Year-End
Non-Rendition							
2017	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2010	2	-	160	-	2	-	-
2009	2	-	192	-	2	-	-
2008	1	-	113	-	1	-	-
Subtotal	<u>5</u>	<u>-</u>	<u>465</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>
Administrative							
2017	345	297	297	290	301	-	44
2016	29	3	310	9	14	-	15
2015	15	3	320	5	10	-	5
2014	10	2	308	2	5	-	5
2013	10	1	358	1	5	-	5
2012	9	-	360	-	4	-	5
2011	9	-	379	-	4	-	5
2010	9	-	345	-	4	-	5
2009	4	-	419	-	4	-	-
2008	17	-	4	-	4	-	13
Subtotal	<u>457</u>	<u>307</u>	<u>3,099</u>	<u>307</u>	<u>355</u>	<u>-</u>	<u>102</u>
Mesa Soil/Wtr							
2017	3,084	3,048	3,048	3,048	3,079	-	5
2016	30	1	2,805	2	30	-	-
2015	39	8	3,066	9	39	-	-
2014	30	-	3,029	-	30	-	-
2013	23	-	2,743	-	23	-	-
2012	27	-	2,738	-	27	-	-
2011	27	-	3,539	-	27	-	-
2010	35	-	3,551	-	35	-	-
2009	36	-	2,194	-	36	-	-
2008	22	-	26,713	-	22	-	-
Subtotal	<u>\$ 3,353</u>	<u>\$ 3,057</u>	<u>\$ 53,426</u>	<u>\$ 3,059</u>	<u>\$ 3,348</u>	<u>\$ -</u>	<u>\$ 5</u>
County	3,159	1,211,154	6,716,050	1,211,154	1,990,237	-	3,998
School	1,989,508	1,336,592	5,335,782	1,335,974	1,986,200	-	3,308
Town	5,545	4,791	45,477	4,702	5,440	-	105
Other	99,257	91,865	655,352	91,720	97,927	-	1,330
State	<u>252,536</u>	<u>153,573</u>	<u>863,832</u>	<u>153,460</u>	<u>251,944</u>	<u>-</u>	<u>592</u>
	<u>2,350,005</u>	<u>2,797,975</u>	<u>13,616,493</u>	<u>2,797,010</u>	<u>4,331,748</u>	<u>-</u>	<u>9,333</u>

The accompanying notes are an integral part of these financial statements.

COMPLIANCE SECTION



Griego Professional Services, LLC

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, New Mexico State Auditor
State Auditor's Office
The Board of Harding County Commissioners
Harding County
Mosquero, New Mexico

We have audited, 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds, of Harding County, New Mexico (the County) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and the combining and individual funds of the County, presented as supplementary information, and have issued our report thereon dated November 28, 2018.

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 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 misstatements on a timely basis. *A material weakness* is a deficiency, or 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, which we consider to be a significant deficiency as item FS 2015-007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items FS 2017-001, FS 2015-004 and FS 2018-001.

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

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, New Mexico
November 28, 2018

STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

Section I – Summary of Audit Results

Financial Statements:

- | | |
|----------------------------------------------------------|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | Yes |
| c. Noncompliance material to financial statements noted? | No |

STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

Section II – FINANCIAL STATEMENT FINDINGS

FS 2017-001 - (Compliance) Cash Appropriations in Excess of Available Cash Balances

Condition: The County maintained a deficit budget in excess of available cash balances in the following funds:

Law Enforcement Fund	\$	21,800
Senior Program Fund		24,252
Fire District No.1 Fund		97,325
Fire District No.2 Fund		4,100
Community Development Fund		56,500
Safety Net Care Fund		13,352
Fire District Wildfire Fund		9,973
Rosebud Wildfire Fund		3,879
Total	\$	231,181

Criteria: Section 2.2.2.10.(R)(1)(b), NMAC, states that the County’s cash balances re-budgeted to absorb budget deficits cannot exceed the actual cash balance available at the end of the prior year.

Effect: The County will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Cause: Inadequate monitoring of ending cash balances and budgeting are the cause of this problem.

Auditors’ Recommendations: The budget should be reviewed to insure all funds have adequate budget authority and cash balances for budgeted expenditures. Greater attention should be given to the budget monitoring process end of the year cash balance estimates.

Responsible Official’s Views: The Treasurer’s office understands the issue to be addressed and will make necessary Budget Adjustment Requests (BAR’s) in future years to insure this is not a repeat finding.

Corrective Action: The Treasurer’s office has been assigned the task of insuring this is not a repeat finding as of June 30, 2019. The Treasurer’s office is continuing to work on a system to insure this is not an issue in future years.

FS 2015-004 (Other Matter) Lack of Policies, Procedures and Internal Controls

Condition: Management’s list of receivables to the auditors to assist in converting the cash basis system of accounting to accrual for year-end receivables was not complete. Audit procedures were required to insure complete Accounts receivable and payable balances. The County is working with the current auditor to insure proper schedules are maintained in the future for receivables and payables.

The County has discussed this with the auditor and plans to prepare all accounts receivable and payable entries for June 30, 2018.

Criteria: Section 12-6-5 NMSA, 1978, requires governments to maintain “good accounting practices”. Among management’s responsibility as provided by *Government Auditing Standards* 1.02 is that, “...Management and officials of government programs are responsible for providing reliable, useful and timely information for transparency and accountability....” Chapter 3 of *Government Auditing Standards* allows auditors to perform nonaudit services for governments to propose journal entries to convert a cash basis accounting system to the accrual basis and assist in the preparation of financial statements from information provided by management and for which management accepts responsibility and other requirements.

State Audit Rule, 2.2.2.8 O NMAC provides that, “The Agency shall maintain adequate records....and provide complete, accurate and timely information to the IPA as requested...” The State Audit Rule also requires that financial statements be prepared in accordance with generally accepted accounting principles (GAAP).

STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

Although the County's books of account are maintained on the cash basis, Management must still maintain information necessary to prepare the GAAP financial statements to include accurate receivables and payables data. Proper recording of accruals is critical to ensuring financial statements are not misstated.

Receivables records are also particularly important for controlling grant revenues billed by the government, to ensure collection is not overlooked and monitored for timely receipt.

Effect: Information provided by Management, necessary for converting the cash basis books of account to accrual, was not complete or accurate and does not allow Management in the normal course of business to detect and correct misstatements in the financial statements on a timely basis.

Cause: Harding County does not have policies or procedures in place to record accrual information and personnel are generally not familiar with accrual accounting requirements for financial statements.

Recommendation: The County should implement policies and procedures which provide auditor's adjustments to the cash basis of accounting to encompass all necessary accrual entries for GAAP presentation of financial statements.

Management's Response: Treasurer attended an Accounting Seminar in Santa Fe, NM in calendar year 2018 to better understand the conversion of cash basis to accrual, which takes place one day a year on June 30th. Treasurer also reached out to Triadic for a crash course and a better understanding of cash basis to accrual conversion.

Corrective Action: The Treasurer's Office will work closely with the Finance Division in order to reconcile the trial balance and prepare accrual entries as of June 30, 2019. The County will provide payable and receivable entries as of June 30, 2019.

FS 2015-007 (Significant Deficiency) Capital Assets

Condition: The County's capital asset listing is complete as of June 30, 2018. The County prepared a capital asset listing that may was certified for the year ended June 30, 2018. As a result of transfers and adjustments from the work performed, it was necessary to record a \$314,458 prior period restatement to the government-wide financial statements.

The County has taken steps to update the capital asset listing and maintain a current and accurate listing going forward.

Criteria: Section 12-6-10 NMSA, 1978, requires agencies to conduct an annual physical inventory of movable chattels and equipment at the end of each year, certify the correctness, and provide the auditor a copy of the certified inventory. This section also requires agencies to capitalize only chattels and equipment costs of over \$5,000.

GASB Codification 1400 requires the reporting of capital assets in the financial statements and also recording of depreciation.

County officials have a duty to report, safeguard and provide stewardship over County assets for the benefit of the taxpayers.

Effect: County Government is in compliance with the statutory requirement of conducting an annual inventory and related accumulated depreciation; however, due to the lack of a listing in prior years, a prior period restatement was required.

Cause: In April of 2015, the County Finance Director suddenly resigned and a new Finance Director was appointed. The previous Finance Director had not maintained the capital asset ledger for the year. Accounting

STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

records were in piles and had been left for the successor to locate and file As a result; the County updated its capital asset listing during the year ended June 30, 2018.

Recommendation: We recommend the continued verification and collection of data to complete and maintain an accurate capital asset listing going forward. Adjustments should be minimized through diligent maintenance of the capital asset listing.

Management's Response: The inventory is current as of June 30, 2018. The new Finance Director has implemented an internal control system to insure completeness and accurateness going forward.

Corrective Action: All inventories are in the system. The capital assets are now placed in the inventory software monthly.

FS 2018-001 (Compliance) Exceeded Budget Authority

Criteria: Sound financial management and 6-6-6 NMSA 1978 require that budgets not be exceeded at the legal level of control. The County's legal level of control is at the expenditure function.

Condition: The County had the following expenditure functions where actual expenditures exceeded budgetary authority:

Nonmajor Funds:	
DWI Users Fund – Public Safety	1,038
Total Primary Government	\$ 1,038

Cause: The County did not make the appropriate budgetary transfers to alleviate the over-expenditure.

Effect: The County is in non compliance with New Mexico law, and the control established by the use of budgets has been compromised.

Auditor's Recommendation: The County should establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Management's Response: Harding County accepts this finding and is implementing corrective procedures to prevent this finding in the future.

Corrective Action: The Treasurer's Office (County Treasurer) and the Finance Department (Finance Officer) will insure a thorough review the final budget positions prior to year-end June 30, 2019.

Section III – PRIOR YEAR AUDIT FINDINGS

- FS 2017-001 – Cash Appropriations in Excess of Available Cash Balances - Repeated and Revised
- FS 2015-003 – Information Technology and Financial Reporting – Resolved.
- FS 2015-004 – Lack of Policies, Procedures and Internal Controls – Repeated and Revised.
- FS 2015-007 – Capital Assets – Repeated and Revised.

STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

Section IV – OTHER DISCLOSURES

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The County's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on November 20, 2018. The following individuals were in attendance.

Harding County

Harold Mackey, Commissioner
Robert Aragon, Commissioner
Pedro Laumbach, Commissioner
Felicia Esquibel, Treasurer
Evangeline Garrison, County Manager

Griego Professional Services, LLC

J.J. Griego, CPA