

**STATE OF NEW MEXICO
HARDING COUNTY**

**ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2019

**STATE OF NEW MEXICO
HARDING COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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**STATE OF NEW MEXICO
HARDING COUNTY
OFFICIAL ROSTER
AS OF JUNE 30, 2019**

COUNTY COMMISSION

Michael Lewis Chairman
Pedro Laumbach..... Vice-Chairman
Pablo Trujillo Member

ELECTED OFFICIALS

Phillip J. Trujillo County Assessor
CJ Garrison County Clerk
Felicia Esquibel..... County Treasurer
Lori Lamb Probate Judge

ADMINISTRATIVE OFFICIALS

Jennifer Baca County Manager
Evangeline Garrison Finance Director
Debra Garcia..... Chief Deputy Assessor
Will Lamb Chief Deputy Clerk
Christine Trujillo Chief Deputy Treasurer



INDEPENDENT AUDITORS' REPORT

Honorable Brian S. Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico
and
Honorable Members of the Board of 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, and the budgetary comparisons for the general fund and major special revenue funds of Harding County, New Mexico (the "County"), as of and for the year ended June 30, 2019, 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 to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the County's Proportionate Share of the Net Pension Liability on page 42-43, and Schedules of County Contributions on pages 44-45, and the notes to the required supplementary information on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 the 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 financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements for all nonmajor funds required by Section 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other schedules required by Section 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
November 26, 2019

**STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 6,611,076
Accounts Receivable:	
GRT Receivable	26,305
Property Taxes	3,991
Other Taxes	83,906
Other Receivables	13,332
Prepaid Expenses	214,324
Total Current Assets	6,952,934
Noncurrent assets:	
Restricted Cash	476
Capital Assets	14,161,988
Less: Accumulated Depreciation	(9,314,775)
Capital Assets, Net	4,847,213
Total Noncurrent assets	4,847,689
TOTAL ASSETS	11,800,623
Deferred Outflows of Resources:	
Deferred Outflows - Pension Related	504,174
Total Deferred Outflows of Resources	504,174
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 12,304,797
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts Payable	\$ 193,573
Accrued Liabilities	24,571
Compensated Absences Payable	8,916
Current Portion of Long-term Debt	27,766
Total Current Liabilities	254,826
Noncurrent Liabilities:	
Net Pension Liability	1,484,462
Long-term Debt	85,626
Total Noncurrent Liabilities	1,570,088
TOTAL LIABILITIES	1,824,914
Deferred Inflows of Resources:	
Deferred Inflows - Pension Related	93,338
Total Deferred Inflows of Resources	93,338
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,918,252
NET POSITION	
Net Investment in Capital Assets	4,733,821
Restricted	2,754,838
Unrestricted	2,897,886
Total Net Position	10,386,545
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 12,304,797

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions and Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 1,880,794	\$ -	\$ 841,479	\$ -	\$ (1,039,315)
Public Safety	301,202	-	391,066	-	89,864
Public Works	722,167	-	886,279	-	164,112
Culture and Recreation	121,834	-	65,250	-	(56,584)
Health and Welfare	36,605	-	4,730	-	(31,875)
Interest on Long-term Debt	1,955	-	-	-	(1,955)
Total Governmental Activities	<u>\$ 3,064,557</u>	<u>\$ -</u>	<u>\$ 2,188,804</u>	<u>\$ -</u>	<u>(875,753)</u>
General Revenues:					
Taxes:					
Property Taxes levied for general purposes					698,861
Gross Receipts Tax					180,267
Other					546,271
Licenses and Fees					29,911
Payments in Lieu of Taxes					124,430
Miscellaneous Income					56,686
Loss on Disposal of Capital Assets					(48,928)
Interest and Investments					79,590
Subtotal, General Revenues					<u>1,667,088</u>
Change in Net Position					791,335
Net Position, Beginning					9,452,431
Restatement					142,779
Net Position, Beginning, as Restated					<u>9,595,210</u>
Net Position, Ending					<u>\$ 10,386,545</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
HARDING COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Fire Protection Fund</u>	<u>Jail Detention Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS						
Cash and Cash Equivalents	\$ 5,067,085	\$ 458,727	\$ 243,392	\$ 429,207	\$ 412,665	\$ 6,611,076
Restricted Cash		-	-	-	476	476
Receivables:						
GRT Receivable	5,539	10,921	-	3,693	6,152	26,305
Property Taxes	3,991	-	-	-	-	3,991
Other Taxes	48,702	35,204	-	-	-	83,906
Other Receivables	-	-	-	-	13,332	13,332
Prepaid Expenses	31,470	-	182,854	-	-	214,324
TOTAL ASSETS	<u>\$ 5,156,787</u>	<u>\$ 504,852</u>	<u>\$ 426,246</u>	<u>\$ 432,900</u>	<u>\$ 432,625</u>	<u>\$ 6,953,410</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	\$ 25,089	\$ 156,942	\$ 2,759	\$ 150	\$ 8,633	\$ 193,573
Accrued Liabilities	17,349	5,629	-	-	1,593	24,571
TOTAL LIABILITIES	<u>42,438</u>	<u>162,571</u>	<u>2,759</u>	<u>150</u>	<u>10,226</u>	<u>218,144</u>
Deferred Inflows of Resources						
Unavailable Revenue - Oil and Gas Taxes	23,530	-	-	-	-	23,530
Unavailable Revenue - Property Taxes	2,954	-	-	-	-	2,954
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>26,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,484</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>68,922</u>	<u>162,571</u>	<u>2,759</u>	<u>150</u>	<u>10,226</u>	<u>244,628</u>
FUND BALANCES						
Nonspendable Fund Balance	31,470	-	-	-	-	31,470
Restricted For:						
Subsequent Year Expenditures	1,133,347	98,294	-	-	-	1,231,641
Special Revenue Funds	-	243,987	423,487	432,750	422,497	1,522,721
Debt Service Funds	-	-	-	-	476	476
Capital Projects Funds	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	3,923,048	-	-	-	(574)	3,922,474
TOTAL FUND BALANCES	<u>5,087,865</u>	<u>342,281</u>	<u>423,487</u>	<u>432,750</u>	<u>422,399</u>	<u>6,708,782</u>
TOTAL LIABILITIES FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 5,156,787</u>	<u>\$ 504,852</u>	<u>\$ 426,246</u>	<u>\$ 432,900</u>	<u>\$ 432,625</u>	<u>\$ 6,953,410</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
HARDING COUNTY
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total Fund Balance - Governmental Funds \$ 6,708,782

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

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

Capital Assets	14,161,988	
Accumulated Depreciation	<u>(9,314,775)</u>	
Capital Assets, Net		4,847,213

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:

Deferred Outflows Related to GASB 68 - Pension Plan		504,174
Deferred Inflows Related to GASB 68 - Pension Plan		<u>(93,338)</u>

Delinquent property taxes and other taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the fund financial statements, but are considered revenue in the Statement of Activities:

26,484

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

Debt: Long-term and Current Portion	(113,392)	
Net Pension Liability	(1,484,462)	
Compensated Absences Payable	<u>(8,916)</u>	
		<u>(1,606,770)</u>

Net Position of Governmental Activities **\$ 10,386,545**

**STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Road Fund	Fire Protection Fund	Jail Detention	Other Governmental Funds	Total
REVENUES:						
Property Taxes	\$ 678,000	\$ -	\$ -	\$ -	\$ 17,907	\$ 695,907
Gross Receipts Taxes	37,729	74,488	-	25,152	42,898	180,267
Other Taxes	213,347	298,219	-	-	11,175	522,741
Federal Grants	-	-	-	-	29,672	29,672
State Grants	841,479	886,279	193,106	-	238,268	2,159,132
Payments in Lieu of Taxes	124,430	-	-	-	-	124,430
Licenses and Fees	7,764	2,016	-	7,120	13,011	29,911
Interest	79,114	-	-	-	476	79,590
Miscellaneous Revenue	24,651	428	15,917	-	15,690	56,686
TOTAL REVENUES	<u>2,006,514</u>	<u>1,261,430</u>	<u>209,023</u>	<u>32,272</u>	<u>369,097</u>	<u>3,878,336</u>
EXPENDITURES						
Current						
General Government	1,465,334	-	-	-	18,278	1,483,612
Public Safety	-	-	80,764	12,975	86,701	180,440
Public Works	-	371,465	-	-	27,386	398,851
Culture and Recreation	-	-	-	-	121,834	121,834
Health and Welfare	-	-	-	-	31,365	31,365
Capital Outlay	-	744,031	-	-	-	744,031
Debt Service Principal	-	-	-	-	27,442	27,442
Debt Service Interest	-	-	-	-	1,955	1,955
TOTAL EXPENDITURES	<u>1,465,334</u>	<u>1,115,496</u>	<u>80,764</u>	<u>12,975</u>	<u>314,961</u>	<u>2,989,530</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>541,180</u>	<u>145,934</u>	<u>128,259</u>	<u>19,297</u>	<u>54,136</u>	<u>888,806</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	115,017	-	6,700	-	129,791	251,508
Transfers Out	(97,835)	(80,000)	(21,966)	-	(51,707)	(251,508)
TOTAL OTHER FINANCING SOURCES (USES)	<u>17,182</u>	<u>(80,000)</u>	<u>(15,266)</u>	<u>-</u>	<u>78,084</u>	<u>-</u>
CHANGE IN FUND BALANCE	558,362	65,934	112,993	19,297	132,220	888,806
FUND BALANCE, BEGINNING	4,393,962	245,115	310,494	413,453	290,179	5,653,203
RESTATEMENT	135,541	31,232	-	-	-	166,773
FUND BALANCE, BEGINNING AS RESTATED	<u>4,529,503</u>	<u>276,347</u>	<u>310,494</u>	<u>413,453</u>	<u>290,179</u>	<u>5,819,976</u>
FUND BALANCE, ENDING	<u>\$ 5,087,865</u>	<u>\$ 342,281</u>	<u>\$ 423,487</u>	<u>\$ 432,750</u>	<u>\$ 422,399</u>	<u>\$ 6,708,782</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
HARDING COUNTY
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, 2019**

Net Changes in Fund Balance - Governmental Funds \$ 888,806

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, the governmental activities costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the period:

Capital Outlay	744,031	
Loss on Disposal of Capital Assets	(48,928)	
Depreciation Expense	<u>(719,773)</u>	
Excess (Deficiency) of Capital Outlay over Depreciation Expense		(24,670)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Change in Unavailable Revenues	26,484
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Governmental funds report County 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 Expense	(122,295)
-----------------	-----------

In the Statement of Activities, certain operating expenses including compensated absences and long term debt payments are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid):

Debt Service Principal	27,442
(Increase) Decrease in compensated absences payable for the year	<u>(4,432)</u>

Change in Net Position of Governmental Activities **\$ 791,335**

**STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET
(NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
GENERAL FUND - 401
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES:				
Property Taxes	\$ 787,000	\$ 787,000	\$ 676,963	\$ (110,037)
Gross Receipts Taxes	30,000	30,000	38,467	8,467
Other Taxes	36,500	36,500	241,925	205,425
Federal Grants	-	-	-	-
State Grants	800,000	800,000	841,479	41,479
Payments in Lieu of Taxes	120,000	120,000	124,430	4,430
Licenses and Fees	15,770	21,570	7,764	(13,806)
Interest	28,000	28,000	75,892	47,892
Miscellaneous Revenue	300	1,281	24,651	23,370
TOTAL REVENUES	<u>1,817,570</u>	<u>1,824,351</u>	<u>2,031,571</u>	<u>207,220</u>
EXPENDITURES				
Current				
General Government	5,042,407	4,533,388	1,484,780	3,048,608
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>5,042,407</u>	<u>4,533,388</u>	<u>1,484,780</u>	<u>3,048,608</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,224,837)</u>	<u>(2,709,037)</u>	<u>546,791</u>	<u>3,255,828</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	35,016	35,016	-
Transfers Out	(97,835)	(97,835)	(97,835)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(97,835)</u>	<u>(62,819)</u>	<u>(62,819)</u>	<u>-</u>
INCREASE (DECREASE)	<u>\$ (3,322,672)</u>	<u>\$ (2,771,856)</u>	<u>\$ 483,972</u>	<u>\$ 3,255,828</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues and Transfers, Actual on a Budget Basis	\$ 2,066,587
Revenues and Transfers, Actual on Modified Accrual Basis	<u>2,121,531</u>
Adjustments to Revenues for Taxes and Intergovernmental Revenues	<u>\$ (54,944)</u>
Expenditures and Transfers, Actual on a Budget Basis	\$ 1,582,615
Expenditures and Transfers, Actual on Modified Accrual Basis	<u>1,563,169</u>
Adjustments to Expenditures for Supplies and Payroll Expense	<u>\$ 19,446</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET
(NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
ROAD FUND - 402
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	50,000	50,000	75,894	25,894
Other Taxes	258,000	258,000	295,691	37,691
Federal Grants	-	-	-	-
State Grants	607,239	886,279	886,279	-
Payments in Lieu of Taxes	-	-	-	-
Licenses and Fees	2,441	2,441	2,016	(425)
Interest	-	-	-	-
Miscellaneous Revenue	7,052	7,052	428	(6,624)
TOTAL REVENUES	<u>924,732</u>	<u>1,203,772</u>	<u>1,260,308</u>	<u>56,536</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	1,000,559	1,179,525	613,785	565,740
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	347,528	(347,528)
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>1,000,559</u>	<u>1,179,525</u>	<u>961,313</u>	<u>218,212</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(75,827)</u>	<u>24,247</u>	<u>298,995</u>	<u>274,748</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE)	<u>\$ (75,827)</u>	<u>\$ 24,247</u>	<u>\$ 298,995</u>	<u>\$ 274,748</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues and Transfers, Actual on a Budget Basis	\$ 1,260,308
Revenues and Transfers, Actual on Modified Accrual Basis	<u>1,261,430</u>
Adjustments to Revenues for Taxes and Intergovernmental Revenues	<u>\$ (1,122)</u>
Expenditures and Transfers, Actual on a Budget Basis	\$ 961,313
Expenditures and Transfers, Actual on Modified Accrual Basis	<u>1,195,496</u>
Adjustments to Expenditures for Supplies and Payroll Expense	<u>\$ (234,183)</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET
(NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
FIRE PROTECTION FUND - 407
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State Grants	139,816	193,106	193,106	-
Payments in Lieu of Taxes	-	-	-	-
Licenses and Fees	-	-	-	-
Interest	-	-	-	-
Miscellaneous Revenue	-	-	15,917	15,917
TOTAL REVENUES	139,816	193,106	209,023	15,917
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	419,467	473,143	266,680	206,463
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	419,467	473,143	266,680	206,463
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(279,651)	(280,037)	(57,657)	(337,694)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	6,700	6,700
Transfers Out	(22,159)	(22,159)	(21,966)	193
TOTAL OTHER FINANCING SOURCES (USES)	(22,159)	(22,159)	(15,266)	6,893
INCREASE (DECREASE)	\$ (301,810)	\$ (302,196)	\$ (72,923)	\$ (375,119)

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues and Transfers, Actual on a Budget Basis	\$ 215,723
Revenues and Transfers, Actual on Modified Accrual Basis	215,723
Adjustments to Revenues for Taxes and Intergovernmental Revenues	\$ -
Expenditures and Transfers, Actual on a Budget Basis	\$ 288,646
Expenditures and Transfers, Actual on Modified Accrual Basis	102,730
Adjustments to Expenditures for Supplies and Payroll Expense	\$ 185,916

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET
(NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
JUVENILE DETENTION FUND - 612
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	20,000	20,000	25,612	5,612
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State Grants	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-
Licenses and Fees	7,500	7,500	4,875	(2,625)
Interest	-	-	-	-
Miscellaneous Revenue	-	-	-	-
TOTAL REVENUES	<u>27,500</u>	<u>27,500</u>	<u>30,487</u>	<u>2,987</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	20,000	20,000	12,825	7,175
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>20,000</u>	<u>20,000</u>	<u>12,825</u>	<u>7,175</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,500</u>	<u>7,500</u>	<u>17,662</u>	<u>10,162</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE)	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 17,662</u>	<u>\$ 10,162</u>

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues and Transfers, Actual on a Budget Basis	\$ 30,487
Revenues and Transfers, Actual on Modified Accrual Basis	32,272
Adjustments to Revenues for Taxes and Intergovernmental Revenues	<u>\$ (1,785)</u>
Expenditures and Transfers, Actual on a Budget Basis	\$ 12,825
Expenditures and Transfers, Actual on Modified Accrual Basis	12,975
Adjustments to Expenditures for Supplies and Payroll Expense	<u>\$ (150)</u>

STATE OF NEW MEXICO
HARDING COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS - 705
AS OF JUNE 30, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 32,982
Oil and Gas Taxes Receivable	61,198
Property Taxes Receivable	5,886
TOTAL ASSETS	\$ 100,066
 LIABILITIES	
Deposits Held for Others	\$ 32,982
Due to Other Taxing Units	67,084
TOTAL LIABILITIES	\$ 100,066

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Harding County (the "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 social services, recreation, sanitation, planning and zoning, property assessment, tax collection and general administrative services.

Harding County is a body politic and corporate under the name and form of government selected by its qualified electors. The County may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico.
6. Protect generally the property of its county and its inhabitants;
7. Preserve peace and order within the county; and
8. Establish rates for services provided by the County utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes US GAAP for governmental units. The more significant of the County's accounting policies are described below.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. In June 2011, the GASB approved Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement No. 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

The County implemented the provisions of GASB No.'s 34, 37 and 38 effective July 1, 2002.

Financial Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, though legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (continued)

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the County has no component units, and is not a component unit of another governmental agency.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government, not including fiduciary funds. 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 County had no business-type activities.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The County's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

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

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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. Ad valorem taxes (property taxes), 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. 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. 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.

The *agency funds* are custodial in nature (assets and 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 County holds for others in an agency capacity.

Governmental funds are used to account for the County's general governmental 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.

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

The *Debt Service Funds* account for the payment of principal and interest related to the County's debt.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Under the requirements of GASB Statement 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).

The *Road Special Revenue Fund* accounts for the activities of the County's roads and highways, which provides service to the residents of the County. Authorized by sections 6-623, 7-1-6.19, 67-3-82.2, and Chapter 113, Laws of 1992, NMSA. To account for funds used to maintain County roads, including but not limited to administration, operation, maintenance, and capital outlay. Revenues are provided by motor vehicle fees, gas taxes, State appropriations, and State severance tax bonds.

The *Fire Protection Fund* accounts for the operations and maintenance for the fire districts. Financing is provided by an allotment from the State Fire Marshall under 59A-53- 1, NMSA, 1978.

The *Jail Detention Fund* accounts 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.

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 December 1, 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. Likewise, general revenues include all taxes and other items not properly included among program revenues.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County reports deferred inflows in the governmental funds regarding property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity

Deposits and 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
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds and reduces its related cost as a reimbursement.

All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

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 as revenue when levied net of estimated refunds and uncollectable amounts.

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 May 10th. Property taxes uncollected after May 10th are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st.

Inventory: The County's method of accounting for inventory is the consumption method. Under the consumption approach, the government reports inventories they purchased as an asset and defers the recognition of the expenditure until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of supplies and materials. The cost of purchased supplies and materials is recorded as an expenditure at the time individual inventory items are consumed. The County had no inventories as of June 30, 2019.

Prepaid Items: Prepaid expenses include insurance payments to vendors and reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide financial statements and the governmental fund financial statements. As of June 30, 2019, the County reported \$214,324 in prepaid items. \$31,470 relating to prepaid insurance in the general fund and \$182,854 relating to a fire truck paid for in fiscal year 2019 but not received until fiscal year 2020.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)

Capital Assets: Capital assets, which are property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The County was required to report its major general infrastructure assets retroactively to June 30, 1980. The County has made the required restatement for infrastructure assets retroactive to June 30, 1980, in order to properly implement GASB 34. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

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 are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-40
Machinery and Equipment	5-20
Infrastructure	10-20

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2019, along with applicable PERA, FICA, and Medicare payable.

Deferred Outflows of Resources: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The County has three types of items that qualifies for reporting in this category: Accordingly, the *deferred outflows of resources – pension related* reported for the year ended June 30, 2019 were \$504,174. This amount is reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in subsequent periods.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The County has two items, which arise under the modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items, unavailable revenue – property taxes and unavailable revenue – oil and gas taxes, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County has recorded \$26,484 related to property taxes and oil and gas taxes considered “unavailable.” In addition, the County has three types of deferred inflows which arise due to the implementation of GASB 68 and the related net pension liability.

Accordingly, these items, net difference between projected and actual investment earnings, change in assumptions, and differences between expected and actual experience, are reported on the Statement of Net Position. Net difference between expected and actual investment earnings are amortized into pension expense over a five-year period. Changes in assumptions are amortized into pension expense over the average remaining service life of the employee participants. Differences between expected and actual experience are amortized into pension expense over the five-year period. The County has recorded \$93,338 related to all *deferred inflows of resources – pension related*.

Compensated Absences: Qualified employees are entitled to accumulate annual leave at a rate of eight (8) hours per calendar month, at the end of each complete calendar month worked. Part-time employees accrue four (4) hours per month.

An employee may accumulate from year to year up to but no more than thirty (30) days or two hundred forty (240) hours, of accrued annual leave. If annual leave is not taken after an employee accrues two hundred forty (240) hours, it will be forfeited on a bi-weekly basis, unless approved by the County Commission. Part-time employees accrue by the same rules stated EXCEPT that the maximum hours accumulated may not exceed one hundred twenty (120) hours before forfeiting hours on a bi-weekly basis.

Unused sick leave shall accumulate from year to year up to a maximum of 240 hours for full time employees, 120 hours for part time employees. At the time of retirement or termination from the county, the employee will not be reimbursed sick leave accumulated. In no event shall the full time employees be reimbursed for more than 240 hours, or 120 hours for part time employees for vacation allowed.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. For bonds issued after GASB 34 was implemented, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or on a straight line basis if the difference is inconsequential. 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. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance: 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.

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: Consists 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 actions (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consists 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.

Restricted and Committed Fund Balance: At June 30, 2019, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$2,754,838 for various County operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet as detailed on page 6.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)

Net Position: The financial statements net position is reported in three categories: net investment in capital assets, restricted, and unrestricted:

Net investment in capital assets – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Net position is reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for “special revenue and debt service” are described on pages 17-18 and 48-49.

Unrestricted Net Position – Net position that do not meet the definition of “restricted” and “Net Investment in Capital Assets.”

Fund Balance for Subsequent Years Expenditures. According to New Mexico State Statute and the New Mexico Department of Finance and Administration (DFA), Harding County is required to reserve 3/12ths of the General Fund's budgeted expenditures (\$1,133,347) for subsequent year expenditures to maintain an adequate cash flow until the next significant property tax collection. The DFA also requires that 1/12th of the Road Fund budgeted expenditures be reserved (\$98,294). The County has incorporated this reserve requirement within its financial policies approved by the County Commission. These balances are reported as assigned to subsequent years expenditures in the General Fund. The County is in compliance with these DFA requirements.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the County are management's estimate of depreciation on assets over their estimated useful lives, the current portion of accrued compensated absences, uncollectible amounts of receivables, pension liability, and related deferred inflows and outflows of resources.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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 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 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 at the fund level.

These budgets are prepared on the Non-GAAP cash budgetary basis. Budgetary basis expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be reappropriated in the budget of the subsequent fiscal year. 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.

The budgetary information presented in these financial statements has been properly amended by County Commissioners in accordance with the above procedures.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary 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 accounting principles generally accepted in the United States of America (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, 2019 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3: DEPOSITS AND 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 pool, money market accounts, and United States Government obligations. All invested funds of the County properly followed State investment requirements as of June 30, 2019.

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 collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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 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.

All of the County's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

Custodial Credit Risk – Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$5,660,136 of the County's bank balance of \$6,910,136 was exposed to custodial credit risk. Although this amount was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the County's name. \$3,222 of the County's deposits were uninsured at June 30, 2019. \$1,611 of the County's deposits were uncollateralized at June 30, 2019.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

A list of deposits at June 30, 2019 is as follows:

	Farmer's & Stockman's Bank	Total
Total Amount of Deposits	\$ 5,906,914	\$ 5,906,914
Less: FDIC Coverage	<u>(500,000)</u>	<u>(500,000)</u>
Total Uninsured Public Funds	<u>5,406,914</u>	<u>5,406,914</u>
Collateral requirement (50% of uninsured public funds)	2,703,457	2,703,457
Pledged Securities	<u>6,050,000</u>	<u>6,050,000</u>
Total (Over) Under Collateralized	<u>\$ (3,346,543)</u>	<u>\$ (3,346,543)</u>

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 per respective institution.

The County utilizes pooled accounts for their funds. The General, Special Revenue, Debt Service, and Agency Funds are all in multiple accounts.

The County also has \$476 in NMFA reserve cash that is included as restricted cash in the Statement of Net Position.

Reconciliation of Cash and Cash Equivalents:

Reconciliation to the Statement of Net Position :

Cash and Cash Equivalents	\$ 6,611,076
Restricted Cash	476
Cash - Fiduciary	<u>32,982</u>
Total Cash and Cash Equivalents	<u>6,644,534</u>

Reconciling Items:

Add: Outstanding Checks	267,290
Less: Deposits in Transit	(1,212)
Less: Restricted Cash	(476)
Less: Brokered Certificate of Deposits	<u>(1,003,222)</u>
Balance as per Bank	<u>\$ 5,906,914</u>

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the County believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The County maintained a balance of \$3,496,478 in money market accounts and certificates of deposit (cash equivalent) at year end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the County's assets at fair value as of June 30, 2019:

<u>Institution</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Wells Fargo Bank	\$ 1,003,222	\$ -	\$ -
Farmers & Stockman's Bank	2,493,256	-	-
Total	<u>\$ 3,496,478</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4: RECEIVABLES

Receivables as of June 30, 2019 are as follows:

Receivables:	GRT	Property Taxes	Other Taxes	Other Receivables	Total
General Fund	\$ 5,539	\$ 3,991	\$ 48,702	\$ -	\$ 58,232
Road Fund	10,921	-	35,204	-	46,125
Fire Protection Fund	-	-	-	-	-
Jail Detention Fund	3,693	-	-	-	3,693
Nonmajor Governmental	6,152	-	-	13,332	19,484
Receivables, Net	<u>\$ 26,305</u>	<u>\$ 3,991</u>	<u>\$ 83,906</u>	<u>\$ 13,332</u>	<u>\$ 127,534</u>

Receivables include amounts due from other governments, property taxes, and other taxes. All receivables are current and therefore due within one year. Receivables are reported net of an allowance or uncollectible accounts. The County considered all receivables to be collectable as of June 30, 2019 and therefore, no provision for allowances were made.

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$2,954 that were not collected within the period of availability have been reclassified as deferred inflow of resources in the governmental fund financial statements.

NOTE 5: TRANSFERS

Net operating transfers made to close out funds, to supplement other funding sources, and to repay previous transfers were as follows:

Governmental Funds	Transfers In	Transfers Out
General Fund	\$ 115,017	\$ 97,835
Road Fund	-	80,000
Fire District No. 2 General Special Revenue Fund	6,700	21,966
Recording and Equipment Special Revenue Fund	2,518	-
EMT Special Revenue Fund	-	6,700
DWI Program and Grant Revenue Fund	10,000	20,000
DWI Users Fund	-	131
Law Enforcement Fund	-	7,342
Senior Programs	78,752	10,721
Debt Service Fund	29,308	-
Clerk's Escrow	-	2,813
Solid Waste Fund	2,164	-
Safety Net Care	6,919	4,000
DWI Screening	130	-
Rosebud Wildland Fire	-	-
Totals	<u>\$ 251,508</u>	<u>\$ 251,508</u>

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 6: CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2019, including those changes pursuant to the implementation of GASB Statement No. 34, follows. *Land* and *Construction in Progress* are not subject to depreciation.

Governmental Activities	Balance June 30, 2018	Increases	Decreases	Transfers / Adjustments	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 25,315	\$ -	\$ -	\$ -	\$ 25,315
Construction in Progress	-	-	-	-	-
Total Capital Assets not being depreciated	<u>25,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,315</u>
Capital assets being depreciated:					
Buildings and Improvements	5,679,233	-	45,487	(15,361)	5,618,385
Machinery and Equipment	3,895,571	-	-	76,756	3,972,327
Infrastructure	4,004,735	744,031	59,763	(143,042)	4,545,961
Total Capital Assets being depreciated	<u>13,579,539</u>	<u>744,031</u>	<u>105,250</u>	<u>(81,647)</u>	<u>14,136,673</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	3,091,971	214,706	21,985	(14,012)	3,270,680
Machinery and Equipment	3,024,635	203,105	-	40,280	3,268,020
Infrastructure	2,515,099	301,962	34,337	(6,649)	2,776,075
Total Accumulated Depreciation	<u>8,631,705</u>	<u>719,773</u>	<u>56,322</u>	<u>19,619</u>	<u>9,314,775</u>
Capital Assets, Net	<u>\$ 4,973,149</u>	<u>\$ 24,258</u>	<u>\$ 48,928</u>	<u>\$ (62,028)</u>	<u>\$ 4,847,213</u>

Depreciation expense for the year ended June 30, 2019 was charged to the following functions:

<u>Function</u>	<u>Amount</u>
General Government	\$ 270,455
Public Safety	120,762
Health and Welfare	5,240
Public Works	323,316
Total	<u>\$ 719,773</u>

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 7: LONG-TERM DEBT

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
Notes Payable	\$ 140,834	\$ -	\$ (27,442)	\$ 113,392	\$ 27,766
Compensated Absences	4,484	24,661	(20,229)	8,916	8,916
Total	\$ 145,318	\$ 24,661	\$ (47,671)	\$ 122,308	\$ 36,682

	Balance June 30, 2019
Notes Payable	\$ 113,392
Less: Current Maturities	(27,766)
Total Non-Current Liabilities	\$ 85,626

Interest expense paid on long-term debt totaled \$1,955 for the year ended June 30, 2019 as indicated on the Statement of Activities.

The annual requirement to amortize the notes payable as of June 30, 2019, including interest payments are as follows:

Notes Payable			
Year Ending June 30,	Principal	Interest	Total Requirements
2020	\$ 27,766	\$ 1,652	\$ 29,418
2021	28,114	1,324	29,438
2022	28,524	935	29,459
2023	28,988	492	29,480
2024	-	-	-
Total	\$ 113,392	\$ 4,403	\$ 117,795

Loan payments are payable from the debt service fund.

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.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 7: LONG-TERM DEBT (CONTINUED)

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 ended June 30, 2019, compensated absences increased \$4,432 over the prior year accrual. See *Note 1* for more details.

NOTE 8: UNEARNED 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.

NOTE 9: OPERATING LEASES

The County leases equipment under operating leases expiring during the next five years. Although renewal and purchase options are available on these leases, the County considers these to be operating leases as they contain a non-appropriation termination clause.

At June 30, 2019, future minimum lease payments applicable to the operating leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2020	\$ 147,210
2021	127,916
2022	81,816
2023	26,370
2024	19,778
Thereafter	-
Total	<u>\$ 403,090</u>

NOTE 10: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, or 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.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 11: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

1. Deficit fund balance of individual funds as of June 30, 2019:
 - a. EMS 2 Fund (409) - \$515
 - b. DWI Program and Grant Fund (504) - \$59
2. Excess of expenditures over appropriations. There were not any funds with expenditures in excess of budgeted appropriations.
3. Designated cash appropriations in excess of available balances. There were not any funds that exceeded approved budgetary authority for the year ended June 30, 2019.

NOTE 12: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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 5011.

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, 2018 available at: <http://s3.amazonaws.com/boardaudio/cafr/CAFR2018Final.pdf>.

Contributions: The contribution requirements of defined benefit plan members and the County 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 fiscal year 2019 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page page 43 of the PERA fiscal year 2018 annual audit report at: <http://s3.amazonaws.com/boardaudio/cafr/CAFR2018Final.pdf>.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 12: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The PERA coverage options that apply to County are Municipal Plan and Municipal Police Plan. Statutorily required contributions to the pension plan from the County were \$77,218 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2019.

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, 2018. 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, 2018. 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, 2018. Only employer contributions for the pay period end dates that fell within the period of July 1, 2018 to June 30, 2019 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2019 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, at June 30, 2019, the County reported a liability of \$1,243,609 for its proportionate share of the net pension liability. At June 30, 2019, the County’s proportion was 0.0780% percent, which increased 0.0121% from its proportion measured as of June 30, 2018.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 12: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For the year ended June 30, 2018, the County recognized PERA Fund Division Municipal pension expense of \$158,660. At June 30, 2019, the County reported PERA Fund Division Municipal deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 35,943	\$ 32,651
Changes of assumptions	112,751	7,150
Net difference between projected and actual earnings on pension plan investments	92,232	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	111,585	28,190
The County's contributions subsequent to the measurement date	<u>64,757</u>	<u>-</u>
Total	<u>\$ 417,268</u>	<u>\$ 67,991</u>

\$64,757 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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>Year Ended</u>	<u>Amount</u>
2020	\$ 152,879
2021	77,437
2022	49,204
2023	5,000
2024	<u>-</u>
Total	<u>\$ 284,520</u>

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 12: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For PERA Fund Division Municipal Police, at June 30, 2019, the County reported a liability of \$240,853 for its proportionate share of the net pension liability. At June 30, 2019, the County's proportion was 0.0353%, which increased 0.0011% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2018, the County recognized PERA Fund Division Municipal Police pension expense of \$40,806. At June 30, 2019, the County reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,791	\$ 23,875
Changes of assumptions	27,482	1,472
Net difference between projected and actual earnings on pension plan investments	16,574	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	18,598	-
The County's contributions subsequent to the measurement date	12,461	-
Total	<u>\$ 86,906</u>	<u>\$ 25,347</u>

A total of \$12,461 was reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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>Year Ended</u>	<u>Amount</u>
2020	\$ 32,639
2021	8,420
2022	7,156
2023	883
2024	-
Total	<u>\$ 49,098</u>

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 12: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (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, 2017 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, 2018 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, 2018. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2018 actuarial valuation.

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Asset valuation period	Solved for based on statutory rates
Asset valuation method	4 Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.25% annual rate
Projected benefit payment	100 years
Payroll growth	3.00% annual rate
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50% annual rate
Mortality assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to Include Real Estate	<u>20.00%</u>	6.48%
Total	<u>100.0%</u>	

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 12: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Discount rate: Previously, a select and ultimate rate of return assumption had been adopted for funding purposes but new economic assumptions were adopted for the June 30, 2018 valuations including the change to a 7.25% static rate. The discount rate used to measure the total pension liability is 7.25%. 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 GASB Statement No. 67. Therefore, the 7.25% 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 lower (6.25%) or one percentage point higher (8.25%) that the single discount rate.

<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
The County's proportionate share of the net pension liability	\$ 1,916,317	\$ 1,243,609	\$ 687,507

<u>PERA Fund Division Municipal Police</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
The County's proportionate share of the net pension liability	\$ 370,333	\$ 240,853	\$ 135,296

Payables to the pension plan: The County had an accrual for PERA benefits at June 30, 2019 in the amount of \$1,460.

NOTE 13: POST EMPLOYMENT BENEFITS—STATE RETIREE HEALTH CARE PLANS

The County has not elected to participate in the New Mexico Retiree Health Care Plan and there are no required contributions for fiscal year ending June 30, 2019.

NOTE 14: CONTINGENT 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.

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 15: TAX ABATEMENTS

The County has evaluated GASB No.77 with regard to tax abatements and has determined that the County is not a party to any agreements that abate taxes.

NOTE 16: CONCENTRATIONS

The County depends on financial resources flowing from, or associated with, property taxes, gross receipts taxes, the Federal Government and the State of New Mexico. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations; changes in gross receipts tax rates, collections, tourism, and Property values.

NOTE 17: 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 18: 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 19: NEW ACCOUNTING STANDARDS

The County reviewed subsequent pronouncements to June 30, 2019 issued by GASB noting the following statements that may have a potential material effect on the Office's financial statements in subsequent periods.

GASB 82

GASB Statement No. 82, *Fiduciary Activities* (GASB 82) establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 82 is effective for periods beginning after December 15, 2018 (FY 2020).

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 19: NEW ACCOUNTING STANDARDS (CONTINUED)

GASB 87

GASB Statement No. 87, *Leases* (GASB 87) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 is effective for periods beginning after December 15, 2019 (FY 2021) with earlier application encouraged.

NOTE 20: RESTATEMENT

The General Fund and Road Fund beginning fund balance was restated by \$135,541 and \$31,232, respectively. The cause of the restatement was prior year unearned revenue which should have been recorded in the as revenue in the prior year. Furthermore, beginning Net Position was restated by \$142,779 as a result of the items mentioned above coupled with adjustments to capital assets.

NOTE 21: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 26, 2019 which is the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF THE COUNTY'S
PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL FUND
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

MUNICIPAL GENERAL FUND

	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net pension liability	0.0780%	0.0659%	0.0705%
County's proportionate share of the net pension liability	\$ 1,243,609	\$ 905,522	\$ 1,126,353
County's covered-employee payroll	\$ 678,080	\$ 706,394	\$ 700,720
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	183.40%	128.19%	160.74%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%
	<u>2016</u>	<u>2015</u>	
County's proportion of the net pension liability	0.0705%	0.0751%	
County's proportionate share of the net pension liability	\$ 718,809	\$ 585,861	
County's covered-employee payroll	\$ 529,285	\$ 551,375	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.81%	106.25%	
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%	

*The amounts presented 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 will present information for those years for which information is available.

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF THE COUNTY'S
PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL POLICE FUND
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

MUNICIPAL POLICE FUND

	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net pension liability	0.0353%	0.0342%	0.0328%
County's proportionate share of the net pension liability	\$ 240,853	\$ 190,003	\$ 242,008
County's covered-employee payroll	\$ 119,816	\$ 133,098	\$ 81,842
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	201.02%	142.75%	295.70%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%
	<u>2016</u>	<u>2015</u>	
County's proportion of the net pension liability	1.0620%	0.0233%	
County's proportionate share of the net pension liability	\$ 119,252	\$ 75,955	
County's covered-employee payroll	\$ 70,206	\$ 88,417	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	169.86%	85.91%	
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%	

*The amounts presented 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 will present information for those years for which information is available.

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF THE COUNTY'S
CONTRIBUTIONS TO PERA PLAN DIVISION MUNICIPAL GENERAL FUND
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

MUNICIPAL GENERAL FUND

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 64,757	\$ 84,228	\$ 57,266
Contributions in relation to the contractually required contribution	<u>\$ 64,757</u>	<u>\$ 55,295</u>	<u>\$ 57,266</u>
Contribution deficiency (excess)	\$ -	\$ 28,933	\$
County's covered-employee payroll	\$ 678,080	\$ 706,394	\$ 700,720
Contributions as a percentage of covered-employee payroll	9.55%	11.92%	8.17%
	<u>2016</u>	<u>2015</u>	
Contractually required contribution	\$ 55,755	\$ 59,023	
Contributions in relation to the contractually required contribution	<u>55,755</u>	<u>59,023</u>	
Contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$ 529,285	\$ 551,375	
Contributions as a percentage of covered-employee payroll	10.53%	10.70%	

*The amounts presented 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 will present information for those years for which information is available.

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF THE COUNTY'S
CONTRIBUTIONS TO PERA PLAN DIVISION MUNICIPAL POLICE FUND
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

MUNICIPAL POLICE FUND

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 12,461	\$ 36,124	\$ 13,847
Contributions in relation to the contractually required contribution	<u>\$ 12,461</u>	<u>\$ 13,335</u>	<u>\$ 13,847</u>
Contribution deficiency (excess)	\$ -	\$ 22,789	\$
County's covered-employee payroll	\$ 119,816	\$ 133,098	\$ 81,842
Contributions as a percentage of covered-employee payroll	10.40%	27.14%	16.92%
	<u>2016</u>	<u>2015</u>	
Contractually required contribution	\$ 12,208	\$ 9,563	
Contributions in relation to the contractually required contribution	<u>\$ 12,208</u>	<u>\$ 9,563</u>	
Contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$ 70,206	\$ 88,417	
Contributions as a percentage of covered-employee payroll	17.39%	10.82%	

*The amounts presented 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 will present information for those years for which information is available.

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

Changes of benefit terms: The COLA and retirement eligibility benefits changes in recent years are described in *Note 1* of PERA's CAFR:

<http://s3.amazonaws.com/boardaudio/cafr/CAFR2018Final.pdf>.

Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at:

<http://www.nmpera.org/for-employers/gasbinformation>.

See Independent Auditors' Report

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
HARDING COUNTY
NONMAJOR FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Farm and Range Fund (403) – Authorized by the Federal Taylor Grazing Act. Expenditures are restricted to soil conservation, rodent control, and related activities.

Indigent Claims Fund (742) – To account for revenues received from state shared gross receipts taxes for hospital service for indigent citizens of the County. The fund was created by authority of state statute (see Section 7-2OE-9, NMSA 1978 Compilation).

Emergency Medical Service (EMS) Fund (406) – To account for revenues and expenditures for Emergency Medical Services in Harding County. These funds were created by the authority of state statute (see Section 59A-53-5, NMSA 1978 Compilation).

Emergency Medical Services Fund (EMS No. 1 and No. 2) (409) - 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 (425) – 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).

Reappraisal Fund (499) – To account for funds used to provide valuation services to Harding County and other local entities. This fund was created by authority of state statute, Section 7-38-38-1, NMSA 1978.

EMT Fund (501) - 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.

DWI Program and Grant Fund (504) – 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 (505) – 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 (609) – 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 (717) - 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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
NONMAJOR FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

Senior Program Fund (727) – To account for the operations of the senior citizen centers funded by Non-Metro 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 Non-Metro 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.

County Health Program (728) - 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.

Clerk's Escrow (426) - The purpose of this fund is a contractual agreement in which a third party receives and disburses money or documents for the primary transacting parties. Authorized by Harding County Comm.

Fire District # 1 (413) - 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.

Overpayment of Taxes (471) – To receive, track and apply excess tax payments. 2018 State of NM 1953.

Solid Waste Fund (500) - 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 (502) - To account for the safety net care pool.

DWI Comp Fund (509) – Funding is a donation that comes from Juvenile Probation Office from minors in possession fines in lieu of jail time.

DWI Screening Fund (510) – Referrals come from Magistrate and Municipal courts and also from the Juvenile Probation office. DWI offenders are normally screened after conviction. We screen at the courthouse and at the sheriff's office. The County charges \$100.00 for the screening fee. These fees are dependent on annual DWI convictions which have been decreasing in Harding County. Costs attributed to screening include court attendance, telephone, internet, copy machine lease, supplies. Reported under the *DWI Program*.

Fire # 1 Wildfire (410) - 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 (411) - To account for money received for wildland fires for the Rosebud Fire District through the Energy, Minerals and Natural Resources Department, Forestry Division.

RHSD Apparatus (421) – NMPRC, FY 2019 grant to purchase apparatus.

Debt Service Fund

Debt Service Fund (900) – To account for the payment of principal and interest related to the County's debt.

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019**

	Special Revenue			
	Farm and Range Fund	Indigent Claims Fund	EMS No. 1 Fund	EMS No. 2 Fund
ASSETS				
Cash and Cash Equivalents	\$ 770	\$ -	\$ 1,292	\$ -
Restricted Cash	-	-	-	-
Receivables:				
GRT Receivable	-	-	-	-
Property Taxes	-	-	-	-
Other Taxes	-	-	-	-
Other Receivables	-	-	-	-
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ 1,292</u>	<u>\$ -</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 1,290	\$ 515
Accrued Liabilities	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,290</u>	<u>515</u>
 Deferred Inflows of Resources				
Unavailable Revenue - Oil and Gas Taxes	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>1,290</u>	<u>515</u>
 FUND BALANCES				
Nonspendable Fund Balance	-	-	-	-
Restricted For:				
Subsequent Year Expenditures	-	-	-	-
Special Revenue Funds	770	-	2	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(515)
TOTAL FUND BALANCES	<u>770</u>	<u>-</u>	<u>2</u>	<u>(515)</u>
TOTAL LIABILITIES FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ 1,292</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
AS OF JUNE 30, 2019**

	Special Revenue			
	Recording and Equipment Fund	Reappraisal Fund	EMT Fund	DWI Program and Grant Fund
ASSETS				
Cash and Cash Equivalents	\$ 25,574	\$ 38,487	\$ 74,641	\$ 188
Restricted Cash	-	-	-	-
Receivables:				
GRT Receivable	-	-	1,538	-
Property Taxes	-	-	-	-
Other Taxes	-	-	-	-
Other Receivables	-	-	-	-
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 25,574</u>	<u>\$ 38,487</u>	<u>\$ 76,179</u>	<u>\$ 188</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 247
Accrued Liabilities	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>247</u>
 Deferred Inflows of Resources				
Unavailable Revenue - Oil and Gas Taxes	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>247</u>
 FUND BALANCES				
Nonspendable Fund Balance	-	-	-	-
Restricted For:				
Subsequent Year Expenditures	-	-	-	-
Special Revenue Funds	25,574	38,487	76,179	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(59)
TOTAL FUND BALANCES	<u>25,574</u>	<u>38,487</u>	<u>76,179</u>	<u>(59)</u>
TOTAL LIABILITIES FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 25,574</u>	<u>\$ 38,487</u>	<u>\$ 76,179</u>	<u>\$ 188</u>

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
AS OF JUNE 30, 2019**

	Special Revenue			
	DWI Users Fund	Law Enforcement Fund	Rural Addressing Fund	Senior Program Fund
ASSETS				
Cash and Cash Equivalents	\$ 1,428	\$ 24,833	\$ 13,604	\$ 35,996
Restricted Cash	-	-	-	-
Receivables:				
GRT Receivable	-	-	-	-
Property Taxes	-	-	-	-
Other Taxes	-	-	-	-
Other Receivables	-	-	-	10,071
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 1,428</u>	<u>\$ 24,833</u>	<u>\$ 13,604</u>	<u>\$ 46,067</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 60	\$ -	\$ 422	\$ 1,369
Accrued Liabilities	-	-	-	1,593
TOTAL LIABILITIES	<u>60</u>	<u>-</u>	<u>422</u>	<u>2,962</u>
 Deferred Inflows of Resources				
Unavailable Revenue - Oil and Gas Taxes	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>60</u>	<u>-</u>	<u>422</u>	<u>2,962</u>
 FUND BALANCES				
Nonspendable Fund Balance	-	-	-	-
Restricted For:				
Subsequent Year Expenditures	-	-	-	-
Special Revenue Funds	1,368	24,833	13,182	43,105
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>1,368</u>	<u>24,833</u>	<u>13,182</u>	<u>43,105</u>
TOTAL LIABILITIES FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,428</u>	<u>\$ 24,833</u>	<u>\$ 13,604</u>	<u>\$ 46,067</u>

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS -
CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue		
	County Health Program Fund	Clerk's Escrow Fund	Fire District # 1 General Fund
ASSETS			
Cash and Cash Equivalents	\$ 4,730	\$ -	\$ 4,702
Restricted Cash	-	-	-
Receivables:			
GRT Receivable	-	-	-
Property Taxes	-	-	-
Other Taxes	-	-	-
Other Receivables	-	-	-
Prepaid Expenses	-	-	-
TOTAL ASSETS	<u>\$ 4,730</u>	<u>\$ -</u>	<u>\$ 4,702</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 4,730	\$ -	\$ -
Accrued Liabilities	-	-	-
TOTAL LIABILITIES	<u>4,730</u>	<u>-</u>	<u>-</u>
 Deferred Inflows of Resources			
Unavailable Revenue - Oil and Gas Taxes	-	-	-
Unavailable Revenue - Property Taxes	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>4,730</u>	<u>-</u>	<u>-</u>
 FUND BALANCES			
Nonspendable Fund Balance	-	-	-
Restricted For:			
Subsequent Year Expenditures	-	-	-
Special Revenue Funds	-	-	4,702
Debt Service Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>4,702</u>
TOTAL LIABILITIES FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 4,730</u>	<u>\$ -</u>	<u>\$ 4,702</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS -
CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue				
	Overpayment of Taxes Fund	Solid Waste Fund	Safety Net Fund	DWI Comp Fund	DWI Screening Fund
ASSETS					
Cash and Cash Equivalents	\$ 1,104	\$ 10,477	\$ 12,520	\$ 300	\$ 230
Restricted Cash	-	-	-	-	-
Receivables:					
GRT Receivable	-	4,614	-	-	-
Property Taxes	-	-	-	-	-
Other Taxes	-	-	-	-	-
Other Receivables	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,104</u>	<u>\$ 15,091</u>	<u>\$ 12,520</u>	<u>\$ 300</u>	<u>\$ 230</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable Revenue - Oil and Gas Taxes	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance	-	-	-	-	-
Restricted For:					
Subsequent Year Expenditures	-	-	-	-	-
Special Revenue Funds	1,104	15,091	12,520	300	230
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,104</u>	<u>15,091</u>	<u>12,520</u>	<u>300</u>	<u>230</u>
TOTAL LIABILITIES FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,104</u>	<u>\$ 15,091</u>	<u>\$ 12,520</u>	<u>\$ 300</u>	<u>\$ 230</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS -
CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Fire #1 Wildland Wildland Fund	Rosebud Wildland Fire Fund	RHSD Apparatus Fund	Debt Service Fund	
ASSETS					
Cash and Cash Equivalents	\$ 26,935	\$ 34,854	\$ 100,000	\$ -	\$ 412,665
Restricted Cash	-	-	-	476	476
Receivables:					
GRT Receivable	-	-	-	-	6,152
Property Taxes	-	-	-	-	-
Other Taxes	-	-	-	-	-
Other Receivables	-	3,261	-	-	13,332
Prepaid Expenses	-	-	-	-	-
TOTAL ASSETS	<u>\$ 26,935</u>	<u>\$ 38,115</u>	<u>\$ 100,000</u>	<u>\$ 476</u>	<u>\$ 432,625</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 8,633
Accrued Liabilities	-	-	-	-	1,593
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,226</u>
Deferred Inflows of Resources					
Unavailable Revenue - Oil and Gas Taxes	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,226</u>
FUND BALANCES					
Nonspendable Fund Balance	-	-	-	-	-
Restricted For:					
Subsequent Year Expenditures	-	-	-	-	-
Special Revenue Funds	26,935	38,115	100,000	-	422,497
Debt Service Funds	-	-	-	476	476
Capital Projects Funds	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(574)
TOTAL FUND BALANCES	<u>26,935</u>	<u>38,115</u>	<u>100,000</u>	<u>476</u>	<u>422,399</u>
TOTAL LIABILITIES FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 26,935</u>	<u>\$ 38,115</u>	<u>\$ 100,000</u>	<u>\$ 476</u>	<u>\$ 432,625</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue			
	Farm and Range Fund	Indigent Claims Fund	EMS No. 1 Fund	EMS No. 2 Fund
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Other Taxes	-	11,175	-	-
Federal Grants	-	-	-	-
State Grants	-	-	1,500	12,660
Licenses and Fees	-	-	-	-
Interest	-	-	-	-
Miscellaneous Revenue	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>11,175</u>	<u>1,500</u>	<u>12,660</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	1,440	14,731
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	13,155	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>13,155</u>	<u>1,440</u>	<u>14,731</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(1,980)</u>	<u>60</u>	<u>(2,071)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	-	(1,980)	60	(2,071)
FUND BALANCE, BEGINNING RESTATEMENT	770	1,980	(58)	1,556
FUND BALANCE, BEGINNING AS RESTATED	<u>770</u>	<u>1,980</u>	<u>(58)</u>	<u>1,556</u>
FUND BALANCE, ENDING	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ (515)</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue			
	Recording and Equipment Fund	Reappraisal Fund	EMT Fund	DWI Program and Grant Fund
REVENUES:				
Property Taxes	\$ -	\$ 16,803	\$ -	\$ -
Gross Receipts Taxes	-	-	10,764	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	-
State Grants	-	-	-	62,000
Licenses and Fees	2,730	-	-	-
Interest	-	-	-	-
Miscellaneous Revenue	456	-	-	-
TOTAL REVENUES	<u>3,186</u>	<u>16,803</u>	<u>10,764</u>	<u>62,000</u>
EXPENDITURES				
Current				
General Government	-	15,000	-	-
Public Safety	-	-	-	62,128
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>62,128</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,186</u>	<u>1,803</u>	<u>10,764</u>	<u>(128)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,518	-	-	10,000
Transfers Out	-	-	(6,700)	(20,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,518</u>	<u>-</u>	<u>(6,700)</u>	<u>(10,000)</u>
CHANGE IN FUND BALANCE	5,704	1,803	4,064	(10,128)
FUND BALANCE, BEGINNING RESTATEMENT	19,870	36,684	72,115	10,069
FUND BALANCE, BEGINNING AS RESTATED	<u>19,870</u>	<u>36,684</u>	<u>72,115</u>	<u>10,069</u>
FUND BALANCE, ENDING	<u>\$ 25,574</u>	<u>\$ 38,487</u>	<u>\$ 76,179</u>	<u>\$ (59)</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue			
	DWI Users Fund	Law Enforcement Fund	Rural Addressing Fund	Senior Program Fund
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Other Taxes	-	-	-	-
Federal Grants	-	-	-	29,672
State Grants	-	21,800	-	35,578
Licenses and Fees	263	-	-	-
Interest	-	-	-	-
Miscellaneous Revenue	1,360	192	-	10,869
TOTAL REVENUES	<u>1,623</u>	<u>21,992</u>	<u>-</u>	<u>76,119</u>
EXPENDITURES				
Current				
General Government	-	-	3,174	-
Public Safety	1,289	6,788	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	121,834
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>1,289</u>	<u>6,788</u>	<u>3,174</u>	<u>121,834</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>334</u>	<u>15,204</u>	<u>(3,174)</u>	<u>(45,715)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	78,752
Transfers Out	(131)	(7,342)	-	(10,721)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(131)</u>	<u>(7,342)</u>	<u>-</u>	<u>68,031</u>
CHANGE IN FUND BALANCE	203	7,862	(3,174)	22,316
FUND BALANCE, BEGINNING RESTATEMENT	1,165	16,971	16,356	20,789
FUND BALANCE, BEGINNING AS RESTATED	<u>1,165</u>	<u>16,971</u>	<u>16,356</u>	<u>20,789</u>
FUND BALANCE, ENDING	<u>\$ 1,368</u>	<u>\$ 24,833</u>	<u>\$ 13,182</u>	<u>\$ 43,105</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue		
	County Health Program Fund	Clerk's Escrow Fund	Fire District # 1 General Fund
REVENUES:			
Property Taxes	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-
Other Taxes	-	-	-
Federal Grants	-	-	-
State Grants	4,730	-	-
Licenses and Fees	-	-	-
Interest	-	-	-
Miscellaneous Revenue	-	2,813	-
TOTAL REVENUES	<u>4,730</u>	<u>2,813</u>	<u>-</u>
EXPENDITURES			
Current			
General Government	-	-	-
Public Safety	-	-	125
Public Works	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	4,730	-	-
Capital Outlay	-	-	-
Debt Service Principal	-	-	-
Debt Service Interest	-	-	-
TOTAL EXPENDITURES	<u>4,730</u>	<u>-</u>	<u>125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>2,813</u>	<u>(125)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	(2,813)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(2,813)</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(125)</u>
FUND BALANCE, BEGINNING RESTATEMENT	<u>-</u>	<u>-</u>	<u>4,827</u>
FUND BALANCE, BEGINNING AS RESTATED	<u>-</u>	<u>-</u>	<u>4,827</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,702</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue				
	Overpayment of Taxes Fund	Solid Waste Fund	Safety Net Fund	DWI Comp Fund	DWI Screening Fund
REVENUES:					
Property Taxes	\$ 1,104	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	32,134	-	-	-
Other Taxes	-	-	-	-	-
Federal Grants	-	-	-	-	-
State Grants	-	-	-	-	-
Licenses and Fees	-	-	-	300	100
Interest	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-
TOTAL REVENUES	<u>1,104</u>	<u>32,134</u>	<u>-</u>	<u>300</u>	<u>100</u>
EXPENDITURES					
Current					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	27,386	-	-	-
Culture and Recreation	-	-	-	-	-
Health and Welfare	-	-	13,480	-	-
Capital Outlay	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
Debt Service Interest	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>27,386</u>	<u>13,480</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,104</u>	<u>4,748</u>	<u>(13,480)</u>	<u>300</u>	<u>100</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	2,164	6,919	-	130
Transfers Out	-	-	(4,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,164</u>	<u>2,919</u>	<u>-</u>	<u>130</u>
CHANGE IN FUND BALANCE	1,104	6,912	(10,561)	300	230
FUND BALANCE, BEGINNING	-	8,179	23,081	-	-
RESTATEMENT	-	-	-	-	-
FUND BALANCE, BEGINNING AS RESTATED	<u>-</u>	<u>8,179</u>	<u>23,081</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,104</u>	<u>\$ 15,091</u>	<u>\$ 12,520</u>	<u>\$ 300</u>	<u>\$ 230</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Fire #1 Wildland Wildland Fund	Rosebud Wildland Fire Fund	RHSD Apparatus Fund	Debt Service Fund	
REVENUES:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 17,907
Gross Receipts Taxes	-	-	-	-	42,898
Other Taxes	-	-	-	-	11,175
Federal Grants	-	-	-	-	29,672
State Grants	-	-	100,000	-	238,268
Licenses and Fees	1,785	7,833	-	-	13,011
Interest	-	-	-	476	476
Miscellaneous Revenue	-	-	-	-	15,690
TOTAL REVENUES	<u>1,785</u>	<u>7,833</u>	<u>100,000</u>	<u>476</u>	<u>369,097</u>
EXPENDITURES					
Current					
General Government	-	-	-	104	18,278
Public Safety	200	-	-	-	86,701
Public Works	-	-	-	-	27,386
Culture and Recreation	-	-	-	-	121,834
Health and Welfare	-	-	-	-	31,365
Capital Outlay	-	-	-	-	-
Debt Service Principal	-	-	-	27,442	27,442
Debt Service Interest	-	-	-	1,955	1,955
TOTAL EXPENDITURES	<u>200</u>	<u>-</u>	<u>-</u>	<u>29,501</u>	<u>314,961</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,585</u>	<u>7,833</u>	<u>100,000</u>	<u>(29,025)</u>	<u>54,136</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	29,308	129,791
Transfers Out	-	-	-	-	(51,707)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,308</u>	<u>78,084</u>
CHANGE IN FUND BALANCE	1,585	7,833	100,000	283	132,220
FUND BALANCE, BEGINNING RESTATEMENT	25,350	30,282	-	193	290,179
FUND BALANCE, BEGINNING AS RESTATED	<u>25,350</u>	<u>30,282</u>	<u>-</u>	<u>193</u>	<u>290,179</u>
FUND BALANCE, ENDING	<u>\$ 26,935</u>	<u>\$ 38,115</u>	<u>\$ 100,000</u>	<u>\$ 476</u>	<u>\$ 422,399</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
FIDUCIARY FUNDS - DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

Fiduciary Fund

Agency funds - To account for the collection and payment of property taxes, other taxes and special fees to other governmental agencies. Agency funds are purely custodial and do not involve measurement of results of operations.

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and Cash Equivalents	\$ 32,986	\$ -	\$ 4	\$ 32,982
Oil and Gas Taxes Receivable	-	61,198	-	61,198
Property Taxes Receivable	4,569	726,139	724,822	5,886
Total Assets	<u>\$ 37,555</u>	<u>\$ 787,337</u>	<u>\$ 724,826</u>	<u>\$ 100,066</u>
Liabilities				
Deposits Held for Others	\$ 32,986	\$ -	\$ 4	\$ 32,982
Due to Other Taxing Units	4,569	787,337	724,822	67,084
Total Liabilities	<u>\$ 37,555</u>	<u>\$ 787,337</u>	<u>\$ 724,826</u>	<u>\$ 100,066</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF CASH AND TEMPORARY INVESTMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Bank Account Type / Name	Wells Fargo Bank	Farmers & Stockman's Bank	New Mexico Finance Authority	Total
Harding County Treasurer	\$ -	\$ 3,413,658	\$ -	\$ 3,413,658
Harding County MMA	-	433,256	-	433,256
Certificates of Deposit	1,003,222	2,060,000	-	3,063,222
NMFA Restricted for Debt Service	-	-	476	476
Total On Deposit	<u>1,003,222</u>	<u>5,906,914</u>	<u>476</u>	<u>6,910,612</u>
Reconciling Items:				
Deposits in Transit	-	1,212	-	1,212
Outstanding Checks	-	(267,290)	-	(267,290)
Reconciled Balance June 30, 2019	<u>\$ 1,003,222</u>	<u>\$ 5,640,836</u>	<u>\$ 476</u>	6,644,534
Less: Agency Funds				(32,982)
Less: Restricted Cash				(476)
Total Unrestricted Cash and Cash Equivalents				<u>\$ 6,611,076</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF PLEDGED COLLATERAL
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Letter of Credit #</u>	<u>Maturity</u>	<u>Fair Market Value at June 30, 2019</u>	<u>Name and Location of Safekeeper</u>
Farmers & Stockmens Bank	FHLB LOC	3615000082	12/20/2019	\$ 400,000	Federal Home Loan Bank
Farmers & Stockmens Bank	FHLB LOC	3615000083	12/30/2019	5,350,000	Federal Home Loan Bank
Farmers & Stockmens Bank	FHLB LOC	3615000087	3/30/2020	300,000	Federal Home Loan Bank
Total			Total	<u>\$ 6,050,000</u>	

See Independent Auditors' Report

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
HARDING COUNTY
TAX ROLL RECONCILIATION – CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2019**

Property Taxes Receivable, Beginning of Year	\$	9,333
Changes to Tax Roll:		
Net Taxes Charged to Treasurer for Fiscal Year		1,680,104
Adjustments:		
Increases in taxes receivable		4,507
Charge off of taxes receivable		(3,069)
Other Adjustments		(34)
Total Receivables Prior to Collections		<u>1,690,841</u>
Collections for the Fiscal Year Ended June 30, 2019		<u>(1,680,964)</u>
Property Taxes Receivable, End of Year	\$	<u><u>9,877</u></u>
Property Taxes Receivable by years:		
2009 - 2012	\$	1,027
2013		5
2014		5
2015		379
2016		497
2017		1,396
2018		6,568
Total Property Taxes Receivable	\$	<u><u>9,877</u></u>
Property taxes receivable reported in the financial statements as follows:		
Statement of Net Position	\$	3,991
Statement of Fiduciary Assets and Liabilities		<u>5,886</u>
Total Property Taxes Receivable	\$	<u><u>9,877</u></u>

**STATE OF NEW MEXICO
HARDING COUNTY
PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

Agency	Year	Property Taxes Levied	Collected in Current		Distributed in Current Year	Distributed to Date	County Receivable at Year End
			Year	Collected to Date			
NM Debt Service	2018	\$ 87,399	\$ 6	\$ 87,394	\$ 86,987	\$ 86,987	\$ 407
NM Debt Service	2017	103,150	1,577	101,573	225	101,474	98
NM Debt Service	2016	115,047	8,135	106,912	148	106,878	34
NM Debt Service	2015	137,063	24,335	112,728	72	112,701	27
NM Debt Service	2014	121,094	23,209	97,884	1	97,884	-
NM Debt Service	2013	103,290	20,451	82,839	-	82,839	-
NM Debt Service	2012	104,535	20,027	84,509	-	84,473	36
NM Debt Service	2011	98,006	(7,976)	105,982	-	105,982	-
NM Debt Service	2010	80,301	(1,590)	81,892	-	81,888	4
NM Debt Service	2009	62,353	4,766	57,586	-	57,584	2
Total		<u>1,012,238</u>	<u>92,940</u>	<u>919,299</u>	<u>87,433</u>	<u>918,690</u>	<u>608</u>
Co-Operation	2018	680,958	(203)	681,161	678,508	678,508	2,653
Co-Operation	2017	809,673	12,583	797,091	1,532	796,474	617
Co-Operation	2016	904,950	64,899	840,053	1,003	839,835	218
Co-Operation	2015	1,080,900	194,148	886,751	475	886,578	174
Co-Operation	2014	939,675	181,996	757,679	6	757,679	-
Co-Operation	2013	814,005	163,179	650,826	-	650,826	-
Co-Operation	2012	824,688	159,762	664,926	-	664,641	284
Co-Operation	2011	746,800	(61,467)	808,267	-	808,267	-
Co-Operation	2010	544,649	(10,923)	555,573	-	555,545	27
Co-Operation	2009	528,266	40,749	487,517	-	487,499	18
Total		<u>7,874,564</u>	<u>744,723</u>	<u>7,129,844</u>	<u>681,524</u>	<u>7,125,852</u>	<u>3,991</u>
Municipal Operations	2018	5,291	66	5,226	4,961	4,961	264
Municipal Operations	2017	4,941	120	4,822	60	4,725	97
Municipal Operations	2016	4,908	86	4,822	30	4,792	31
Municipal Operations	2015	4,965	54	4,911	1	4,882	29
Municipal Operations	2014	4,916	-	4,916	1	4,916	-
Municipal Operations	2013	4,746	(23)	4,770	-	4,770	-
Municipal Operations	2012	4,731	(3)	4,734	-	4,734	-
Municipal Operations	2011	4,521	-	4,521	-	4,521	-
Municipal Operations	2010	4,344	-	4,344	-	4,338	6
Municipal Operations	2009	3,998	39	3,959	-	3,955	4
Total		<u>\$ 47,361</u>	<u>\$ 339</u>	<u>\$ 47,025</u>	<u>\$ 5,053</u>	<u>\$ 46,594</u>	<u>\$ 431</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
PROPERTY TAX SCHEDULE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

Agency	Year	Property Taxes Levied	Collected in Current		Distributed in		County Receivable at
			Year	Collected to Date	Current Year	Distributed to Date	
Sch Levy	2018	\$ 30,642	\$ (6)	\$ 30,648	\$ 30,540	\$ 30,540	\$ 109
Sch Levy	2017	37,233	580	36,653	73	36,626	27
Sch Levy	2016	41,619	2,991	38,628	50	38,619	10
Sch Levy	2015	49,627	8,947	40,681	26	40,673	8
Sch Levy	2014	43,219	8,413	34,805	-	34,805	-
Sch Levy	2013	37,394	7,521	29,874	-	29,874	-
Sch Levy	2012	37,202	7,215	29,987	-	29,974	13
Sch Levy	2011	33,314	(2,731)	36,045	-	36,045	-
Sch Levy	2010	24,371	(489)	24,860	-	24,859	1
Sch Levy	2009	23,926	1,826	22,100	-	22,099	1
Total		<u>358,547</u>	<u>34,267</u>	<u>324,281</u>	<u>30,689</u>	<u>324,114</u>	<u>169</u>
Sch Debt Service	2018	621,304	413	620,892	619,052	619,052	1,839
Sch Debt Service	2017	731,329	11,745	719,583	1,069	719,189	395
Sch Debt Service	2016	842,375	64,364	778,010	609	777,865	145
Sch Debt Service	2015	771,628	143,030	628,597	207	628,498	99
Sch Debt Service	2014	605,869	119,796	486,074	3	486,073	-
Sch Debt Service	2013	425,244	85,104	340,140	-	340,140	-
Sch Debt Service	2012	293,230	54,877	238,353	-	238,227	126
Sch Debt Service	2011	237,068	(18,277)	255,345	-	255,345	-
Sch Debt Service	2010	282,753	(5,630)	288,382	-	288,368	15
Sch Debt Service	2009	117,718	6,708	111,011	-	111,002	9
Total		<u>4,928,518</u>	<u>462,130</u>	<u>4,466,387</u>	<u>620,940</u>	<u>4,463,759</u>	<u>2,628</u>
Sch Capital Improvements	2018	125,001	21	124,979	124,451	124,451	528
Sch Capital Improvements	2017	151,299	2,319	148,980	326	148,843	137
Sch Capital Improvements	2016	168,799	11,964	156,836	212	156,787	48
Sch Capital Improvements	2015	200,400	35,786	164,614	104	164,576	38
Sch Capital Improvements	2014	174,906	33,689	141,218	1	141,218	-
Sch Capital Improvements	2013	151,635	30,076	121,559	-	121,559	-
Sch Capital Improvements	2012	153,590	29,449	124,141	-	124,088	52
Sch Capital Improvements	2011	143,148	(11,658)	154,806	-	154,806	-
Sch Capital Improvements	2010	104,783	(2,078)	106,862	-	106,856	5
Sch Capital Improvements	2009	97,682	7,310	90,372	-	90,369	4
Total		<u>\$ 1,471,243</u>	<u>\$ 136,878</u>	<u>\$ 1,334,367</u>	<u>\$ 125,094</u>	<u>\$ 1,333,553</u>	<u>\$ 812</u>

**STATE OF NEW MEXICO
HARDING COUNTY
PROPERTY TAX SCHEDULE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

Agency	Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	County Receivable at Year End
Sch Educ Tech	2018	\$ 46,867	\$ 54	\$ 46,813	\$ 46,739	\$ 46,739	\$ 74
Sch Educ Tech	2017	56,968	959	56,008	41	56,001	8
Sch Educ Tech	2016	48,262	3,917	44,345	14	44,342	3
Sch Educ Tech	2015	-	-	-	-	-	-
Sch Educ Tech	2014	-	-	-	-	-	-
Sch Educ Tech	2013	-	-	-	-	-	-
Sch Educ Tech	2012	-	-	-	-	-	-
Sch Educ Tech	2011	-	-	-	-	-	-
Sch Educ Tech	2010	-	-	-	-	-	-
Sch Educ Tech	2009	-	-	-	-	-	-
Total		<u>152,097</u>	<u>4,930</u>	<u>147,166</u>	<u>46,794</u>	<u>147,082</u>	<u>85</u>
Ute Creek	2018	2,905	-	2,905	2,890	2,890	15
Ute Creek	2017	2,905	-	2,905	11	2,904	1
Ute Creek	2016	2,151	-	2,151	-	2,151	-
Ute Creek	2015	2,905	-	2,905	-	2,905	-
Ute Creek	2014	2,905	-	2,905	-	2,905	-
Ute Creek	2013	2,906	-	2,906	-	2,906	-
Ute Creek	2012	2,905	(6)	2,911	-	2,911	-
Ute Creek	2011	2,882	-	2,882	-	2,882	-
Ute Creek	2010	-	-	-	-	-	-
Ute Creek	2009	-	-	-	-	-	-
Total		<u>22,464</u>	<u>(6)</u>	<u>22,470</u>	<u>2,901</u>	<u>22,454</u>	<u>16</u>
Cattle Levy	2018	47,278	(440)	47,718	47,295	47,295	423
Cattle Levy	2017	56,831	(82)	56,914	307	56,914	-
Cattle Levy	2016	58,984	1,872	57,112	107	57,113	-
Cattle Levy	2015	49,136	(581)	49,717	93	49,717	-
Cattle Levy	2014	36,823	(244)	37,067	-	37,067	-
Cattle Levy	2013	31,380	(2,613)	33,994	-	33,994	-
Cattle Levy	2012	32,319	(2,376)	34,696	-	34,434	262
Cattle Levy	2011	36,514	2,023	34,492	-	34,492	-
Cattle Levy	2010	30,510	(1,030)	31,540	-	31,540	-
Cattle Levy	2009	35,731	(1,095)	36,826	-	36,826	-
Total		<u>\$ 415,506</u>	<u>\$ (4,566)</u>	<u>\$ 420,076</u>	<u>\$ 47,802</u>	<u>\$ 419,392</u>	<u>\$ 685</u>

**STATE OF NEW MEXICO
HARDING COUNTY
PROPERTY TAX SCHEDULE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

Agency	Year	Property Taxes Levied	Collected in Current Year		Collected to Date	Distributed in Current Year		Distributed to Date	County Receivable at Year End
Sheep Levy	2018	\$ 10	\$ -	\$ -	\$ 10	\$ 10	\$ -	\$ 10	\$ -
Sheep Levy	2017	6	-	-	6	-	-	6	-
Sheep Levy	2016	12	-	-	12	-	-	12	-
Sheep Levy	2015	10	-	-	10	-	-	10	-
Sheep Levy	2014	5	-	-	5	-	-	5	-
Sheep Levy	2013	7	-	-	7	-	-	7	-
Sheep Levy	2012	6	-	-	-	-	-	-	-
Sheep Levy	2011	6	-	-	6	-	-	6	-
Sheep Levy	2010	6	-	-	6	-	-	6	-
Sheep Levy	2009	6	-	-	6	-	-	6	-
Total		<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>	<u>10</u>	<u>-</u>	<u>68</u>	<u>-</u>
Goats Levy	2018	-	-	-	-	-	-	-	\$ -
Goats Levy	2017	-	-	-	-	-	-	-	-
Goats Levy	2016	-	-	-	-	-	-	-	-
Goats Levy	2015	-	-	-	-	-	-	-	-
Goats Levy	2014	-	-	-	-	-	-	-	-
Goats Levy	2013	-	-	-	-	-	-	-	-
Goats Levy	2012	-	-	-	-	-	-	-	-
Goats Levy	2011	2	-	-	2	-	-	2	-
Goats Levy	2010	2	-	-	2	-	-	2	-
Goats Levy	2009	-	-	-	-	-	-	-	-
Total		<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>
Equine Levy	2018	603	(17)	-	620	613	-	613	7
Equine Levy	2017	417	-	-	417	-	-	417	-
Equine Levy	2016	462	-	-	462	-	-	462	-
Equine Levy	2015	453	-	-	453	-	-	453	-
Equine Levy	2014	436	(7)	-	443	-	-	443	-
Equine Levy	2013	434	(14)	-	448	-	-	448	-
Equine Levy	2012	762	(153)	-	915	-	-	915	-
Equine Levy	2011	1,282	812	-	470	-	-	470	-
Equine Levy	2010	488	(12)	-	499	-	-	499	-
Equine Levy	2009	536	(5)	-	541	-	-	541	-
Total		<u>\$ 5,873</u>	<u>\$ 604</u>	<u>\$ -</u>	<u>\$ 5,268</u>	<u>\$ 613</u>	<u>\$ -</u>	<u>\$ 5,261</u>	<u>\$ 7</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
PROPERTY TAX SCHEDULE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

Agency	Year	Property Taxes Levied	Collected in Current		Distributed in		County Receivable at
			Year	Collected to Date	Current Year	Distributed to Date	
Predator Control Cattle	2018	\$ 28,411	\$ (233)	\$ 28,644	\$ 28,457	\$ 28,457	\$ 187
Predator Control Cattle	2017	28,128	(34)	28,162	128	28,162	-
Predator Control Cattle	2016	27,305	1,359	25,946	64	25,946	-
Predator Control Cattle	2015	23,801	(249)	24,050	64	24,050	-
Predator Control Cattle	2014	10,691	(58)	10,749	-	10,749	-
Predator Control Cattle	2013	8,053	(901)	8,954	-	8,954	-
Predator Control Cattle	2012	10,470	(731)	11,201	-	11,057	144
Predator Control Cattle	2011	14,232	571	13,662	-	13,662	-
Predator Control Cattle	2010	15,301	(389)	15,690	-	15,690	-
Predator Control Cattle	2009	14,592	(364)	14,955	-	14,955	-
Total		<u>180,984</u>	<u>(1,029)</u>	<u>182,013</u>	<u>28,713</u>	<u>181,682</u>	<u>331</u>
Predator Control Sheep & Goats	2018	50	-	50	50	50	-
Predator Control Sheep & Goats	2017	37	-	37	-	37	-
Predator Control Sheep & Goats	2016	59	-	59	-	59	-
Predator Control Sheep & Goats	2015	52	-	52	-	52	-
Predator Control Sheep & Goats	2014	22	-	22	-	22	-
Predator Control Sheep & Goats	2013	18	-	18	-	18	-
Predator Control Sheep & Goats	2012	-	-	-	-	-	-
Predator Control Sheep & Goats	2011	34	-	34	-	34	-
Predator Control Sheep & Goats	2010	38	-	38	-	38	-
Predator Control Sheep & Goats	2009	36	-	36	-	36	-
Total		<u>346</u>	<u>-</u>	<u>346</u>	<u>50</u>	<u>346</u>	<u>-</u>
Non-Rendition	2018	-	-	-	-	-	-
Non-Rendition	2017	-	-	-	-	-	-
Non-Rendition	2016	-	-	-	-	-	-
Non-Rendition	2015	-	-	-	-	-	-
Non-Rendition	2014	-	-	-	-	-	-
Non-Rendition	2013	-	-	-	-	-	-
Non-Rendition	2012	-	-	-	-	-	-
Non-Rendition	2011	-	-	-	-	-	-
Non-Rendition	2010	-	(160)	160	-	160	-
Non-Rendition	2009	-	(192)	192	-	192	-
Total		<u>\$ -</u>	<u>\$ (352)</u>	<u>\$ 352</u>	<u>\$ -</u>	<u>\$ 352</u>	<u>\$ -</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
PROPERTY TAX SCHEDULE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

Agency	Year	Property Taxes Levied	Collected in Current		Distributed in		County Receivable at
			Year	Collected to Date	Current Year	Distributed to Date	
Administrative	2018	\$ 333	\$ -	\$ 333	\$ 298	\$ 298	\$ 35
Administrative	2017	327	-	327	15	312	15
Administrative	2016	326	-	326	6	316	9
Administrative	2015	325	-	325	-	320	5
Administrative	2014	313	-	313	-	308	5
Administrative	2013	365	3	363	-	358	5
Administrative	2012	367	2	365	-	360	5
Administrative	2011	383	-	383	-	378	5
Administrative	2010	350	-	350	-	345	5
Administrative	2009	419	-	419	-	419	-
Total		<u>3,508</u>	<u>5</u>	<u>3,504</u>	<u>319</u>	<u>3,414</u>	<u>89</u>
Mesa Soil & Water	2018	3,053	-	3,053	3,027	3,027	27
Mesa Soil & Water	2017	3,053	-	3,053	4	3,052	1
Mesa Soil & Water	2016	2,805	-	2,805	-	2,805	-
Mesa Soil & Water	2015	3,066	-	3,066	-	3,066	-
Mesa Soil & Water	2014	3,029	-	3,029	-	3,029	-
Mesa Soil & Water	2013	-	-	-	-	-	-
Mesa Soil & Water	2012	2,743	-	2,743	-	2,743	-
Mesa Soil & Water	2011	2,738	-	2,738	-	2,738	-
Mesa Soil & Water	2010	3,546	6	3,539	-	3,539	-
Mesa Soil & Water	2009	3,551	-	3,551	-	3,551	-
Total		<u>27,584</u>	<u>6</u>	<u>27,577</u>	<u>3,031</u>	<u>27,550</u>	<u>28</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
HARDING COUNTY
PROPERTY TAX SCHEDULE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

Year	Property Taxes Levied	Collected in Current Year	Collected to Date	Distributed in Current Year	Distributed to Date	County Receivable at Year End
2018	\$ 1,680,104	\$ (341)	\$ 1,680,445	\$ 1,673,877	\$ 1,673,877	\$ 6,568
2017	1,986,299	29,767	1,956,532	3,790	1,955,136	1,396
2016	2,218,063	159,587	2,058,476	2,242	2,057,979	497
2015	2,324,331	405,470	1,918,861	1,042	1,918,482	379
2014	1,943,902	366,794	1,577,108	13	1,577,103	5
2013	1,579,477	302,780	1,276,697	-	1,276,692	5
2012	1,467,540	268,062	1,199,478	-	1,198,556	922
2011	1,320,928	(98,704)	1,419,632	-	1,419,627	5
2010	1,091,440	(22,295)	1,113,735	-	1,113,672	63
2009	888,812	59,742	829,070	-	829,033	37
	<u>\$ 16,500,896</u>	<u>\$ 1,470,862</u>	<u>\$ 15,030,034</u>	<u>\$ 1,680,964</u>	<u>\$ 15,020,157</u>	<u>\$ 9,877</u>

See Independent Auditors' Report



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

Honorable Brian S. Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico
and

Honorable Members of the Board of County Commissioners
Harding County
Mosquero, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, of Harding County, New Mexico (the "County") as of and for the year ended June 30, 2019, 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 26, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Findings

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

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.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
November 26, 2019

**STATE OF NEW MEXICO
HARDING COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

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? | Yes |
| | b. Significant deficiencies identified? | No |
| | c. Noncompliance material to financial statements noted? | No |

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Section II. Financial Statement Findings

2019-001 Revenue Recognition – Material Weakness

Condition: In prior years, the County had deferred the recognition of revenue for payments in lieu of taxes (PILT) that should have been recognized in their respective fiscal years. For the year ended June 30, 2018, this amounted to \$116,768.

Criteria: Per the 2013 COSO Framework, management is responsible for establishing and maintaining internal controls to ensure accurate financial reporting, which includes controls for the County's recognition of revenue.

Cause: The County did not verify which fiscal year the PILT was applicable to.

Effect: The County's June 30, 2018 financial statements were restated to correct this error.

Auditors' Recommendation: We recommend that the County identify which fiscal year revenue is applicable to and apply it as such.

Management's Response: The Finance Director & Treasurer's office will ensure that the monies will be placed in the proper fiscal year that it is received. We will provide verification to the auditor with the letter that we receive by the Secretary of the Interior to ensure it is placed in the applicable year.

Responsible Party(ies): Finance Director and Treasurer

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Section III. Status of Prior Year Findings

FS 2015-004 Lack of Policies, Procedures and Internal Controls – Other Matters (Resolved)

FS 2015-007 Capital Assets - Significant Deficiency – (Resolved)

FS 2017-001 Cash Appropriations – Compliance and Other Matters – (Resolved)

FS 2018-001 Exceeded Budgeted Authority – Compliance and Other Matters – (Resolved)

**STATE OF NEW MEXICO
HARDING COUNTY
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2019**

An exit conference was held on November 26, 2019 to discuss the results of the audit. Attending were the following:

Representing the County:

Pedro Laumbach, Commissioner
Jennifer Baca, County Manager
Felicia Esquibel, County Treasurer
Phillip Trujillo, County Assessor
CJ Garrison, County Clerk
Evangeline Garrison, Finance Director
Christine Trujillo, Chief Deputy Treasurer
Debra Garcia, Chief Deputy Assessor

Representing the Independent Auditors:

Daniel O. Trujillo, CPA, CFE, CGFM, CGMA, Audit Partner
Joe Ortiz, Audit Manager

Note: The financial statements in this report were prepared substantially by the Independent Audit firm of Kubiak Melton & Associates, LLC, with the assistance of County management.