

**State of New Mexico
County of Hidalgo**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2009
and Independent Auditors' Report**

5012



State of New Mexico
OFFICE OF THE STATE AUDITOR

Hector H. Balderas
State Auditor

Carla C. Martinez
Deputy State Auditor

May 20, 2010

SAO Ref. No. 5012

Roger J. Ellis, County Manager
Hidalgo County
300 S Shakespeare
Lordsburg, NM 88045-1927

SUBJECT: Audit Report—Hidalgo County—2008-2009 Fiscal Year—Prepared by White + Samaniego + Campbell, LLP

The audit report for your agency was received by the Office of the State Auditor (Office) on May 14, 2010. The State Auditor's review of the audit report required by Section 12-6-14 (D) NMSA 1978 and 2.2.2.13 NMAC has been completed. This letter is your authorization to make the final payment to the independent public accountant (IPA) who contracted to perform the agency's financial and compliance audit. In accordance with Section 2 of the audit contract, the IPA will deliver the specified number of copies of the audit to the agency.

Per Section 12-6-5 NMSA 1978, **the audit report does not become public record until five days after the date of this letter.** Once the five day waiting period has passed, the audit report shall be:

- released by the Office of the State Auditor to the Legislative Finance Committee, and the Department of Finance and Administration; and
- presented by your agency to a quorum of the agency's governing authority at a public meeting, for approval, per Section 2.2.2.10.J.(3)(d) NMAC, *Requirements for Contracting and Conducting Audits of Agencies.*

The independent public accountant's findings and comments are included in the audit report on page 115. **It is ultimately the responsibility of the governing authority of the agency to take corrective action on all findings and comments.**

A handwritten signature in black ink, appearing to read "Hector B.", written over a light blue horizontal line.

HECTOR H. BALDERAS
STATE AUDITOR

cc: Legislative Finance Committee
Department of Finance and Administration-
Local Government Division
White + Samaniego + Campbell, LLP

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STATE OF NEW MEXICO, COUNTY OF HIDALGO

OFFICIAL ROSTER
JUNE 30, 2009

Elected Officials

Harold Kuenstler
Anthony Mora
Richard Chaires

Commissioner
Commissioner
Commissioner

Administrative Officials

Roger Ellis
Priscilla Maxwell
Loretta Ward
Tommy Dimas
Clarence Rudiger
David Whipple
Patsy Camacho
Lloyd Payne
Toni Lowery
Carmen Acosta
Robert Hall

County Manager
County Dispatch Supervisor
County Detention Supervisor
County Transfer Station Supervisor
County Road Supervisor
County Fire Marshall/Ambulance Supervisor
County Treasurer
County Probate Judge
County Assesor
County Clerk
County Sheriff

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
and the Board of Commissioners
County of Hidalgo
 Lordsburg, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the County of Hidalgo, as of and for the year ended June 30, 2009, which collectively comprise the agency's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County of Hidalgo's nonmajor governmental, and the budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the County of Hidalgo's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Hidalgo, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental of the County of Hidalgo as of June 30, 2009, and the respective changes in financial position, and the respective budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States

of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2010 on our consideration of the County of Hidalgo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 14 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A- 133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

White + Samaniego + Campbell, CP

El Paso, Texas
March 17, 2010

STATE OF NEW MEXICO, COUNTY OF HIDALGO

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

This section of County of Hidalgo's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2009. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the County of Hidalgo exceeded its liabilities at the close of the most recent fiscal year end by \$14,949,134 (*net assets*). Of this amount, \$6,122,398 (*unrestricted net assets*) may be used to meet the government's ongoing, obligations to citizens and creditors.
- The government's total net assets increased by \$1,012,262 during the fiscal year. The majority of this is due to an increase in grant revenue when compared to the year ended June 30, 2008.
- As of June 30, 2009, the County's governmental funds reported combined ending fund balances of \$9,253,985. Of this total, \$944,646 is reserved for debt service and capital projects.
- At the close of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$5,200,867.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Major Features of the County				
			Financial Statements	
Types of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County (except fiduciary funds) and the Agency's component units	The activities of the County that are not proprietary or fiduciary	Activities that the County operates similar to private businesses: Ambulance	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	Statement of net assets	Balance Sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures & changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

finance the County's programs.

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

The County of Hidalgo maintains twenty-two individual governmental funds organized according to their type) special revenue, debt service, and capital projects). Information is presented separately in governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, and Fire Fund, all of which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County of Hidalgo adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, Road Fund, and Fire Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

Proprietary Funds

Proprietary funds are generally used to account for services for which the County charges customers - either outside customers or internal units or departments of the County. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The County maintains one proprietary fund and no component unit. The proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses a proprietary fund to account for the Ambulance operations of the County. The proprietary fund is considered to be a major fund of the County.

Fiduciary Funds

Fiduciary funds are used to account for services for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County of Hidalgo's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34 through 48 of this report.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 52 through 58 of this report.

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Hidalgo, net assets exceeded liabilities by \$14,949,134 at the close of the current fiscal year.

The largest portion of the County of Hidalgo's net assets represent the County's investment of \$5,480,784 in capital assets (e.g., land improvements, buildings, infrastructure, and machinery and equipment), less any related outstanding debt used to acquire those assets. The County of Hidalgo uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County of Hidalgo's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County of Hidalgo's net assets (less than one percent) represents resources that are subject to restrictions. The restrictions relate to covenants provided by the County's long-term debt issuance and capital projects. The remaining balance of unrestricted net assets of \$6,122,398 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County of Hidalgo is able to report positive balances in all three categories of net assets, for the government as a whole as well as for the business-type activities.

Analysis of Changes in Net Assets

During the current fiscal year, the County's net assets in governmental and business-type activities increased by \$1,012,262. These increases are explained in the governmental activities discussion.

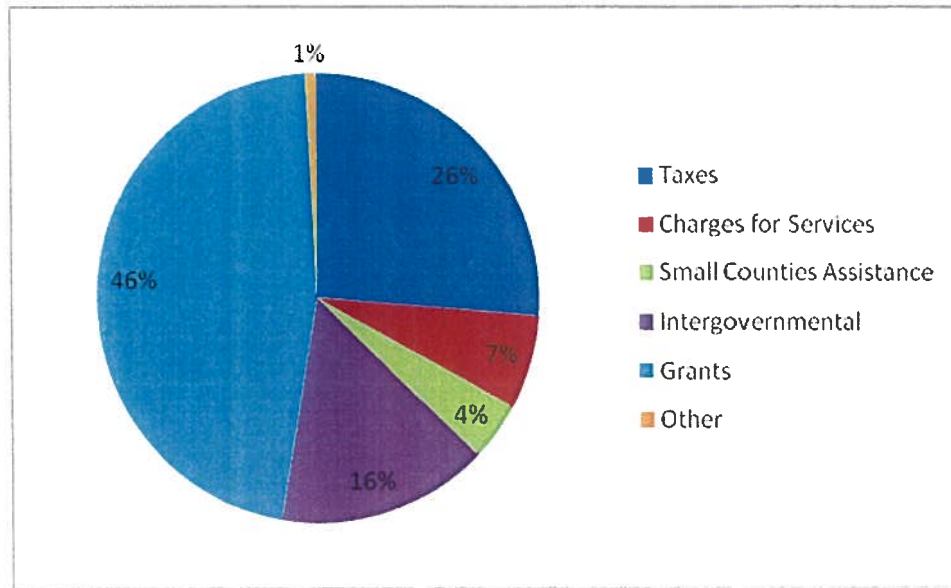
Governmental Activities

Governmental activities increased the County of Hidalgo's net assets by \$1,062,260. Grant revenue increased \$1,723,110 over grant revenue in the prior year. Property taxes and gross receipts taxes contributed \$1,944,744 for covering the \$7,438,393 net program expense associated with governmental activities.

Governmental revenues, consisting mostly of taxes, are not directly associated with any government function. The total revenues increased \$739,020.

Total revenues from governmental activities are summarized below. For fiscal year 2008-2009, Local and State taxes made up 58% of the total general government revenues compared to 83% of the revenues in the prior year.

Revenue by Source – General Government



Business-Type Activities

Business-type activities decreased the County's net assets by \$199,998 before transfers of \$150,000 in from the general fund, compared to the prior year's decrease of \$77,610 before transfers of \$80,000 from the general fund. The key element of this decreased compared to the prior year change was a decreased in grant revenue for the ambulance service during the current year. However, the operating revenue and expenses had minor changes when compared to the prior year.

STATE OF NEW MEXICO, COUNTY OF HIDALGO

MANAGEMENT'S DISCUSSION AND ANALYSIS
SUMMARY OF NET ASSETS

	Governmental Activities		Business-Type Activities		Totals		Total Percent Change 2008-2009
	2009	2008	2009	2008	2009	2008	
ASSETS							
Current and other assets	\$ 9,360,615	\$ 9,222,596	\$ 88,059	\$ 179,184	\$ 9,448,674	\$ 9,401,780	- %
Non current assets	159,339	192,112	-	-	159,339	192,112	(17)%
Capital assets, net of accumulated depreciation	7,469,757	6,791,383	629,105	603,523	8,098,862	7,394,906	10 %
Total assets	\$ 16,989,711	\$ 16,206,091	\$ 717,164	\$ 782,707	\$ 17,706,875	\$ 16,988,798	(7)%
LIABILITIES							
Current and other liabilities	\$ 393,454	\$ 473,206	\$ -	\$ 18,234	\$ 393,454	\$ 491,440	(78)%
Long-term liabilities	2,358,160	2,557,048	6,127	3,438	2,364,287	2,560,486	4 %
Total liabilities	2,751,614	3,030,254	6,127	21,672	2,757,741	3,051,926	(10)%
NET ASSETS							
Invested in capital assets, net of related debt	4,851,679	3,988,625	629,105	603,523	5,480,784	4,592,148	19 %
Restricted	3,345,952	3,130,590	-	-	3,345,952	3,130,590	7 %
Unrestricted	6,040,466	6,056,622	81,932	157,512	6,122,398	6,214,134	(1)%
Total net assets	14,238,097	13,175,837	711,037	761,035	14,949,134	13,936,872	7 %
Total liabilities and net assets	\$ 16,989,711	\$ 16,206,091	\$ 717,164	\$ 782,707	\$ 17,706,875	\$ 16,988,798	4 %

STATE OF NEW MEXICO, COUNTY OF HIDALGO

MANAGEMENT'S DISCUSSION AND ANALYSIS
CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Totals		Total Percent Change 2008-2009
	2009	2008	2009	2008	2009	2008	
REVENUES							
Program revenues:							
Charges for services	\$ 530,323	\$ 615,490	\$ 366,968	\$ 294,736	\$ 897,291	\$ 910,226	4 %
Operating grants and contributions	3,500,243	1,557,337	-	-	3,500,243	1,557,337	125 %
Capital grants and contributions	515,476	735,272	-	12,991	515,476	748,263	(31)%
General revenues:							
Taxes	2,273,470	2,686,454	-	-	2,273,470	2,686,454	(15)%
Other income	1,761,989	507,770	-	-	1,761,989	507,770	236 %
Interest income	69,152	118,617	-	2	69,152	118,619	(42)%
Total revenues	8,650,653	6,220,940	366,968	307,729	9,017,621	6,528,669	38 %
EXPENSES							
General government	1,197,639	1,099,713	-	-	1,197,639	1,099,713	9 %
Public safety	4,751,201	3,270,209	-	-	4,751,201	3,270,209	45 %
Public works	618,005	540,281	-	-	618,005	540,281	14 %
Health and welfare	703,846	733,374	-	-	703,846	733,374	4 %
Culture and recreation	167,702	467,301	-	-	167,702	467,301	(64)%
Proprietary expenses	-	-	566,966	385,339	566,966	385,339	47 %
Total expenses	7,438,393	6,110,878	566,966	385,339	8,005,359	6,496,217	23 %
Changes in net assets before transfers	1,212,260	110,062	(199,998)	(77,610)	1,012,262	32,452	3,019 %
Transfers	(150,000)	(80,000)	150,000	80,000	-	-	- %
Change in net assets	1,062,260	30,062	(49,998)	2,390	1,012,262	32,452	300 %
Net assets - beginning	13,175,837	13,145,775	761,035	758,645	13,936,872	13,904,420	- %
Net assets - ending	\$ 14,238,097	\$ 13,175,837	\$ 711,037	\$ 761,035	\$ 14,949,134	\$ 13,936,872	7 %

FINANCIAL ANALYSIS OF THE COUNTY OF HIDALGO AS A WHOLE

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

Governmental Funds

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

As of the end of the current fiscal year, the County of Hidalgo's governmental funds reported combined ending fund balances of \$9,253,985, an increase of \$228,696 in comparison with the prior year. The increase is primarily due to the increase in grant revenue. Approximately 64% of this total amount, \$5,908,033 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service and capital projects, \$3,345,952.

Revenues for governmental functions overall totaled approximately \$9,250,588 in the fiscal year-ended June 30, 2009, which represents an increase of \$992,265 from the fiscal year-ended June 30, 2008. Expenditures for governmental functions totaled \$8,871,892. This was an increase of approximately \$2,621,313 from the fiscal year-ended June 30, 2008. In the fiscal year-ended June 30, 2009, revenues for governmental functions exceeded expenditures by approximately \$378,696.

The General Fund is the chief operating fund of the County of Hidalgo. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,200,867.

The fund balance of the County of Hidalgo's General Fund increased \$426,947 during the current fiscal year.

The Road Fund has a total fund balance of \$219,676, all of which is unreserved. The net decrease in fund balance during the current year in the Fire Fund was \$(350,305). This decrease is primarily due to capital outlay expenditures.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for Ambulance were \$81,932. The total decrease in net assets for the proprietary fund was \$49,998.

Fiduciary Funds

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

Budgetary Highlights

County budgets reflect the same pattern as seen in the revenue and expenditures of the County. The State of

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

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

General Fund Budgetary Highlights

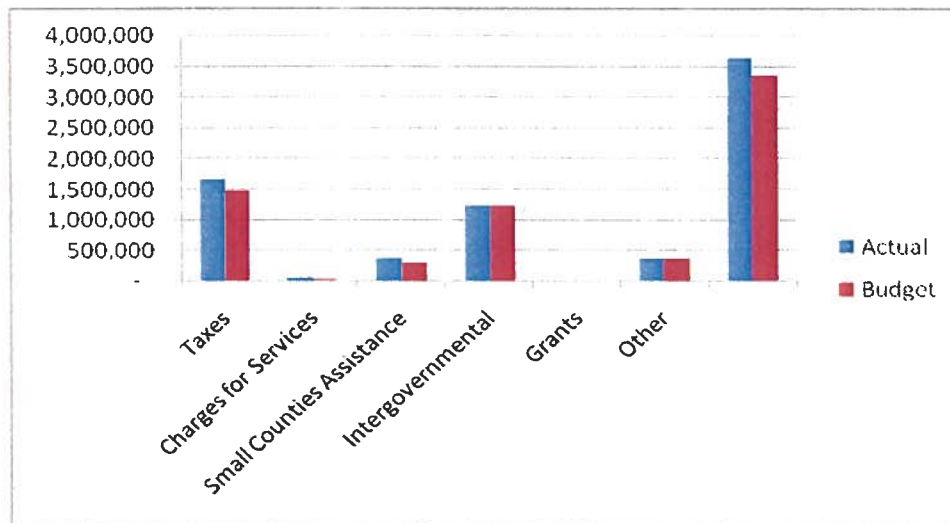
The General Fund accounts for all of the general services provided by the County of Hidalgo.

The County has not modified the budget throughout the fiscal year. If modifications were needed, this is done with resolutions to the budget.

Change in Cash and Investments

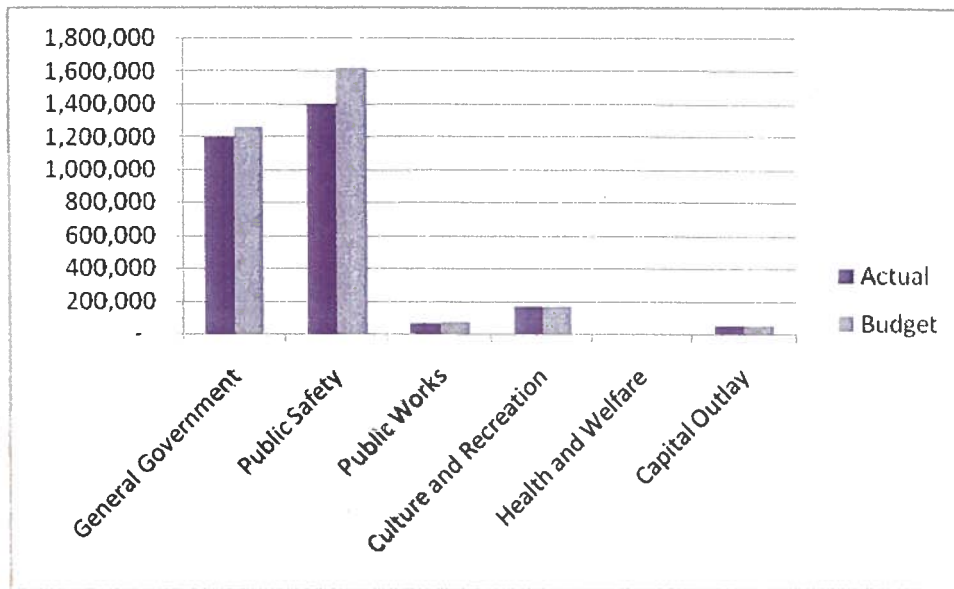
At the end of 2009, the cash and investments balance of the General Fund had increased by \$404,598. The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund.

Budget and Actual Revenue by Source – General Fund



General government expenditures include all administrative functions of the County which include: County Commissioners, Administration, Finance, Maintenance, Public Safety, Road Repairs, Health and Welfare, and Culture and Recreation. The following chart shows a summary of functional categories for expenditures:

Budget and Actual Expenditures by Source – General Fund



Capital Asset and Debt Administration

Capital Assets

The County of Hidalgo's capital assets for its governmental and business-type activities as of June 30, 2009 amount to \$8,098,862 (net of accumulated depreciation). Capital assets include land improvements, buildings, machinery, equipment, and infrastructure. The total increase in the County's capital assets (excluding accumulated depreciation) for the current fiscal year was \$1,419,547 for governmental activities. Equipment costing \$905,255 was purchased for the County and building and building improvements of \$514,292. The deletions in the governmental funds consisted of the disposal of obsolete equipment costing \$174,313. The total increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$90,620. The deletions in the business-type funds also consisted of the disposal of obsolete equipment costing \$3,294.

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

Capital Assets, Net of Depreciation
June 30, 2009

	Governmental Activities	Business-Type Activities	Totals
Land and Construction in Progress	\$ 899,636	\$ 49,616	\$ 949,252
Buildings	3,765,006	395,400	4,160,406
Improvements and Infrastructure	205,930	184,089	390,019
Machinery and Equipment	<u>2,599,185</u>	<u>-</u>	<u>2,599,185</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,469,757</u>	<u>\$ 629,105</u>	<u>\$ 8,098,862</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 5 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

The Statement of Net Assets shows the Investment in Capital Assets-Governmental Funds in the amount of \$4,851,679. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service.

The County's loans decreased \$260,805 through principal payments, and the County incurred a new loan for \$76,125 for the Playas Fire Department. Additional information on the County's debt can be found in Note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Inflationary trends in the region compare favorably to national indices.
- The re-opening of the Morenci Mine has made a significant impact of the economy of the County of Hidalgo.

The above factors were considered in preparing the County of Hidalgo's budget for the 2009 fiscal year.

CONTACTING THE COUNTY OF HIDALGO COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County of Hidalgo's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Hidalgo Administration, County of Hidalgo, 300 South Shakespeare, Lordsburg, New Mexico, 88045.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 6,372,933	\$ 78,567	\$ 6,451,500
Accounts receivable	-	9,492	9,492
Taxes receivable	216,664	-	216,664
Reserve funds	129,863	-	129,863
Due from other governments	<u>2,641,155</u>	<u>-</u>	<u>2,641,155</u>
Total current assets	9,360,615	88,059	9,448,674
NON-CURRENT ASSETS::			
Long-term receivable from City of Lordsburg	159,339	-	159,339
Capital assets	14,029,470	1,283,874	15,313,344
Less: accumulated depreciation	<u>(6,559,713)</u>	<u>(654,769)</u>	<u>(7,214,482)</u>
Total non-current assets	<u>7,629,096</u>	<u>629,105</u>	<u>8,258,201</u>
Total assets	<u>\$ 16,989,711</u>	<u>\$ 717,164</u>	<u>\$ 17,706,875</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$ 16,877	\$ -	\$ 16,877
Accrued salaries	<u>89,753</u>	<u>-</u>	<u>89,753</u>
Total current liabilities	<u>106,630</u>	<u>-</u>	<u>106,630</u>
NON-CURRENT LIABILITIES:			
Due within one year	286,824	-	286,824
Due in more than one year	<u>2,358,160</u>	<u>6,127</u>	<u>2,364,287</u>
Total non-current liabilities	<u>2,644,984</u>	<u>6,127</u>	<u>2,651,111</u>
Total liabilities	<u>2,751,614</u>	<u>6,127</u>	<u>2,757,741</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,851,679	629,105	5,480,784
Restricted for:			
Debt service	166,586	-	166,586
Capital projects	778,060	-	778,060
Special revenue funds	2,401,306	-	2,401,306
Unrestricted	<u>6,040,466</u>	<u>81,932</u>	<u>6,122,398</u>
Total net assets	<u>\$ 14,238,097</u>	<u>\$ 711,037</u>	<u>\$ 14,949,134</u>

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Program			Net (Expenses) Revenue and changes in Net Assets Primary Government			Total
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	
Governmental activities:									
General government	\$ 1,197,639	\$ 530,323	\$ -	\$ -	\$ (667,316)	\$ -	\$ -	\$ (667,316)	
Public safety	4,751,201	-	2,796,397	188,000	(1,766,804)	-	-	(1,766,804)	
Public works	618,005	-	-	313,206	(304,799)	-	-	(304,799)	
Health and welfare	703,846	-	703,846	14,270	14,270	-	-	14,270	
Culture and recreation	167,702	-	-	-	(167,702)	-	-	(167,702)	
Total governmental activities	7,438,393	530,323	3,500,243	515,476	(2,892,351)	-	-	(2,892,351)	
Business-Type activities									
Ambulance service	566,966	366,968	-	-	-	(199,998)	-	(199,998)	
Total business-type activities	566,966	366,968	-	-	-	(199,998)	-	(199,998)	
Total primary government	\$ 8,005,359	\$ 897,291	\$ 3,500,243	\$ 515,476	\$ (2,892,351)	\$ (199,998)	\$ (199,998)	\$ (3,092,349)	
General revenues:									
Taxes									
Property taxes					1,656,776	-	-	1,656,776	
Motor vehicle taxes					176,647	-	-	176,647	
Gasoline taxes					151,383	-	-	151,383	
Cigarette taxes					696	-	-	696	
Gross receipts taxes					287,968	-	-	287,968	
State shared assistance									
Small counties assistance					371,100	-	-	371,100	
Intergovernmental income					1,388,389	-	-	1,388,389	
Investment income					69,152	-	-	69,152	
Miscellaneous					2,500	-	-	2,500	
Transfers					(150,000)	150,000	-	-	
Total general revenues					3,954,611	150,000	150,000	4,104,611	
Change in net assets					1,062,260	(49,998)		1,012,262	
Net assets - beginning					13,175,837	761,035		13,936,872	
Net assets - ending					14,238,097	711,037		14,949,134	

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Fire Fund</u>	<u>Total Non- Major Funds</u>	<u>Total Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,085,856	\$ 74,346	\$ 487,490	\$ 2,725,241	\$ 6,372,933
Taxes receivable	216,664	-	-	-	216,664
Reserve funds	129,863	-	-	-	129,863
Due from other governments	<u>1,855,206</u>	<u>154,395</u>	<u>-</u>	<u>631,554</u>	<u>2,641,155</u>
Total assets	<u>\$ 5,287,589</u>	<u>\$ 228,741</u>	<u>\$ 487,490</u>	<u>\$ 3,356,795</u>	<u>\$ 9,360,615</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 16,446	\$ -	\$ -	\$ 431	\$ 16,877
Accrued salaries	<u>70,276</u>	<u>9,065</u>	<u>-</u>	<u>10,412</u>	<u>89,753</u>
Total liabilities	86,722	9,065	-	10,843	106,630
Fund Balance:					
Reserved for debt service	-	-	-	166,586	166,586
Reserved for capital projects	-	-	-	778,060	778,060
Unreserved for special revenue funds	-	-	-	2,401,306	2,401,306
Unreserved	<u>5,200,867</u>	<u>219,676</u>	<u>487,490</u>	<u>-</u>	<u>5,908,033</u>
Total fund balances	<u>5,200,867</u>	<u>219,676</u>	<u>487,490</u>	<u>3,345,952</u>	<u>9,253,985</u>
Total liabilities and fund balances	<u>\$ 5,287,589</u>	<u>\$ 228,741</u>	<u>\$ 487,490</u>	<u>\$ 3,356,795</u>	<u>\$ 9,360,615</u>

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENT FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total fund balance - governmental funds \$ 9,253,985

Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Cost of capital assets	14,029,470	
Accumulated depreciation	<u>(6,559,713)</u>	7,469,757

Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:

Deferred revenue related to account receivable from the City of Lordsburg		159,339
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds

(2,644,984)

Total net assets - governmental activities \$ 14,238,097

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Road Fund	Fire Fund	Total Non- Major Funds	Total Funds
REVENUES					
Property taxes	\$ 1,656,776	\$ -	\$ -	\$ -	\$ 1,656,776
Motor vehicle taxes	16,908	159,739	-	-	176,647
Gasoline taxes	-	151,383	-	-	151,383
Cigarette taxes	696	-	-	-	696
Gross receipts taxes	-	-	-	287,968	287,968
Intergovernmental income	1,220,512	-	-	167,876	1,388,389
Charges for services	44,581	-	-	538,493	583,073
Joint powers agreements	249,313	-	-	-	249,313
Small counties assistance	349,000	-	-	-	349,000
State shared taxes	21,864	-	-	235	22,099
License and fines	2,500	-	-	-	2,500
Other income	25,790	74,018	13,814	108,016	221,638
Investment income	56,238	10,658	2,256	-	69,152
State grant	-	111,113	313,206	3,667,635	4,091,954
	<u>3,644,178</u>	<u>506,911</u>	<u>329,276</u>	<u>4,770,223</u>	<u>9,250,588</u>
Total revenues					
EXPENDITURES					
Current:					
General government	1,186,446	-	-	11,193	1,197,639
Public safety	1,402,322	-	165,248	3,183,626	4,751,196
Public works	63,747	554,259	-	-	618,006
Culture and recreation	167,102	-	-	600	167,702
Health and welfare	-	-	-	703,975	703,975
Debt service					
Principal	-	-	-	260,805	260,805
Interest	-	-	-	84,083	84,083
Capital outlay	49,663	15,960	514,333	508,530	1,088,486
	<u>2,869,280</u>	<u>570,219</u>	<u>679,581</u>	<u>4,752,812</u>	<u>8,871,892</u>
Total expenditures					
Excess (deficiency) revenues over (under) expenditures	<u>774,898</u>	<u>(63,308)</u>	<u>(350,305)</u>	<u>17,411</u>	<u>378,696</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	201,849	-	-	291,305	493,154
Transfers out	<u>(549,800)</u>	<u>-</u>	<u>-</u>	<u>(93,354)</u>	<u>(643,154)</u>
Total other financing sources (uses)	<u>(347,951)</u>	<u>-</u>	<u>-</u>	<u>197,951</u>	<u>(150,000)</u>
Net change in fund balance	426,947	(63,308)	(350,305)	215,362	228,696
Fund balance beginning of year	<u>4,773,920</u>	<u>282,984</u>	<u>837,795</u>	<u>3,130,590</u>	<u>9,025,289</u>
Fund balance end of year	<u>\$ 5,200,867</u>	<u>\$ 219,676</u>	<u>\$ 487,490</u>	<u>\$ 3,345,952</u>	<u>\$ 9,253,985</u>

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2009

Total net change in fund balances - governmental funds \$ 228,696

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

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

Capital assets reported as capital outlay expenditures	1,419,547	
Disposal of assets	(174,312)	
Depreciation expense	<u>(566,861)</u>	678,374

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

Property taxes		6,566
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The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also government funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Lordsburg payment	(32,773)	
Principal payment on bonds	260,805	
Proceeds from note payable	(76,125)	
Compensated absences	<u>(3,283)</u>	<u>148,624</u>

Change in net assets of governmental activities		<u>\$ 1,062,260</u>
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See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET (Non-GAAP BUDGETARY BASIS) AND ACTUAL -
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final Budget to Actual
REVENUES:				
Property taxes	\$ 1,445,000	\$ 1,445,000	\$ 1,644,155	\$ 199,155
Motor vehicle taxes	15,000	15,000	16,908	1,908
Cigarette taxes	1,800	1,800	696	(1,104)
Licenses & fines	2,250	2,250	2,500	250
State shared taxes	20,000	20,000	21,864	1,864
Charges for services	22,200	22,200	44,581	22,381
Miscellaneous revenues	-	-	25,790	25,790
Investment income	75,000	75,000	56,238	(18,762)
Joint powers agreements	254,285	254,285	249,313	(4,972)
Small counties assistance	279,000	279,000	349,000	70,000
Intergovernmental	-	1,220,512	1,220,512	-
Total revenues	2,114,535	3,335,047	3,631,557	296,510
EXPENDITURES:				
Current				
General government	1,254,146	1,320,146	1,196,174	123,972
Public safety	1,615,802	1,615,802	1,402,322	213,480
Public works	68,000	68,000	63,747	4,253
Culture and recreation	167,102	167,102	167,102	-
Health and welfare	-	-	-	-
Capital outlay	50,000	50,000	49,663	337
Total expenditures	3,155,050	3,221,050	2,879,008	342,042
Excess (deficiency) of revenues over expenditures	(1,040,515)	113,997	752,549	638,552
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	201,849	201,849
Transfers out	-	-	(549,800)	(549,800)
Total other financing sources (uses)	-	-	(347,951)	(347,951)
Net changes in fund balance Non-GAAP basis			404,598	

(Continued)

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (Non-GAAP BUDGETARY BASIS) AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

Difference between Non-GAAP and GAAP:

Adjust accrued revenue	12,621	
Adjust accrued expenditures	<u>9,728</u>	<u>22,349</u>
Net change in fund balance GAAP basis		426,947
Fund balance - beginning		<u>4,773,920</u>
Fund balance - ending		<u>\$ 5,200,867</u>

(Concluded)

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (Non-GAAP Basis) AND ACTUAL
 SPECIAL REVENUE FUND - ROAD FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final Budget to Actual
REVENUES:				
Motor vehicle taxes	\$ 150,000	\$ 150,000	\$ 175,571	\$ 25,571
Gasoline taxes	120,000	120,000	139,042	19,042
State grants	111,113	111,113	111,113	-
Federal grants	-	-	-	-
Investment income	15,000	15,000	10,658	(4,342)
Miscellaneous	6,600	6,600	74,018	67,418
Total revenues	<u>402,713</u>	<u>402,713</u>	<u>510,402</u>	<u>107,689</u>
EXPENDITURES:				
Public Works				
Public works	701,814	701,814	551,991	149,823
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>15,960</u>	<u>9,040</u>
Total expenditures	<u>726,814</u>	<u>726,814</u>	<u>567,951</u>	<u>158,863</u>
Excess (deficiency) of revenues over expenditures	<u>(324,101)</u>	<u>(324,101)</u>	<u>(57,549)</u>	<u>266,552</u>
Net changes in fund balance Non-GAAP basis			(57,549)	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		(3,491)		
Adjust accrued expenditures		<u>(2,268)</u>	<u>(5,759)</u>	
Net change in fund balance GAAP basis			(63,308)	
Fund balance - beginning			<u>282,984</u>	
Fund balance - ending			<u>\$ 219,676</u>	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (Non-GAAP Basis) AND ACTUAL
 SPECIAL REVENUE FUND - FIRE FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final	Non-GAAP Basis	Final Budget to Actual
REVENUES:				
State grants	\$ 460,589	\$ 460,589	\$ 313,206	\$ (147,383)
Interest	-	-	2,256	2,256
Miscellaneous	900	900	13,814	12,914
Total revenues	<u>461,489</u>	<u>461,489</u>	<u>329,276</u>	<u>(132,213)</u>
EXPENDITURES:				
Public Safety	336,500	365,420	171,440	193,980
Capital outlay	<u>201,508</u>	<u>515,000</u>	<u>514,333</u>	<u>667</u>
Total expenditures	<u>538,008</u>	<u>880,420</u>	<u>685,773</u>	<u>194,647</u>
Excess (deficiency) of revenues over expenditures	<u>(76,519)</u>	<u>(418,931)</u>	<u>(356,497)</u>	<u>62,434</u>
Net changes in fund balance Non-GAAP basis			(356,497)	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		6,192		
Adjust accrued expenditures		<u>-</u>	<u>6,192</u>	
Net change in fund balance GAAP basis			(350,305)	
Fund balance - beginning			<u>837,795</u>	
Fund balance - ending			<u>\$ 487,490</u>	

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

PROPRIETARY FUND

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - AMBULANCE FUND
JUNE 30, 2009**

ASSETS

Current assets:

Cash and cash equivalents	\$ 78,567
Accounts receivable, net of allowance for doubtful accounts	<u>9,492</u>
Total current assets	88,059

Non-current assets

Capital assets	1,283,874
Accumulated depreciation	<u>(654,769)</u>
Total non-current assets	<u>629,105</u>

Total assets	<u>\$ 717,164</u>
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LIABILITIES

Long-term liabilities

Accrued compensated absences	<u>\$ 6,127</u>
Total liabilities	6,127

NET ASSETS

Invested in capital assets	629,105
Unrestricted	<u>81,932</u>
Net assets	<u>711,037</u>

Total liabilities and net assets	<u>\$ 717,164</u>
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See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS - AMBULANCE FUND
FOR THE YEAR ENDED JUNE 30, 2009

OPERATING REVENUES

Charges for services	\$ 366,968
Total revenues	<u>366,968</u>

OPERATING EXPENSES

Personnel expenses	394,632
Depreciation	61,744
Other operating costs	<u>110,590</u>
Total operating expenses	<u>566,966</u>

Operating loss	(199,998)
Transfers in	<u>150,000</u>
Change in net assets	(49,998)
Net assets beginning of year	<u>761,035</u>
Net assets end of year	<u>\$ 711,037</u>

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - AMBULANCE FUND
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

Cash flows from operating activities:

Cash received from agencies and customers	\$ 511,776
Cash payments to suppliers for goods and services	(172,335)
Cash used for salaries and operating expenses	<u>(405,914)</u>
Net cash used in operating activities	<u>(66,473)</u>

Cash flows from financing activities - capital and non-capital:

Intergovernmental transfers	150,000
Acquisition of capital assets	(90,620)
Disposal of capital assets	<u>3,294</u>
Net cash provided by financing activities	<u>62,674</u>
Net decrease in cash and cash equivalents	(3,799)
Cash and cash equivalents - beginning	<u>82,366</u>
Cash and cash equivalents - ending	<u>\$ 78,567</u>

Reconciliation of operating income to net cash used in operating activities:

Operating income	\$ (199,998)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	61,744
Changes in net assets and liabilities:	
Receivables	87,326
Accounts payable	(4,262)
Accrued salaries	(10,534)
Accrued compensated absences	<u>(749)</u>
Net cash used in operating activities	<u>\$ (66,473)</u>

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

AGENCY FUNDS

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2009**

ASSETS

Current assets:

Cash \$ 4,975

Total assets \$ 4,975

LIABILITIES

Current liabilities

Taxes paid in advance \$ 4,975

Total liabilities \$ 4,975

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

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO, COUNTY OF HIDALGO

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Hidalgo (the County) is a political sub-division of the State of New Mexico established under the provisions of New Mexico State Statute Chapter 11, 1919, and began operations January 1, 1920. The County is 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, planning and zoning, property assessment, tax collection and general administrative services.

The financial statements of County of Hidalgo (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (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 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 2001, 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 disclosures requirements.

A. 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-14. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of 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. Based upon the application of these criteria, the County has no component units, and is not a component unit of another governmental agency.

B. Basis of Presentation

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

The Statement of Net Assets 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 non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though neither fiduciary funds nor component units that are fiduciary in nature are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Fund Financial Statements

Government-wide and Fiduciary Financial Statements - The government-wide, proprietary, and agency fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include gross receipts taxes and property taxes, grants and entitlements. On an accrual basis, revenue from property taxes, net of estimated refunds and uncollectible amounts, is recognized as revenues in the year for which they are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements are met.

All governmental and business-type activities of the County follow FASB Statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The county has elected not to follow FASB Statements and interpretations issued after November 30, 1989.

Fund Financial Statements - Governmental funds 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. The County considers all revenues to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues not considered available are recorded as deferred

revenues. Property taxes, gross receipts taxes, franchise taxes, and interest are considered susceptible to accrual. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government because they are not measurable or reasonably estimable.

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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

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

General Fund - This is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the County except for items included in other funds.

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

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

The Capital Projects Fund - To account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

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

The Road Fund - To account for the distribution of gasoline taxes and motor vehicles registration fees to the County and the expenditure for construction, reconstruction, resurfacing or other improvement or maintenance of public roads as authorized by NMSA 1978 Section 7-24A-5.

The Fire Fund - To account for operations and maintenance of five fire districts in the County. Financing is provided from the County's share of a fire allotment issued by the State Fire Marshal under NMSA 59-31-1. Such revenue provides for all current operating costs and some payments on capital purchases.

The government reports its proprietary fund (Ambulance Fund) as a major fund. The purpose of

the Ambulance Fund is to account for the operation and maintenance of the ambulance service for the County.

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 inter-fund 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.

Amounts reported as *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*.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and 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. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the County's enterprise fund is charges for ambulance services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources, as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. 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

- a. State statutes authorize the County to invest in Certificates of Deposit, obligations of the U.S. Government, and fully collateralized repurchase agreements.
- b. 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.

2. Receivables and Payables:

Advances between funds, as reported in the fund financial statements, are offset by a receivable balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

3. Prepaid Items:

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

4. Capital Assets:

Capital assets, which include land, construction in progress, buildings, improvements, machinery and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets including computer software 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. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. No computer software is developed in-house.

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.

Capital assets of the primary government are depreciated using the straight-line method over their useful lives.

5. **Deferred Revenue:**

Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year end are classified as deferred revenue.

6. **Compensated Absences:**

Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule of five days to twenty-five days per year, depending on length of service. Annual leave earned by an employee must be taken within the subsequent twelve (12) months. Employees who have worked at least one (1) year shall be paid prorated annual leave upon separation.

Qualified employees are entitled to accumulate sick leave at the rate of four hours of sick leave for every two weeks of services (beginning the anniversary date of employment). A regular employee may accumulate up to 360 hours of sick leave in total. Sick leave for regular part-time employment accrues on a prorated basis. Upon termination, employees receive no pay for sick time accumulated.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the government fund that will pay it. 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 assets.

7. **Long-Term Obligations:**

In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

8. **Net Assets:**

The government-wide and business-type activities fund financial statements utilize a net assets presentation.

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets - Restricted net assets result from the constraints placed on the use of net assets when externally imposed by creditors, grantors, laws and regulations of other governments and imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This category reflects net assets of the County, not restricted for any project or other purpose.

12. Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

13. Inter-Fund Transactions:

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

All other inter-fund transactions, except quasi-external transactions and reimbursements are reported as transfers. All other inter-fund transfers are reported as operating transfers.

14. 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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Two months prior to June 30th, the County Manager submits to the County Commission a proposed operating budget for the upcoming fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the County Office to obtain taxpayer comments.
3. After the County Commission approves the proposed budget, it is then submitted to the Local Government Division of the State Department of Finance and Administration for review and

certification.

4. Upon certification the budget becomes a legally binding document. Total expenditures in any fund may not exceed the amount budgeted.
5. The County Manager is authorized to transfer budgeted amounts among departments within a fund; however, the County Commission and the Local Government Division of the State Department of Finance and Administration must approve these revisions.
6. Any revisions that increase the total budgeted expenditures of any fund must have written approval of the Secretary of Finance and Administration and the Attorney General. If such approval is not granted, the County is legally restricted under state statutes to the total expenditures provided for in the budget.
7. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds.

Budgets are not adopted on a basis consistent with generally accepted accounting principles (GAAP). Throughout the year, the accounting records are maintained on a Non-GAAP basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the budgets are adopted on the cash basis of accounting. Budgetary comparisons presented for in this report are on this Non-GAAP budgetary basis. Appropriations lapse at year-end, therefore, beginning cash balances reflected as fund balances or retained earnings in the budgetary comparisons are considered available resources for the subsequent year's budget. The budget amounts shown in the financial statements are the final authorization amounts as revised during the year.

No budget was adopted for the CDBG Renovation capital projects fund as no revenues or expenditures were anticipated.

The County is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The 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 generally accepted accounting principles, 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, 2009 are presented.

3. CUSTODIAL CREDIT RISK - DEPOSITS

The County had the following depository accounts. All deposits are carried at cost plus accrued interest. The County does not have a deposit policy.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 666,586
Collateralized:	
Collateral held by pledging bank's trust department not in the county's name	3,868,378
Uninsured and uncollateralized	<u>2,685,786</u>
 Total Cash and Investments, Primary Government	 <u>\$ 7,220,750</u>

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$6,554,165 of the County's bank balance of \$7,220,750 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,685,787
Uninsured and collateralized held by pledging bank's trust department not in County's name	<u>3,868,378</u>
 Total Cash and Investments, Primary Government	 <u>\$ 6,554,165</u>

4. ACCOUNTS RECEIVABLE

The amount shown as accounts receivable represent amounts due from oil and gas taxes, motor vehicle taxes, and gross receipts taxes.

Accounts receivable as of June 30, 2009, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes receivable:			
Property taxes	\$ 216,664	\$ -	\$ 216,664
Due from other governments:			
Gas taxes	12,341	-	12,341
Motor vehicles	15,933	-	15,933
Grants	757,675	-	757,675
Intergovernmental	1,855,206	-	1,855,206
Accounts receivable	<u>-</u>	<u>9,492</u>	<u>9,492</u>
 Net receivables	 <u>\$ 2,857,819</u>	 <u>\$ 9,492</u>	 <u>\$ 2,867,311</u>

All amounts are considered to be collectible.

5. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2009, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

Depreciation expense, for the year ended June 30, 2009 was charged as follows:

General Government	\$ 232,105
Public Safety	226,875
Public Works	89,303
Culture and Recreation	<u>18,578</u>
Total depreciation expense	<u>\$ 566,861</u>

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Government activities:				
Capital assets not being depreciated				
Land	\$ 694,470	\$ -	\$ -	\$ 694,470
Construction in progress	<u>205,166</u>	<u>-</u>	<u>-</u>	<u>205,166</u>
Total	899,636	-	-	899,636
Other capital assets being depreciated				
Buildings	6,061,471	514,292	-	6,575,763
Improvements/Infrastructure	348,764	-	-	348,764
Machinery and equipment	<u>5,474,364</u>	<u>905,255</u>	<u>(174,312)</u>	<u>6,205,307</u>
Total	12,784,235	1,419,547	(174,312)	14,029,470
Accumulated depreciation:				
Buildings	2,616,890	193,867	-	2,810,757
Improvements/Infrastructure	130,607	12,227	-	142,834
Machinery and equipment	<u>3,245,355</u>	<u>360,767</u>	<u>-</u>	<u>3,606,122</u>
Total accumulated depreciation	<u>5,992,852</u>	<u>566,861</u>	<u>-</u>	<u>6,559,713</u>
Net book value	<u>\$ 6,791,383</u>	<u>\$ 852,686</u>	<u>\$ (174,312)</u>	<u>\$ 7,469,757</u>

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ 49,616	\$ -	\$ -	\$ 49,616
Capital assets being depreciated				
Buildings	355,359	90,620	(3,294)	442,685
Improvements/Infrastructure	791,573	-	-	791,573
Total	1,196,548	90,620	(3,294)	1,283,874
Accumulated depreciation:				
Buildings	47,285	-	-	47,285
Improvements/Infrastructure	545,740	61,744	-	607,484
Total accumulated depreciation	593,025	61,744	-	654,769
Net book value	\$ 603,523	\$ 28,876	\$ (3,294)	\$ 629,105

Depreciation expense relating to business-like activities for the year-ended June 30, 2009 totaled \$61,744.

6. LONG-TERM LIABILITIES

During the year-end June 30, 2009, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Funds	Balance 6/30/08	Additions	Reductions	Balance 06/30/09	Due Within One Year
Gross receipts revenue bonds	\$ 818,124	\$ -	\$ 154,098	\$ 664,026	\$ 158,720
Detention Center	1,984,634	-	106,707	1,877,927	109,908
Playas Fire Dept	-	76,125	-	76,125	18,196
Compensated absences	30,189	32,820	36,103	26,906	-
Total	\$ 2,832,947	\$ 108,945	\$ 296,908	\$ 2,644,984	\$ 286,824

Excess gross receipts taxes collected are applied against principal of the revenue bonds annually. NMFA loans are paid by the Fire Funds. Accrued compensated absences are paid out of various funds in the following percentage: 78.3% from General Fund, 10.1% from Road Fund, 6.8% from C&C Transfer Station, 3.0% from Gross Receipts Landfill, and 1.4% from Hidalgo Complex.

Proprietary Fund	Balance 6/30/08	Additions	Deletions	Balance 6/30/09	Due Within One Year
Compensated absences	\$ 6,876	\$ 7,500	\$ 8,249	\$ 6,127	\$ 6,127

This liability for compensated absences is paid out of the proprietary fund.

Hidalgo Medical Center Loan

The City of Lordsburg and County of Hidalgo entered into a joint powers agreement to jointly finance the construction of a health-care facility on June 18, 2001. The agreement gave ownership rights of the facility to the County. The benefit to the City was to have a health-care facility to provide medical services to its residents. The total project cost was estimated to be \$3,553,600. The County received a federal grant of \$1,359,296 towards the completion of the project. The remaining \$2,194,304 of estimated project costs was to be financed.

Hidalgo Medical Services borrowed money from the New Mexico Finance Authority's Primary Care Loan Fund to build the facility under the loan agreement. The County sold a bond issue to Hidalgo Medical Services in a private sale, which was used to secure the loan. The proceeds from the loan went to the County, which has the administrative responsibility for building the facility and paying off the loan. As the loan is paid, it will be used to reduce the amount owed under the bond issue.

Both the City and County have pledged their taxes that are intercepted from the Municipal Infrastructure Gross Receipts Tax and the County Hospital Emergency Gross Receipts Tax that began with the July 2001 distributions. The City will pledge and pay one-eighth of one percent of the Municipal Infrastructure Gross Receipts Tax and the County will pledge and pay one-fourth of one percent of the County Hospital Emergency Gross Receipts Tax on a monthly basis. Interest will accrue at 3% per annum. The City will not retain any ownership rights to the facility. Taxes are collected by the New Mexico Department of Taxation and Revenue.

The outstanding bonds at June 30, 2009 consisted of Gross Receipts Revenue Bonds, dated June 18, 2001, principal due July 1, 2001 through 2014 having an approximate yield of 3.82%

Although payments are deducted monthly, the annual payments of the loan are as follows:

<u>Due in Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
2010	\$ 158,720	\$ 19,921	\$ 178,641
2011	163,482	15,159	178,641
2012	168,386	10,255	178,641
2013	<u>173,438</u>	<u>5,203</u>	<u>178,641</u>
	<u>\$ 664,026</u>	<u>\$ 50,538</u>	<u>\$ 714,564</u>

NMFA Loan Payable - Detention Center

On June 30, 2009, the County entered into a loan agreement with the New Mexico Finance Authority for the construction of a new detention center for the County. The County pledged future revenues from the County's gross receipts tax. This revenue is subject to an intercept agreement. The original amount of the loan was \$1,984,634. Interest on the loan is 3%. The term of the loan was fifteen years. Although payments are deducted monthly, the annual payments of the loan are as follows:

<u>Due in Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2010	\$ 109,908	\$ 56,338	\$ 166,246
2011	113,205	53,041	166,246
2012	116,602	49,644	166,246
2013	120,100	46,146	166,246
2014	173,438	5,203	178,641
2015-2023	<u>1,244,674</u>	<u>239,145</u>	<u>1,483,819</u>
	<u>\$ 1,877,927</u>	<u>\$ 449,517</u>	<u>\$ 2,327,444</u>

The above loan was set up with a required reserve funds payable. The New Mexico Finance Authority required \$129,863 for the reserve funds payable at the end of June 30, 2009.

NMFA Loan Payable - Playas Fire Department

On December 23, 2008, the County entered into a loan agreement with the New Mexico Finance Authority for the purchase of a new fire substation for the Playas Fire Department. The County pledged future revenues from the Fire Protection Fund revenue distributions made annually to Playas Fire District by the State Fire Marshal. This revenue is subject to an intercept agreement. The original amount of the loan was \$76,125. Interest on the loan is 3%. The term of the loan was four years. Although payments are deducted monthly, the annual payments of the loan are as follows:

<u>Due in Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2010	\$ 18,196	\$ 3,096	\$ 21,292
2011	18,742	1,738	20,480
2012	19,304	1,176	20,480
2013	<u>19,883</u>	<u>597</u>	<u>20,480</u>
	<u>\$ 76,125</u>	<u>\$ 6,607</u>	<u>\$ 82,732</u>

7 RISK MANAGEMENT

The County is subject to risk of loss through areas of general liability, worker's compensation, and natural disaster to minimize the risk of loss for general liability, the County has insurance coverage through a private common carrier. The coverage includes commercial general liability, property, inland marine, crime, errors and omissions and automobile. The coverage limitation varies for each type of coverage purchased.

For the policy period of July 1, 2008 through June 30, 2009, the premiums paid by the County were

\$375,329. The assumption of risk transfers upon payment of premiums within the policy limits. To minimize the risk of loss for worker's compensation, the County participates in the New Mexico County Insurance Association (a risk pool of counties within the State of New Mexico).

8. PERA PENSION PLAN

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

Funding Policy - Plan members are required to contribute 7% for municipal employees and 13.5% of gross salaries for law enforcement employees. The County is required to contribute 9.15% for law enforcement plan members and 9.15% for all other plan members. The contribution requirements of plan members and County of Hidalgo are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ended June 30, 2009 were \$168,430, \$154,260, and \$142,819, respectively, which equal the amount of the required contributions for each fiscal year.

9. POST-EMPLOYMENT BENEFITS

The County of Hidalgo did not participate in the Retiree Health Care Act Program during the fiscal years ending June 30, 2009.

10. CONTINGENCIES

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.

11. 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.

12. INTER-FUND TRANSFERS AND BALANCES

The composition of interfund transfers for Governmental Activities during the year ended June 30, 2009 are as follows:

Amount	From	To	Purpose
\$ 50,000	General Fund	C & C Transfer	To reimburse for expenditures
\$ 153,795	General Fund	Grants	To reimburse for expenditures
\$ 175,000	Correction Fees	Debt Service	To reimburse for expenditures
\$ 66,304	General Fund	Debt Service	To reimburse for expenditures
\$ 15,000	Gross Receipts Landfill	General Fund	To reimburse for expenditures
\$ 14,649	Enhanced 911	General Fund	To reimburse for expenditures
\$ 7,500	Indigent	General Fund	To reimburse for expenditures
\$ 372,950	General Fund	Grants	To reimburse for expenditures
\$ 35,000	Gross Receipts Environmental	General Fund	To reimburse for expenditures
\$ 150,000	General Fund	Ambulance Fund	To reimburse for expenditures

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

CLERK'S EQUIPMENT & RECORDING FUND - To account for revenues and expenditures for control of equipment. The fees collected are restricted in that they may only be used for the purchase of equipment associated with the recording, filing, maintaining, or reproducing of documents in the Office of the County Clerk. This fund was created by authority of state statute (see section 14-8-2.2, NMSA 1978 Compilation).

FARM AND RANGE FUND - To account for the operations and maintenance of County roads and predatory animal control. Financing is provided by the County's share of grazing fees. Such fees provide for payment of all current operating costs and may be used only for that purpose. Authority is NMSA 6-11-6.

RECREATION FUND - To account for revenues and expenditures related to the County's Youth recreational activities. Funds are provided by the state shared cigarette tax. The fund was created by authority of state statute (see section 7-12-15, NMSA 1978 Compilation).

PROPERTY VALUATION FUND - To account for funds used to provide valuation services to the County and other local entities. This fund was created by authority of state statute (see Section 7-38-38.1, NMSA 1978 Compilation).

C & C TRANSFER STATION FUND - To account for fees charged and expenditures of a city and county transfer station. In addition to the fees charged, the County provides funds from the gross receipts tax fund and the general fund. Authority is motion of the County Commission.

GRANTS FUND - To account for grant funds received from the New Mexico Department of Public Safety and other state and federal agencies under the authority of state statute (see section 11-6A-5, NMSA 1978 and Chapter 65).

CORRECTION FEES FUND - To account for correction fees authorized by Section 35-14-11, NMSA, 1978. Such revenues are used to supplement general funds for the care of prisoners.

DARE (DRUG CONTROL AND SYSTEMS IMPROVEMENT FORMULA) GRANT FUND - To account for grant funds to help students recognize and resist pressure that influence them to experiment with alcohol, drugs or tobacco. Funding is provided by the United States Department of Justice pursuant Anti-Drug Abuse Act of 1988, Public Law 100-690, Title VI, Subtitle C.

LAW ENFORCEMENT PROTECTION FUND - To account for revenues and expenditures for maintaining and improving the County's law enforcement department in order to enhance its efficiency and effectiveness. Funding is from the State appropriation authorized by Section 29-13-3F, NMSA.

GROSS RECEIPTS LANDFILL FUND - To account for a gross receipts tax imposed to fund environmental activities, mainly sanitary landfill closure and disposal of solid waste. Authority is NMSA 1978 7-20E-17.

INDIGENT CARE FUND - 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 7-20OE-9, NMSA 1978 compilation).

GROSS RECEIPTS ENVIRONMENTAL FUND - To account for a gross receipts tax dedicated for acquisition, construction operation and maintenance of water facilities, wastewater facilities, sewer systems and related facilities. Authority is local ordinance authorized by NMSA 1978 7-19D-10.

EMS GRANT FUND - To account for grant monies restricted to expenditures for improvement and operations of emergency medical services. Sources of funds are the State of New Mexico Health and Environment Department, Emergency Medical Services Bureau. Expenditures are subject to approval of County commission

and the state Agency. NMSA 24-10A to 24-10A-10.

ENHANCED 911 FUND - To account for grant funds that are to be used to purchase and maintain a new 911 system. Financing is provided by a grant from New Mexico Department of Finance and Administration pursuant NMSA 63-9D-1, "Enhanced 911 Act".

HIDALGO COMPLEX FUND - To account for funds received for staffing and managing the Hidalgo Complex Capital Projects

CAPITAL PROJECTS FUNDS

HOSPITAL ACQUISITION FUND - To account for the cost of construction of a new health care facility financed by revenue bonds and a grant from the federal government. Authorized by County Hospital Emergency Gross Receipts Act, Section 7-20C-1 through 7-20C-17, NMSA 1978.

DETENTION BUILDING FUND - To account for a gross receipts tax imposed to fund Detention Center improvements. Authority is local ordinance authorized by NMSA 1978 7-20E-17.

FEMA DISASTER FUND - To account for grant funds from the FEMA disaster relief fund. Funding is from the Department of Homeland Security through the New Mexico Office of Emergency Management. Authorized by the FEMA Major Disaster Declaration FEMA-1659-DR.

DEBT SERVICE FUNDS

HOSPITAL DEBT SERVICE FUND - To account for the accumulation of gross receipts taxes applied to the gross receipts revenue bonds debt service at New Mexico Finance Authority. Authorized by Section 7-20C-1 through 7-20C-17, NMSA 1978.

PLAYAS FIRE DEBT SERVICE FUND - To account for funds received from state fire distribution for new fire substation debt service to New Mexico Finance Authority. Authorized by County Resolution 2008-49 and Section 59A-53-7 NMSA 1978.

DETENTION CENTER DEBT SERVICE FUND - To account for funds received for fund Detention Center improvements. Authority is local ordinance authorized by NMSA 1978 7-20E-17.

STATE OF NEW MEXICO, COUNTY OF HIDALGO

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,780,595	\$ 778,060	\$ 166,586	\$ 2,725,241
Due from other governments	<u>631,554</u>	<u>-</u>	<u>-</u>	<u>631,554</u>
Total assets	<u>\$ 2,412,149</u>	<u>\$ 778,060</u>	<u>\$ 166,586</u>	<u>\$ 3,356,795</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 431	\$ -	\$ -	\$ 431
Accrued salaries	<u>10,412</u>	<u>-</u>	<u>-</u>	<u>10,412</u>
Total liabilities	10,843	-	-	10,843
Fund Balance:				
Reserved for debt service	-	-	166,586	166,586
Reserved for capital projects	-	778,060	-	778,060
Unreserved for special revenue funds	<u>2,401,306</u>	<u>-</u>	<u>-</u>	<u>2,401,306</u>
Total fund balances	<u>2,401,306</u>	<u>778,060</u>	<u>166,586</u>	<u>3,345,952</u>
Total liabilities and fund balances	<u>\$ 2,412,149</u>	<u>\$ 778,060</u>	<u>\$ 166,586</u>	<u>\$ 3,356,795</u>

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Funds
REVENUES				
State shared taxes	\$ 235	\$ -	\$ -	\$ 235
Gross receipts taxes	287,968	-	-	287,968
Intergovernmental income	106,490	-	61,386	167,876
Charges for services	538,493	-	-	538,493
Other income	93,616	14,400	-	108,016
State grant	3,667,635	-	-	3,667,635
Total revenues	4,694,437	14,400	61,386	4,770,223
EXPENDITURES				
Current:				
General government	11,193	-	-	11,193
Public safety	3,183,626	-	-	3,183,626
Public works	-	-	-	-
Culture and recreation	600	-	-	600
Health and welfare	702,186	1,659	-	703,845
Debt service				
Principal	-	-	260,805	260,805
Interest	-	-	84,083	84,083
Capital outlay	188,628	320,032	-	508,660
Total expenditures	4,086,233	321,691	344,888	4,752,812
Excess (deficiency) revenues over ex (under) expenditures	608,204	(307,291)	(283,502)	17,411
OTHER FINANCING SOURCES (USES):				
Transfers in	203,795	-	241,305	445,100
Transfers out	(247,149)	-	-	(247,149)
Total other financing sources (uses)	(43,354)	-	241,305	197,951
Net change in fund balance	564,850	(307,291)	(42,197)	215,362
Fund balance beginning of year	1,836,456	1,085,351	208,783	3,130,590
Fund balance end of year	\$ 2,401,306	\$ 778,060	\$ 166,586	\$ 3,345,952

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

SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO, COUNTY OF HIDALGO

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2009

	Clerk's Equipment and Recording	Farm and Range	Recreation	Property Valuation	C & C Transfer	Grants	Correction Fees	DARE	Sub-Total
ASSETS									
Cash and cash equivalents	\$ 18,473	\$ 39,055	\$ 728	\$ 214,430	\$ 71,652	\$ 665,352	\$ 477,385	\$ 51,277	\$ 1,538,352
Due from other governments	-	-	-	-	-	631,554	-	-	631,554
Total assets	\$ 18,473	\$ 39,055	\$ 728	\$ 214,430	\$ 71,652	\$ 1,296,906	\$ 477,385	\$ 51,277	\$ 2,169,906
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	6,103	-	-	-	6,103
Total liabilities	-	-	-	-	6,103	-	-	-	6,103
Fund balance									
Unreserved for special revenue funds	18,473	39,055	728	214,430	65,549	1,296,906	477,385	51,277	2,163,803
Total liabilities and fund balance	\$ 18,473	\$ 39,055	\$ 728	\$ 214,430	\$ 71,652	\$ 1,296,906	\$ 477,385	\$ 51,277	\$ 2,169,906

(Continued)

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2009

	Law Enforcement Protection	Gross Receipts Landfill	Indigent Care	Gross Receipts Environmental	EMS Grant	Enhanced 911	Hidalgo Complex	Sub-total Page 1	Total
ASSETS									
Cash and cash equivalents	\$ 4,840	\$ 45,915	\$ 144,370	\$ 37,597	\$ 3,356	-	\$ 6,165	\$ 1,538,352	\$ 1,780,595
Due from other governments	-	-	-	-	-	-	-	631,554	631,554
Total assets	\$ 4,840	\$ 45,915	\$ 144,370	\$ 37,597	\$ 3,356	-	\$ 6,165	\$ 2,169,906	\$ 2,412,149
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 431	\$ -	\$ 431
Accrued liabilities	-	2,693	-	-	-	-	1,616	6,103	10,412
Total liabilities	-	2,693	-	-	-	-	2,047	6,103	10,843
Fund balance	4,840	43,222	144,370	37,597	3,356	-	4,118	2,163,803	2,401,306
Unreserved for special revenue funds									
Total liabilities and fund balance	\$ 4,840	\$ 45,915	\$ 144,370	\$ 37,597	\$ 3,356	\$ -	\$ 6,165	\$ 2,169,906	\$ 2,412,149

(Concluded)

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

**STATE OF NEW MEXICO, COUNTY OF HIDALGO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009**

	Clerk's Equipment and Recording	Farm and Range	Recreation	Property Valuation	C & C Transfer	Grants	Correction Fees	DARE	Sub-Total
REVENUES									
State shared taxes	\$ -	\$ -	235	\$ -	\$ -	\$ -	\$ -	\$ -	235
Gross receipts taxes	-	-	-	-	-	-	-	-	-
Intergovernmental income	-	29,705	-	-	-	-	-	-	29,705
Charges for services	5,556	-	-	30,946	211,171	-	290,820	-	538,493
Other income	-	-	-	-	-	-	57,600	14,172	71,772
State grants	-	-	-	-	-	3,667,635	-	-	3,667,635
Total revenues	5,556	29,705	235	30,946	211,171	3,667,635	348,420	14,172	4,307,840
EXPENDITURES									
Current:									
General government	7,174	-	-	4,019	-	-	-	-	11,193
Public safety	-	-	-	-	-	3,110,357	48,119	1,895	3,160,371
Culture and recreation	-	-	600	-	-	-	-	-	600
Health and welfare	-	44,800	-	-	362,131	-	-	-	406,931
Capital outlay	-	56,955	-	-	-	131,673	-	-	188,628
Total expenditures	7,174	101,755	600	4,019	362,131	3,242,030	48,119	1,895	3,767,723
Excess (deficiency) of revenues over (under) expenditures	(1,618)	(72,050)	(365)	26,927	(150,960)	425,605	300,301	12,277	540,117
OTHER FINANCING SOURCES (USES)									
Operating transfers in	-	-	-	-	50,000	153,795	-	-	203,795
Operating transfers out	-	-	-	-	-	-	(175,000)	-	(175,000)
Total other financing source (uses)	-	-	-	-	50,000	153,795	(175,000)	-	28,795
Net change in fund balance	(1,618)	(72,050)	(365)	26,927	(100,960)	579,400	125,301	12,277	568,912
Fund balance, beginning of year	20,091	111,105	1,093	187,503	166,509	717,506	352,084	39,000	1,594,891
Fund balance, end of year	18,473	39,055	728	214,430	65,549	1,296,906	477,385	51,277	2,163,803

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Law Enforcement Protection	Gross Receipts Landfill	Indigent Care	Gross Receipts Environmental	EMS Grant	Enhanced 911	Hidalgo Complex	Sub-total Page 1	Total
REVENUES									
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	235	\$ 235
Gross receipts taxes	-	121,024	121,024	45,920	-	-	-	-	287,968
Intergovernmental income	24,800	-	-	-	51,985	-	-	29,705	106,490
Charges for services	-	-	-	-	-	-	-	538,493	538,493
Other income	-	-	-	-	-	-	21,844	71,772	93,616
State grants	-	-	-	-	-	-	-	3,667,635	3,667,635
Total revenues	24,800	121,024	121,024	45,920	51,985	-	21,844	4,307,840	4,694,437
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	11,193	11,193
Public safety	23,255	-	-	-	-	-	-	3,160,371	3,183,626
Culture and recreation	-	-	-	-	-	-	-	600	600
Health and welfare	-	94,924	112,685	-	56,986	-	30,660	406,931	702,186
Capital outlay	-	-	-	-	-	-	-	188,628	188,628
Total expenditures	23,255	94,924	112,685	-	56,986	-	30,660	3,767,723	4,086,233
Excess (deficiency) of revenues over (under) expenditures	1,545	26,100	8,339	45,920	(5,001)	-	(8,816)	540,117	608,204
OTHER FINANCING SOURCES (USES)									
Operating transfers in	-	-	-	-	-	-	-	203,795	203,795
Operating transfers out	-	(15,000)	(7,500)	(35,000)	-	(14,649)	-	(175,000)	(247,149)
Total other financing source (uses)	-	(15,000)	(7,500)	(35,000)	-	(14,649)	-	28,795	(43,354)
Net change in fund balance	1,545	11,100	839	10,920	(5,001)	(14,649)	(8,816)	568,912	564,850
Fund balance, beginning of year	3,295	32,122	143,531	26,677	8,357	14,649	12,934	1,594,891	1,836,456
Fund balance, end of year	\$ 4,840	\$ 43,222	\$ 144,370	\$ 37,597	\$ 3,356	\$ -	\$ 4,118	\$ 2,163,803	\$ 2,401,306

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - CLERK'S EQUIPMENT AND RECORDING FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative)
REVENUES:				
Charges for services	\$ 5,000	\$ 5,000	\$ 5,556	\$ 556
Total revenues	5,000	5,000	5,556	556
EXPENDITURES:				
General government				
Operating expenditures	9,000	9,000	7,174	1,826
Total expenditures	9,000	9,000	7,174	1,826
Excess (deficiency) of revenues over expenditures			(1,618)	
Net changes in fund balance Non-GAAP basis			(1,618)	
Net change in fund balance GAAP basis			(1,618)	
Fund balance - beginning			20,091	
Fund balance - ending			\$ 18,473	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - FARM AND RANGE FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Intergovernmental revenues	\$ 20,000	\$ 20,000	\$ 29,705	\$ 9,705
Total revenues	20,000	20,000	29,705	9,705
EXPENDITURES:				
Health and welfare				
Operating expenditures	46,300	46,300	44,800	1,500
Capital outlay	50,000	57,000	56,955	45
Total expenditures	96,300	103,300	101,755	1,545
Excess (deficiency) of revenues over expenditures			(72,050)	
Net change in fund balance GAAP basis			(72,050)	
Fund balance - beginning			111,105	
Fund balance - ending			\$ 39,055	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - RECREATION FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
State shared taxes	\$ 400	\$ 400	\$ 349	\$ (51)
Total revenues	400	400	349	(51)
EXPENDITURES:				
Culture and recreation				
Operating expenditures	600	600	600	-
Total expenditures	600	600	600	-
Excess (deficiency) of revenues over expenditures			(251)	
Net changes in fund balance Non-GAAP basis			(251)	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		(114)		
Adjust accrued expenditures		-	(114)	
Net change in fund balance GAAP basis			(365)	
Fund balance - beginning			1,093	
Fund balance - ending			\$ 728	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - PROPERTY VALUATION FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Charges for services	\$ 20,000	\$ 20,000	\$ 30,946	\$ 10,946
Total revenues	20,000	20,000	30,946	10,946
EXPENDITURES:				
General government				
Operating expenditures	10,208	10,208	4,160	6,048
Capital outlay	20,000	20,000	-	20,000
Total expenditures	30,208	30,208	4,160	26,048
Excess (deficiency) of revenues over expenditures			26,786	
Net changes in fund balance Non-GAAP basis			26,786	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		141		
Adjust accrued expenditures		-	141	
Net change in fund balance GAAP basis			26,927	
Fund balance - beginning			187,503	
Fund balance - ending			\$ 214,430	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - C & C TRANSFER FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative)
REVENUES:				
Charges for services	\$ 170,000	\$ 170,000	\$ 226,827	\$ 56,827
Total revenues	170,000	170,000	226,827	56,827
EXPENDITURES:				
Health and welfare				
Operating expenditures	367,815	367,815	359,880	7,935
Total expenditures	367,815	367,815	359,880	7,935
Excess (deficiency) of revenues over expenditures			(133,053)	
OTHER FINANCING SOURCES (USES)				
Transfers in	65,000	65,000	50,000	(15,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	65,000	65,000	50,000	(15,000)
Net changes in fund balance Non-GAAP basis			(83,053)	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		(15,656)		
Adjust accrued expenditures		(2,251)	(17,907)	
Net change in fund balance GAAP basis			(100,960)	
Fund balance - beginning			166,509	
Fund balance - ending			\$ 65,549	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - GRANTS FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
State grants	\$ 9,000,000	\$ 9,000,000	\$ 3,648,458	\$ (5,351,542)
Total revenues	9,000,000	9,000,000	3,648,458	(5,351,542)
EXPENDITURES:				
Public safety				
Operating expenditures	8,649,988	9,354,514	3,186,548	6,167,966
Capital outlay	30,000	149,172	131,673	17,499
Total expenditures	8,679,988	9,503,686	3,318,221	6,185,465
Excess (deficiency) of revenues over expenditures			330,237	
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	153,795	153,795
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	153,795	153,795
Net changes in fund balance Non-GAAP basis			484,032	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		19,177		
Adjust accrued expenditures		76,191	95,368	
Net change in fund balance GAAP basis			579,400	
Fund balance - beginning			717,506	
Fund balance - ending			\$ 1,296,906	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - CORRECTION FEES FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Charges for services	\$ 100,000	\$ 100,000	\$ 290,820	\$ 190,820
Miscellaneous income	-	-	57,600	57,600
Total revenues	100,000	100,000	348,420	248,420
EXPENDITURES:				
Public safety				
Personnel expenditures	71,300	71,300	50,226	21,074
Total expenditures	71,300	71,300	50,226	21,074
Excess (deficiency) of revenues over expenditures			298,194	
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(175,000)	(175,000)	(175,000)	-
Total other financing sources (uses)	(175,000)	(175,000)	(175,000)	-
Net changes in fund balance Non-GAAP basis			123,194	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		2,107		
Adjust accrued expenditures		-	2,107	
Net change in fund balance GAAP basis			125,301	
Fund balance - beginning			352,084	
Fund balance - ending			\$ 477,385	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - DARE FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative)
REVENUES:				
Other income	\$ 5,000	\$ 5,000	\$ 14,172	\$ 9,172
Total revenues	5,000	5,000	14,172	9,172
EXPENDITURES:				
Public safety				
Operating expenditures	5,000	5,000	1,895	3,105
Total expenditures	5,000	5,000	1,895	3,105
Excess (deficiency) of revenues over expenditures			12,277	
Net change in fund balance GAAP basis			12,277	
Fund balance - beginning			39,000	
Fund balance - ending			\$ 51,277	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - LAW ENFORCEMENT PROTECTION FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Intergovernmental income	\$ 24,800	\$ 24,800	\$ 24,800	\$ -
Total revenues	24,800	24,800	24,800	-
EXPENDITURES:				
Public safety				
Operating expenditures	24,800	24,800	24,533	267
Total expenditures	24,800	24,800	24,533	267
Excess (deficiency) of revenues over expenditures			267	
Net changes in fund balance Non-GAAP basis			267	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		-		
Adjust accrued expenditures		1,278	1,278	
Net change in fund balance GAAP basis			1,545	
Fund balance - beginning			3,295	
Fund balance - ending			\$ 4,840	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - GROSS RECEIPTS/LANDFILL FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Gross receipts taxes	\$ 115,000	\$ 115,000	\$ 121,024	\$ 6,024
Miscellaneous income	4,000	4,000	-	(4,000)
Total revenues	119,000	119,000	121,024	2,024
EXPENDITURES:				
Health and welfare				
Operating expenditures	108,854	108,854	93,460	15,394
Total expenditures	108,854	108,854	93,460	15,394
Excess (deficiency) of revenues over expenditures			27,564	
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(30,000)	(30,000)	(15,000)	15,000
Total other financing sources (uses)	(30,000)	(30,000)	(15,000)	15,000
Net changes in fund balance Non-GAAP basis			12,564	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		-		
Adjust accrued expenditures		(1,464)	(1,464)	
Net change in fund balance GAAP basis			11,100	
Fund balance - beginning			32,122	
Fund balance - ending			\$ 43,222	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - INDIGENT CARE FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Gross receipts taxes	\$ 115,000	\$ 115,000	\$ 121,024	\$ 6,024
Total revenues	115,000	115,000	121,024	6,024
EXPENDITURES:				
Health and welfare				
Operating expenditures	108,701	115,801	112,685	3,116
Total expenditures	108,701	115,801	112,685	3,116
Excess (deficiency) of revenues over expenditures			8,339	
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(7,500)	(7,500)	(7,500)	-
Total other financing sources (uses)	(7,500)	(7,500)	(7,500)	-
Net changes in fund balance Non-GAAP basis			839	
Net change in fund balance GAAP basis			839	
Fund balance - beginning			143,531	
Fund balance - ending			\$ 144,370	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - GROSS RECEIPTS ENVIRONMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Gross receipts taxes	\$ 35,000	\$ 35,000	\$ 45,920	\$ 10,920
Total revenues	35,000	35,000	45,920	10,920
EXPENDITURES:				
Public works				
Operating expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures			45,920	
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(35,000)	(35,000)	(35,000)	-
Total other financing sources (uses)	(35,000)	(35,000)	(35,000)	-
Net changes in fund balance Non-GAAP basis			10,920	
Net change in fund balance GAAP basis			10,920	
Fund balance - beginning			26,677	
Fund balance - ending			\$ 37,597	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - EMS GRANT FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Intergovernmental income	\$ 53,126	\$ 53,126	\$ 51,985	\$ (1,141)
Total revenues	53,126	53,126	51,985	(1,141)
EXPENDITURES:				
Health and welfare				
Operating expenditures	53,126	62,762	58,265	4,497
Total expenditures	53,126	62,762	58,265	4,497
Excess (deficiency) of revenues over expenditures			(6,280)	
Net changes in fund balance Non-GAAP basis			(6,280)	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		-		
Adjust accrued expenditures		1,279	1,279	
Net change in fund balance GAAP basis			(5,001)	
Fund balance - beginning			8,357	
Fund balance - ending			\$ 3,356	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - ENHANCED 911 FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Health and welfare				
Operating expenditures	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures			-	
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(14,649)	(14,649)	(14,649)	-
Total other financing sources (uses)	(14,649)	(14,649)	(14,649)	-
Net change in fund balance GAAP basis			(14,649)	
Fund balance - beginning			14,649	
Fund balance - ending			\$ -	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - HIDALGO COMPLEX FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative)
REVENUES:				
Miscellaneous income	\$ 30,000	\$ 30,000	\$ 22,174	\$ (7,826)
Total revenues	30,000	30,000	22,174	(7,826)
EXPENDITURES:				
Health and welfare				
Operating expenditures	30,784	31,784	30,405	1,379
Total expenditures	30,784	31,784	30,405	1,379
Excess (deficiency) of revenues over expenditures			(8,231)	
Net changes in fund balance Non-GAAP basis			(8,231)	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		(330)		
Adjust accrued expenditures		(255)	(585)	
Net change in fund balance GAAP basis			(8,816)	
Fund balance - beginning			12,934	
Fund balance - ending			\$ 4,118	

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

CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO, COUNTY OF HIDALGO

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2009

	<u>Hospital Acquisition</u>	<u>Detention Building</u>	<u>FEMA Disaster</u>	<u>Total</u>
ASSETS				
Cash	\$ 91,528	\$ 99,208	\$ 587,324	\$ 778,060
Total assets	\$ 91,528	\$ 99,208	\$ 587,324	\$ 778,060
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balance				
Reserved for capital projects	91,528	99,208	587,324	778,060
Total liabilities and fund balance	\$ 91,528	\$ 99,208	\$ 587,324	\$ 778,060

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Hospital Acquisition</u>	<u>Detention Building</u>	<u>FEMA Disaster</u>	<u>Total</u>
REVENUES				
Miscellaneous	\$ 14,400	\$ -	\$ -	\$ 14,400
Total revenues	14,400	-	-	14,400
EXPENDITURES				
Current:				
Health and welfare	1,659	-	-	1,659
Capital outlay	-	320,032	-	320,032
Total expenditures	1,659	320,032	-	321,691
Excess (deficiency) of revenues over (under) expenditures	12,741	(320,032)	-	(307,291)
Net change in fund balance	12,741	(320,032)	-	(307,291)
Fund balance, beginning of year	78,787	419,240	587,324	1,085,351
Fund balance, end of year	<u>\$ 91,528</u>	<u>\$ 99,208</u>	<u>\$ 587,324</u>	<u>\$ 778,060</u>

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 CAPITAL PROJECTS FUND - HOSPITAL ACQUISITION FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Other income	\$ 14,400	\$ 14,400	\$ 14,400	\$ -
Total revenues	14,400	14,400	14,400	-
EXPENDITURES:				
Health and welfare	78,787	78,787	1,659	77,128
Total expenditures	78,787	78,787	1,659	77,128
Excess (deficiency) of revenues over expenditures			12,741	
Net changes in fund balance Non-GAAP basis			12,741	
Net change in fund balance GAAP basis			12,741	
Fund balance - beginning			78,787	
Fund balance - ending			\$ 91,528	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 CAPITAL PROJECTS FUND - DETENTION BUILDING FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final	Non-GAAP Basis	Final to Actual
REVENUES:				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Capital outlay	320,000	320,000	319,902	98
Total expenditures	320,000	320,000	319,902	98
Excess (deficiency) of revenues over expenditures			(319,902)	
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance Non-GAAP basis			(319,902)	
Difference between Non-GAAP and GAAP:				
Adjust accrued expenditures		(130)	(130)	
Net change in fund balance GAAP basis			(320,032)	
Fund balance - beginning			419,240	
Fund balance - ending			\$ 99,208	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 CAPITAL PROJECTS FUND - FEMA DISASTER FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Add: beginning cash	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES:				
Operating expenditures	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures			-	
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance Non-GAAP basis			-	
Net change in fund balance GAAP basis			-	
Fund balance - beginning			<u>587,324</u>	
Fund balance - ending			<u>\$ 587,324</u>	

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

DEBT SERVICE FUNDS

STATE OF NEW MEXICO, COUNTY OF HIDALGO

COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2009

	<u>Hospital Debt Service</u>	<u>Detention Center Debt Service</u>	<u>Playas Fire Debt Service</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 91,528	\$ -	\$ 75,058	\$ 166,586
Total assets	<u>\$ 91,528</u>	<u>\$ -</u>	<u>\$ 75,058</u>	<u>\$ 166,586</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balance				
Reserved for debt service	<u>91,528</u>	<u>-</u>	<u>75,058</u>	<u>166,586</u>
Total liabilities and fund balance	<u>\$ 91,528</u>	<u>\$ -</u>	<u>\$ 75,058</u>	<u>\$ 166,586</u>

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Hospital Debt Service</u>	<u>Detention Center Debt Service</u>	<u>Playas Fire Debt Service</u>	<u>Total</u>
REVENUES				
Intergovernmental income	\$ 61,386	\$ -	\$ -	\$ 61,386
Total revenues	61,386	-	-	61,386
EXPENDITURES				
Debt service interest	24,543	59,540	-	84,083
Debt service principal	154,098	106,707	-	260,805
Total expenditures	178,641	166,247	-	344,888
Excess (deficiency) of revenues over (under) expenditures	(117,255)	(166,247)	-	(283,502)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	166,247	75,058	241,305
Operating transfers out	-	-	-	-
Total other financing source (uses)	-	166,247	75,058	241,305
Net change in fund balance	(117,255)	-	75,058	\$ (42,197)
Fund balance, beginning of year	208,783	-	-	208,783
Fund balance, end of year	\$ 91,528	\$ -	\$ 75,058	\$ 166,586

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 DEBT SERVICE FUNDS - HOSPITAL DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Intergovernmental income	\$ 61,386	\$ 61,386	\$ 61,386	\$ -
Total revenues	61,386	61,386	61,386	-
EXPENDITURES:				
Debt service interest	25,000	25,000	24,543	457
Debt service principal	155,000	155,000	154,098	902
Total expenditures	180,000	180,000	178,641	1,359
Excess (deficiency) of revenues over expenditures			(117,255)	
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance Non-GAAP basis			(117,255)	
Net change in fund balance GAAP basis			(117,255)	
Fund balance - beginning			208,783	
Fund balance - ending			\$ 91,528	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 DEBT SERVICE FUNDS - DETENTION CENTER DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Debt service interest	60,000	60,000	59,540	460
Debt service principal	107,000	107,000	106,707	293
Total expenditures	167,000	167,000	166,247	753
Excess (deficiency) of revenues over expenditures			(166,247)	
OTHER FINANCING SOURCES (USES)				
Transfers in	167,000	167,000	166,247	(753)
Transfers out	-	-	-	-
Total other financing sources (uses)	167,000	167,000	166,247	(753)
Net changes in fund balance Non-GAAP basis			-	
Net change in fund balance GAAP basis			-	
Fund balance - beginning			-	
Fund balance - ending			\$ -	

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 DEBT SERVICE FUNDS - PLAYAS FIRE DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Public safety				
Debt service interest	-	-	-	-
Debt service principal	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures			-	
OTHER FINANCING SOURCES (USES)				
Transfers in	76,000	76,000	75,058	(942)
Transfers out	-	-	-	-
Total other financing sources (uses)	76,000	76,000	75,058	(942)
Net changes in fund balance Non-GAAP basis			75,058	
Net change in fund balance GAAP basis			75,058	
Fund balance - beginning			-	
Fund balance - ending			\$ 75,058	

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

PROPRIETARY FUND BUDGET

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP BASIS) AND ACTUAL ON BUDGETARY BASIS
 PROPRIETARY FUND - AMBULANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Positive (Negative) Final to Actual
REVENUES:				
Charges for services	\$ 341,000	\$ 341,000	\$ 366,968	\$ 25,968
Total revenues	341,000	341,000	366,968	25,968
EXPENDITURES:				
Operating expenditures	480,824	571,824	520,766	51,058
Total expenditures	480,824	571,824	520,766	51,058
Excess (deficiency) of revenues over expenditures			(153,798)	
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
Total other financing sources (uses)	150,000	150,000	150,000	-
Net changes in fund balance Non-GAAP basis			(3,798)	
Difference between Non-GAAP and GAAP:				
Adjust accrued expenditures		15,544		
Depreciation expense		(61,744)	(46,200)	
Net change in fund balance GAAP basis			(49,998)	
Fund balance - beginning			761,035	
Fund balance - ending			\$ 711,037	

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

AGENCY FUNDS

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**FIDUCIARY - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

Fiduciary - Agency Funds

These funds are used to account for monies held by the County in a custodial capacity.

Taxes Collected for Others - As the taxing and collecting authority for proprietary taxes, the County maintains this fund to account for taxes collected on behalf of other governments until their distribution.

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUNDS
 JUNE 30, 2009**

Taxes collected for others	<u>Balance 6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/09</u>
ASSETS				
Cash and cash equivalents	\$ 3,831	\$ 6,293	\$ 5,149	\$ 4,975
Taxes receivable	<u>148,465</u>	<u>1,429,775</u>	<u>1,578,240</u>	<u>-</u>
Total assets	<u>\$ 152,296</u>	<u>\$ 1,436,068</u>	<u>\$ 1,583,389</u>	<u>\$ 4,975</u>
LIABILITIES				
Deferred revenue	\$ 148,465	\$ 1,429,775	\$ 1,578,240	\$ -
Taxes paid in advance	<u>3,831</u>	<u>6,293</u>	<u>5,149</u>	<u>4,975</u>
Total liabilities	<u>\$ 152,296</u>	<u>\$ 1,436,068</u>	<u>\$ 1,583,389</u>	<u>\$ 4,975</u>

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO, COUNTY OF HIDALGO

SCHEDULE OF DEPOSITORIES

JUNE 30, 2009

	Type	Amount Per Bank	Plus DIT	Outstanding Checks	Balance Per Books
Western Bank					
Operating	CK	\$ 2,777,336	\$ -	\$ 749,019	\$ 2,028,317
Money market	MM	1,221,019	-	14,019	1,207,000
Payroll Clearing	CK	1,083	-	-	1,083
Sheriff's Bond	CK	3,581	-	-	3,581
Sheriff's Investigation	CK	16,377	-	-	16,377
Warrant Account	CK	395,448	-	66	395,382
Time Deposit	CD	2,432,500	-	-	2,432,500
Overnight	MM	101,545	-	1,171	100,374
Western Bank Total		<u>6,948,889</u>	<u>-</u>	<u>764,275</u>	<u>6,184,614</u>
NMFA					
Playas Fire Dept	CK	75,058	-	-	75,058
Hospital Debt Service	CK	91,528	-	-	91,528
NMFA Total		<u>166,586</u>	<u>-</u>	<u>-</u>	<u>166,586</u>
Sub-total		<u>7,115,475</u>	<u>-</u>	<u>764,275</u>	<u>6,351,200</u>
NM State Investment Pool		<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Petty Cash		<u>300</u>	<u>-</u>	<u>-</u>	<u>300</u>
Total		<u>\$ 7,215,775</u>	<u>\$ -</u>	<u>\$ 764,275</u>	<u>\$ 6,451,500</u>
Fiduciary Funds		<u>\$ 4,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,975</u>

Type:

CK = Checking

MM = Money Market

CD = Certificate of Deposit

	Western	NMFA	Total
Amount held in bank June 30, 2009	6,948,889	166,586	7,115,475
Less FDIC Insurance	(500,000)	(166,586)	(666,586)
Uninsured Public Funds	6,448,889	-	6,448,889
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	3,224,445	-	3,224,445
Pledged Securities	<u>3,868,378</u>	<u>-</u>	<u>3,868,378</u>
Over (Under) Collateralized	<u>\$ 643,933</u>	<u>\$ -</u>	<u>\$ 643,933</u>

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

<u>Description of Pledged Collateral</u>	<u>Amount</u>	<u>Name and Location of Safekeeper</u>
New Mexico issued securities (at face value)		
Bernalillo NM School CUSIP#08529KU0, Maturing 08/1/14	\$ 100,000	Federal Home Loan Bank of Dallas
Bernalillo NM School CUSIP#085279MD6, Maturing 08/1/12	200,000	Federal Home Loan Bank of Dallas
Carrizozo NM CUSIP#144627CZ7, Maturing 08/1/15	100,000	Federal Home Loan Bank of Dallas
Dulce NM School CUSIP#264430FZ7, Maturing 7/1/15	300,000	Federal Home Loan Bank of Dallas
Espanola NM Pub School CUSIP#296628BQ2, Maturing 7/1/17	300,000	Federal Home Loan Bank of Dallas
Estancia NM School CUSIP#297326DD9, Maturing 10/1/10	200,000	Federal Home Loan Bank of Dallas
Grant Co NM GO CUSIP#387766BA5, Maturing 09/01/13	250,000	Federal Home Loan Bank of Dallas
Loving NM Mun CUSIP#547473BF4, Maturing 10/1/14	450,000	Federal Home Loan Bank of Dallas
Ruidoso NM CUSIP#781346CS8, Maturing 6/1/12	75,000	Federal Home Loan Bank of Dallas
Southern Sandoval CUSIP#843789BL1, Maturing 8/1/11	265,000	Federal Home Loan Bank of Dallas
Torrence County CUSIP#891400JD6, Maturing 7/1/14	310,000	Federal Home Loan Bank of Dallas
Lovington NM Mun CUSIP#547473CZ9, Maturing 9/1/21	500,000	Federal Home Loan Bank of Dallas
Vaughn NM School CUSIP#922382BP0, Maturing 7/1/12	<u>120,000</u>	Federal Home Loan Bank of Dallas
Total New Mexico issued securities	3,170,000	Federal Home Loan Bank of Dallas
Federal securities (at market value)		
FNMA REMIC CUSIP#312906XG0, Maturing 8/15/21	487,941	Federal Home Loan Bank of Dallas
FNMA CUSIP#31391HGMO, Maturing 9/25/32	<u>210,437</u>	Federal Home Loan Bank of Dallas
Total federal securities	<u>698,378</u>	Federal Home Loan Bank of Dallas
Total pledged securities	<u>\$3,868,378</u>	Federal Home Loan Bank of Dallas

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

TAX ROLL RECONCILIATION OF CHANGES IN THE COUNTY TREASURER'S PROPERTY TAXES RECEIVABLE AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

Property taxes receivable, beginning	\$ 352,507
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	3,114,910
Adjustments:	
Increases in taxes receivables	428,742
Charge off of taxes receivables	<u>(373,685)</u>
Total receivables prior to collections	3,522,474
Collections for fiscal year ended June 30, 2009	<u>(3,137,699)</u>
Property taxes receivable, ending	<u>\$ 384,775</u>

Property taxes receivable by years:

1999	\$ 2,595
2000	2,642
2001	3,120
2002	4,031
2003	3,396
2004	4,283
2005	6,335
2006	47,562
2007	116,968
2008	<u>193,843</u>
	<u>\$ 384,775</u>

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	Taxes Receivable at 7/1/08	Net Taxes Charged to Treasurer	Collections	Taxes Receivable at 6/30/09	Distributions
Municipalities	\$ 21,442	\$ 101,051	\$ 100,267	\$ 22,226	\$ 100,267
Hidalgo County	204,046	1,725,674	1,717,642	212,078	1,717,642
State of New Mexico	23,788	208,324	207,503	24,609	207,503
Schools	<u>103,231</u>	<u>1,134,918</u>	<u>1,112,287</u>	<u>125,862</u>	<u>1,112,287</u>
	<u>\$ 352,507</u>	<u>\$ 3,169,967</u>	<u>\$ 3,137,699</u>	<u>\$ 384,775</u>	<u>\$ 3,137,699</u>

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

Agency	Property Taxes Levied	Collected in Current Year 6/30/09	Collected To Date	Distributed in Current Year 6/30/09	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Municipalities								
City of Lordsburg	1999 \$ 65,351	\$ 36	\$ 66,105	\$ 36	\$ 66,105	\$ -	\$ -	\$ (754)
City of Lordsburg	2000 69,036	110	69,354	110	69,354	-	-	(318)
City of Lordsburg	2001 72,663	140	71,965	140	71,965	-	-	698
City of Lordsburg	2002 94,364	122	93,239	122	93,239	-	-	1,125
City of Lordsburg	2003 79,447	264	78,518	264	78,518	-	-	929
City of Lordsburg	2004 79,394	462	79,440	462	79,440	-	-	(46)
City of Lordsburg	2005 78,006	929	77,433	929	77,433	-	-	573
City of Lordsburg	2006 79,664	3,090	77,634	3,090	77,634	-	-	2,030
City of Lordsburg	2007 86,379	6,370	80,903	6,370	80,903	-	-	5,476
City of Lordsburg	2008 99,575	87,220	87,220	87,220	87,220	98	-	12,453
Total City of Lordsburg	803,879	98,743	781,811	98,743	781,811	98	-	22,166
Village of Virden	1999 894	-	898	-	898	-	-	(4)
Village of Virden	2000 939	-	938	-	938	-	-	1
Village of Virden	2001 1,075	-	1,082	-	1,082	-	-	(7)
Village of Virden	2002 1,118	-	1,110	-	1,110	-	-	8
Village of Virden	2003 1,173	-	1,164	-	1,164	-	-	9
Village of Virden	2004 1,233	-	1,223	-	1,223	-	-	10
Village of Virden	2005 1,273	-	1,259	-	1,259	-	-	14
Village of Virden	2006 1,428	13	1,412	13	1,412	-	-	16
Village of Virden	2007 1,419	32	1,336	32	1,336	-	-	83
Village of Virden	2008 1,408	1,478	1,478	1,478	1,478	-	-	(70)
Total Village of Virden	11,960	1,523	11,900	1,523	11,900	-	-	60
Total Municipalities	\$ 815,839	\$ 100,266	\$ 793,711	\$ 100,266	\$ 793,711	\$ 98	\$ -	\$ 22,226

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

Agency	Property Taxes Levied	Collected in Current Year 6/30/09	Collected To Date	Distributed in Current Year 6/30/09	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Hidalgo County								
General ad valorem	1999 \$ 805,825	\$ 281	\$ 829,361	\$ 281	\$ 829,361	\$ -	\$ -	\$ (23,536)
General ad valorem	2000 826,905	588	830,247	588	830,247	-	-	(3,342)
General ad valorem	2001 956,579	668	948,343	668	948,343	-	-	8,236
General ad valorem	2002 1,087,809	517	1,080,646	517	1,080,646	-	-	7,163
General ad valorem	2003 1,159,821	1,180	1,147,026	1,180	1,147,026	-	-	12,795
General ad valorem	2004 1,417,653	2,144	1,433,085	2,144	1,433,085	-	-	(15,432)
General ad valorem	2005 1,385,870	5,607	1,391,792	5,607	1,391,792	-	-	(5,922)
General ad valorem	2006 1,472,495	32,348	1,440,317	32,348	1,440,317	-	-	32,178
General ad valorem	2007 1,586,512	40,421	1,519,037	40,421	1,519,037	-	-	67,475
General ad valorem	2008 1,674,830	1,603,751	1,559,813	1,603,751	1,559,813	219,730	-	334,747
Total General ad valorem	12,374,299	1,687,505	12,179,667	1,687,505	12,179,667	219,730	-	414,362
Non-rendition fees	1999 973	-	2,687	-	2,687	-	-	(1,714)
Non-rendition fees	2000 557	-	578	-	578	-	-	(21)
Non-rendition fees	2001 514	-	637	-	637	-	-	(123)
Non-rendition fees	2002 490	-	504	-	504	-	-	(14)
Non-rendition fees	2003 468	10	504	10	504	-	-	(36)
Non-rendition fees	2004 55	-	67	-	67	-	-	(12)
Non-rendition fees	2005 74	29	216	29	216	-	-	(142)
Non-rendition fees	2006 67	-	67	-	67	-	-	-
Non-rendition fees	2007 -	-	-	-	-	-	-	-
Non-rendition fees	2008 273	382	382	382	382	-	-	(109)
Total Non-rendition fees	3,471	421	5,642	421	5,642	-	-	(2,171)

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

Agency	Property Taxes Levied	Collected in Current Year 6/30/09	Collected To Date	Distributed in Current Year 6/30/09	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Re-appraisal program	\$ -	\$ 7	\$ 396	\$ 7	\$ 396	\$ -	\$ -	(396)
Re-appraisal program	-	14	1,023	14	1,023	-	-	(1,023)
Re-appraisal program	-	16	19,776	16	19,776	-	-	(19,776)
Re-appraisal program	-	12	21,467	12	21,467	-	-	(21,467)
Re-appraisal program	-	27	21,627	27	21,627	-	-	(21,627)
Re-appraisal program	-	43	25,120	43	25,120	-	-	(25,120)
Re-appraisal program	-	115	26,067	115	26,067	-	-	(26,067)
Re-appraisal program	-	650	26,971	650	26,971	-	-	(26,971)
Re-appraisal program	-	809	28,417	809	28,417	-	-	(28,417)
Re-appraisal program	-	29,249	29,249	29,249	29,249	-	-	(29,249)
Total Re-appraisal program	-	30,942	200,113	30,942	200,113	-	-	(200,113)
Total Hidalgo County	\$ 12,377,770	\$ 1,718,868	\$ 12,385,422	\$ 1,718,868	\$ 12,385,422	\$ 219,730	\$ -	\$ 212,078

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

Agency	Property Taxes Levied	Collected in Current Year 6/30/09	Collected To Date	Distributed in Current Year 6/30/09	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
State of New Mexico								
Cattle	\$ 27,425	\$ -	\$ 27,450	\$ -	\$ 27,450	\$ -	\$ -	(25)
Cattle	28,596	-	28,381	-	28,381	-	-	215
Cattle	28,154	-	27,502	-	27,502	-	-	652
Cattle	28,332	-	27,850	-	27,850	-	-	482
Cattle	24,709	93	24,435	93	24,435	-	-	274
Cattle	16,373	82	16,068	82	16,068	-	-	305
Cattle	21,151	124	20,720	124	20,720	-	-	431
Cattle	24,727	718	24,316	718	24,316	-	-	411
Cattle	31,709	640	29,921	640	29,921	-	-	1,788
Cattle	32,973	31,674	31,674	31,674	31,674	201	-	1,500
Total Cattle	264,149	33,331	258,317	33,331	258,317	201	-	6,033
Equines	877	-	869	-	869	-	-	8
Equines	960	-	958	-	958	-	-	2
Equines	1,193	-	1,181	-	1,181	-	-	12
Equines	1,358	-	1,348	-	1,348	-	-	10
Equines	1,214	6	1,188	6	1,188	-	-	26
Equines	1,704	10	1,664	10	1,664	-	-	40
Equines	1,669	28	1,600	28	1,600	-	-	69
Equines	1,981	86	1,924	86	1,924	-	-	57
Equines	1,635	112	1,583	112	1,583	-	-	52
Equines	-	-	-	-	-	-	-	-
Total Equines	12,591	242	12,315	242	12,315	-	-	276

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

Agency	Property Taxes Levied	Collected in Current Year 6/30/09	Collected To Date	Distributed in Current Year 6/30/09	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Bison	\$ 302	\$ -	\$ 302	\$ -	302	\$ -	\$ -	-
Bison	369	-	369	-	369	-	-	-
Bison	371	-	367	-	367	-	-	4
Bison	222	-	220	-	220	-	-	2
Bison	150	-	149	-	149	-	-	1
Bison	140	-	-	-	-	-	-	140
Bison	148	-	-	-	-	-	-	148
Bison	-	-	-	-	-	-	-	-
Bison	-	-	-	-	-	-	-	-
Bison	-	-	-	-	-	-	-	-
Bison	-	-	-	-	-	-	-	-
Total Bison	1,702	-	1,407	-	1,407	-	-	295
Sheep	26	-	26	-	26	-	-	-
Sheep	70	-	70	-	70	-	-	-
Sheep	15	-	15	-	15	-	-	-
Sheep	18	-	18	-	18	-	-	-
Sheep	15	-	15	-	15	-	-	-
Sheep	17	-	16	-	16	-	-	1
Sheep	15	-	15	-	15	-	-	-
Sheep	18	-	18	-	18	-	-	-
Sheep	12	-	12	-	12	-	-	-
Sheep	10	10	10	10	10	-	-	-
Total Sheep	216	10	215	10	215	-	-	1

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

Agency	Property Taxes Levied	Collected in Current Year 6/30/09	Collected To Date	Distributed in Current Year 6/30/09	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Dairy	\$ 4	\$ -	\$ 4	-	4	\$ -	\$ -	-
Dairy	6	-	6	-	6	-	-	-
Dairy	7	-	7	-	7	-	-	-
Dairy	19	-	13	-	13	-	-	6
Dairy	9	-	9	-	9	-	-	-
Dairy	5	-	5	-	5	-	-	-
Dairy	2	-	2	-	2	-	-	-
Dairy	5	-	5	-	5	-	-	-
Dairy	2	-	2	-	2	-	-	-
Dairy	2	-	2	-	2	-	-	-
Total Dairy	61	2	55	2	55	-	-	6
Goats (2004 only)	9	-	9	-	9	-	-	-
Goats (2005 2nd year)	13	4	13	4	13	-	-	-
Goats (2006 3rd year)	15	4	15	4	15	-	-	-
Goats (2007 4th year)	28	4	28	4	28	-	-	-
Goats (2008 5th year)	23	23	23	23	23	-	-	-
Swine/Llama/Alpacca	9	-	9	-	9	-	-	-
Total Goats	97	35	97	35	97	-	-	-

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

Agency	Property Taxes Levied	Collected in Current Year 6/30/09	Collected To Date	Distributed in Current Year 6/30/09	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Cost to State	\$ 1999	\$ -	\$ 300	\$ -	300	\$ -	\$ -	(300)
Cost to State	2000	-	400	-	400	-	-	(400)
Cost to State	2001	-	450	-	450	-	-	(450)
Cost to State	2002	-	350	-	350	-	-	(350)
Cost to State	2003	-	475	-	475	-	-	(475)
Cost to State	2004	-	425	100	425	-	-	(425)
Cost to State	2005	-	300	300	300	-	-	(300)
Cost to State	2006	-	-	-	-	-	-	-
Cost to State	2007	-	-	-	-	-	-	-
Cost to State	2008	-	2	2	-	-	-	-
Total Cost to State			2,700	402	2,700	-	-	(2,700)
State Operational	1999	103,663	106,879	36	106,879	-	-	(3,216)
State Operational	2000	109,721	110,145	81	110,145	-	-	(424)
State Operational	2001	145,018	143,763	105	143,763	-	-	1,255
State Operational	2002	105,173	104,469	53	104,469	-	-	704
State Operational	2003	151,488	149,814	160	149,814	-	-	1,674
State Operational	2004	124,229	125,553	194	125,553	-	-	(1,324)
State Operational	2005	144,607	145,220	588	145,220	-	-	(613)
State Operational	2006	160,380	156,879	3,523	156,879	-	-	3,501
State Operational	2007	164,186	157,178	4,208	157,178	-	-	7,008
State Operational	2008	176,669	164,536	164,536	164,536	-	-	12,133
Total State Operational		1,385,134	1,364,436	173,484	1,364,436	-	-	20,698
Total State of New Mexico		\$ 1,663,950	\$ 1,639,542	\$ 207,506	\$ 1,639,542	\$ 201	\$ -	\$ 24,609

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

Agency	Property Taxes Levied	Collected in Current Year 6/30/09	Collected To Date	Distributed in Current Year 6/30/09	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Schools (SD #1 & SD #6)								
Operational	\$ 33,867	\$ 12	\$ 34,862	\$ 12	\$ 34,862	\$ -	\$ -	(995)
Operational	34,749	25	34,891	25	34,891	-	-	(142)
Operational	40,218	28	39,873	28	39,873	-	-	345
Operational	40,751	22	45,451	22	45,451	-	-	(4,700)
Operational	48,789	50	48,251	50	48,251	-	-	538
Operational	59,661	91	60,315	91	60,315	-	-	(654)
Operational	58,176	235	58,431	235	58,431	-	-	(255)
Operational	61,710	132	60,363	132	60,363	-	-	1,347
Operational	66,064	1,684	63,257	1,684	63,257	-	-	2,807
Operational	70,268	65,452	65,452	65,452	65,452	4,998	-	9,814
Total Operational	514,253	67,731	511,146	67,731	511,146	4,998	-	8,105
Debt Service	642,178	241	655,972	241	655,972	-	-	(13,794)
Debt Service	607,725	482	610,610	482	610,610	-	-	(2,885)
Debt Service	565,384	572	560,843	572	560,843	-	-	4,541
Debt Service	588,737	372	585,492	372	585,492	-	-	3,245
Debt Service	519,249	720	513,389	720	513,389	-	-	5,860
Debt Service	516,890	945	525,401	945	525,401	-	-	(8,511)
Debt Service	642,851	2,895	648,741	2,895	648,741	-	-	(5,890)
Debt Service	680,373	17,731	664,153	17,731	664,153	-	-	16,220
Debt Service	736,109	19,753	704,245	19,753	704,245	-	-	31,864
Debt Service	776,211	722,136	722,136	722,136	722,136	-	-	54,075
Total Debt Service	6,275,707	765,847	6,190,982	765,847	6,190,982	-	-	84,725

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009.

Agency	Property Taxes Levied	Collected in Current Year 6/30/09	Collected To Date	Distributed in Current Year 6/30/09	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Capital Imp.	\$ 139,610	\$ 48	\$ 143,569	\$ 48	\$ 143,569	\$ -	\$ -	(3,959)
Capital Imp.	143,013	105	143,569	105	143,569	-	-	(556)
Capital Imp.	164,327	119	162,904	119	162,904	-	-	1,423
Capital Imp.	186,587	93	185,343	93	185,343	-	-	1,244
Capital Imp.	199,109	210	196,910	210	196,910	-	-	2,199
Capital Imp.	241,567	378	244,144	378	244,144	-	-	(2,577)
Capital Imp.	234,352	953	235,345	953	235,345	-	-	(993)
Capital Imp.	248,522	5,460	243,091	5,460	243,091	-	-	5,431
Capital Imp.	267,155	6,856	255,747	6,856	255,747	-	-	11,408
Capital Imp.	282,671	263,259	263,259	263,259	263,259	-	-	19,412
Total Capital Imp.	2,106,913	277,481	2,073,881	277,481	2,073,881	-	-	33,032
Total Schools	\$ 8,896,873	\$ 1,111,059	\$ 8,776,009	\$ 1,111,059	\$ 8,776,009	\$ 4,998	\$ -	\$ 125,862
Total	\$ 23,754,432	\$ 3,137,699	\$ 23,594,684	\$ 3,137,699	\$ 23,594,684	\$ 225,027	\$ -	\$ 384,775

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

JOINT POWERS AGREEMENTS

JUNE 30, 2009

Animal Control Agreement

Participants	County of Hidalgo and the City of Lordsburg
Responsible Party	City of Lordsburg
Description	City of Lordsburg agrees to provide animal shelter services to the County of Hidalgo
Period	July 1, 2008 - June 30, 2009
Project Costs	\$1,500 per year and anesthesia
County Contribution	\$1,500 per year and anesthesia
Audit responsibility	City of Lordsburg

Lordsburg Municipal Schools

Participants	County of Hidalgo, the City of Lordsburg, and Lordsburg Municipal Schools
Responsible Party	County of Hidalgo
Description	To construct a vocational education facility combining the resources and access to certain resources of the three entities for the best interest of the community.
Period	May 26, 2006 to completion
Project Costs	\$946,542
County Contribution	\$946,542
Audit responsibility	County of Hidalgo

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

JOINT POWERS AGREEMENTS

JUNE 30, 2009

Inmate Housing/Dispatchers - City of Lordsburg

Participants	County of Hidalgo and the City of Lordsburg
Responsible Party	County of Hidalgo
Description	To provide housing for adult prisoners and law enforcement radio dispatch for the City of Lordsburg
Period	July 1, 2008 - June 30, 2009
Project Costs	City of Lordsburg agrees to pay \$69,458 per year
County Contribution	Undeterminable
Audit responsibility	County of Hidalgo

Inmate Housing/Dispatchers - County of Luna

Participants	County of Hidalgo and the County of Luna
Responsible Party	County of Luna
Description	To provide housing for juvenile prisoners from the County of Hidalgo
Period	May 1, 2008 to June 30, 2009
Project Costs	\$51.63 per day per prisoner
County Contribution	Undeterminable
Audit responsibility	County of Luna

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**JOINT POWERS AGREEMENTS
JUNE 30, 2009**

Emergency Disaster Plan - City of Lordsburg

Participants	County of Hidalgo and the City of Lordsburg
Responsible Party	County of Hidalgo
Description	To independent contract to develop and implement a unified comprehensive emergency disaster plan to benefit both parties
Period	July 1, 2008 - June 30, 2009
Project Costs	\$20,000 to be paid jointly
County Contribution	\$10,000 due from the County
Audit responsibility	County of Hidalgo

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 JUNE 30, 2009

Federal Grantor Pass Through Grantor Program Title	CFDA	Program or Grant Number	Award Amount	Expenditures
US Department of Homeland Security, passed through New Mexico Department of Public Safety	97.007	#07-EPTALA-03-002	\$ 310,600	\$ 154,260
Executive Office of the President - Office of National Drug Control Policy (HIDTA)	7.999	G09SN0016A	589,022	324,745
Executive Office of the President - Office of National Drug Control Policy (HIDTA)	7.999	#18PSNP584Z	589,022	320,277
Executive Office of the President - Office of National Drug Control Policy (HIDTA)	7.999	17PSNP584Z	418,053	7,409
Community Development Block Grant Program	14.219	#04-C-RS-1-06-A63	<u>446,983</u>	<u>446,983</u>
			<u>\$ 2,353,680</u>	<u>\$ 1,253,674</u>

Note 1 - Basis of Presentation

The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Hidalgo and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

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

COMPLIANCE SECTION

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

Hector H. Balderas
New Mexico State Auditor
and the Board of Commissioners
County of Hidalgo
 Lordsburg, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of the County as of and for the year ended June 30, 2009, and have issued our report thereon dated March 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (IC 08-02) to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that are required to be required under *Government Auditing Standards January 2007* Revision paragraphs 5.14 and 5.16, Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as finding 08-02.

The County's response to the finding identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the County, the audit committee, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

White + Sumariago + Campbell, CP

El Paso, Texas
March 17, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector H. Balderas
New Mexico State Auditor
and the Board of Commissioners
County of Hidalgo
Lordsburg, New Mexico

Compliance

We have audited the compliance of the County of Hidalgo, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Hidalgo's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Hidalgo's management. Our responsibility is to express an opinion on the County of Hidalgo's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Hidalgo's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Hidalgo's compliance with those requirements.

In our opinion, the County of Hidalgo complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

Management of the County of Hidalgo is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Hidalgo's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report

on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Hidalgo's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Commissioners, the County's management, the State Auditor, the New Mexico State Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

White x Samaniego + Campbell, LLP

El Paso, Texas
March 17, 2010



**COUNTY OF HIDALGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009**

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? Yes **X** No
- Significant deficiencies identified that are not considered to be material weaknesses? **X** Yes **X** None reported

Noncompliance material to financial statements noted? **X** No

Federal Awards

Internal control over major programs

- Material weakness (es) identified? Yes **X** No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes **X** None reported

Type of auditors' report issued on compliance with major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? **X** Yes **X** No

Identification of Major Programs:

CFDA Number

Name of Federal Program or Cluster

97.039

US Department of Homeland Security, FEMA
Disaster Assistance

7.999

Executive Office of the President - Office of
National Drug Control Policy

Dollar threshold used to distinguish between Type A and Type B programs

\$ 300,000

Auditee qualified as low-risk auditee

X Yes No

**COUNTY OF HIDALGO COUNTY OF HIDALGO
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009**

Section II - Financial Statements Findings

PRIOR YEAR FINDINGS

08-02	Audit Report submission to the New Mexico State Auditor	Repeated
08-03	Obsolete County Records	Resolved

Late Audit Report (IC 08-02)

CONDITION	The required submission date of the audit report for the fiscal year ended June 30, 2009 to the New Mexico State Auditor was November 15, 2009. The June 30, 2009 audited financial statements were submitted on May 13, 2010.
CRITERIA	New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. NMAC 2-2-2-9 requires that the County submit the audit report by November 15 following the end of each fiscal year at June 30.
CAUSE	Additional time was needed for the Auditors to receive confirmations and review and ask questions to the predecessor auditor. This information was necessary to support the accuracy of the information reported in the financial statements.
EFFECT	Delays in the submission of the audit reports affecting the reporting of financial information to other state agencies and governments.
RECOMMENDATION	The County should work in conjunction with the auditors to ensure that the audit is submitted timely.
RESPONSE	The County will work with the auditors to see that the audit is scheduled and started as early as possible to ensure a timely submission.

COUNTY OF HIDALGO
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

Section III - Federal Award Findings and Questioned Costs.
There are no current year findings.

COUNTY OF HIDALGO

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2009**

An exit conference was held on February 2, 2010 in a closed meeting with Roxie Samaniego, CPA of White + Samaniego + Campbell, LLP, with the following County officials:

Roger Ellis	County Manager
Harold W. Kuentler	County Commissioner
Patsy Camacho	County Treasurer
Connie Corbell	Finance Manager
Tisha Green	Administrative Assistant
Jeannie Palacios	Sheriff's Department

The financial statements presented in this report were compiled with the assistance of the auditors, White + Samaniego + Campbell, LLP. However, the contents of the financial statements remain the responsibility of management.