

**State of New Mexico
County of Hidalgo**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2010
and Independent Auditors' Report**

STATE OF NEW MEXICO, COUNTY OF HIDALGO

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STATE OF NEW MEXICO, COUNTY OF HIDALGO

**OFFICIAL ROSTER
JUNE 30, 2010**

Elected Officials

Harold Kuenstler	Commissioner
Anthony Mora	Commissioner
Richard Chaires	Commissioner

Administrative Officials

Roger Ellis	County Manager
Priscilla Maxwell	County Dispatch Supervisor
Loretta Ward	County Detention Supervisor
Tommy Dimas	County Transfer Station Supervisor
Clarence Rudiger	County Road Supervisor
David Whipple	County Fire Marshall/Ambulance Supervisor
Patsy Camacho	County Treasurer
Lloyd Payne	County Probate Judge
Toni Lowery	County Assessor
Carmen Acosta	County Clerk
Robert Hall	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 (the "County"), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental funds and the budgetary comparisons for the major capital project funds, major enterprise 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, 2010, as listed in the table of contents. These financial statements are the responsibility of the County'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 County'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 the County, as of June 30, 2010, 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 fund of the County as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, major enterprise 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 June 1, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 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 also 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.

A handwritten signature in blue ink that reads "White + Sumameg + Campbell, LLP". The signature is written in a cursive, flowing style.

El Paso, Texas
June 1, 2011

STATE OF NEW MEXICO, COUNTY OF HIDALGO

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

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, 2010. 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 \$16,517,653 (*net assets*). Of this amount, \$5,335,047 (*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 \$1,568,519 during the fiscal year. The majority of this is due to an increase in grant revenue when compared to the year ended June 30, 2009.
- As of June 30, 2010, the County's governmental funds reported combined ending fund balances of \$7,625,738. Of this total, \$106,206 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 \$4,066,983.

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	
<i>Types of Statements</i>	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-six 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 twenty 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 33 through 47 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 51 through 57 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 \$16,517,653 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 \$8,852,363 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 \$5,335,047 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 \$1,568,519. These increases are explained in the governmental activities discussion.

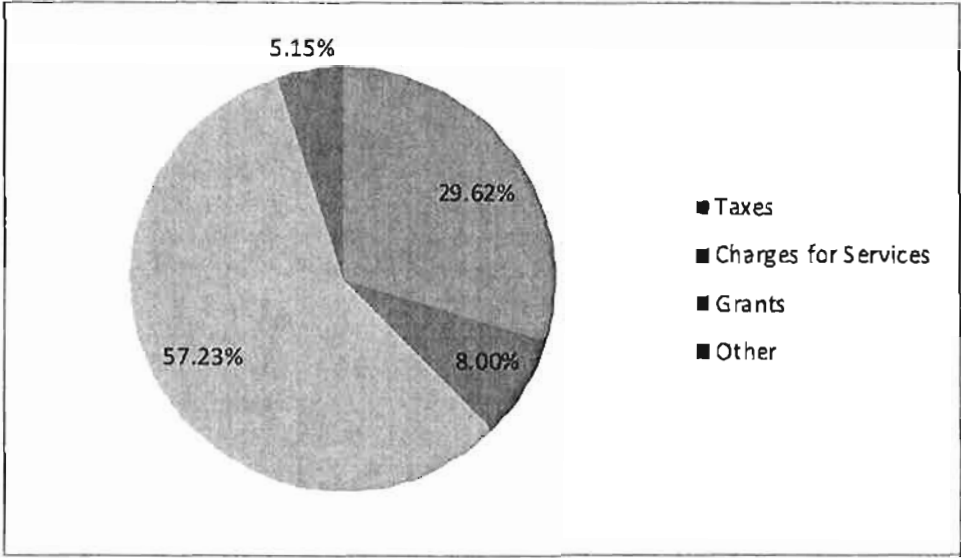
Governmental Activities

Governmental activities increased the County of Hidalgo's net assets by \$1,672,208. Grant revenue decreased \$487,675 from grant revenue in the prior year. Property taxes and gross receipts taxes contributed \$1,211,748 for covering the \$6,020,500 net program expense associated with governmental activities.

Governmental revenues, consisting mostly of taxes, are not directly associated with any government function. The total revenues decreased \$(781,714).

Total revenues from governmental activities are summarized below. For fiscal year 2009-2010, Local and State taxes made up 29% of the total general government revenues compared to 58% 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 \$(238,689) before transfers of \$135,000 in from the general fund, compared to the prior year's decrease of \$199,998 before transfers of \$150,000 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 2009-2010
	2010	2009	2010	2009	2010	2009	
ASSETS							
Current and other assets	\$ 8,065,972	\$ 9,360,615	\$ 72,954	\$ 88,059	\$ 8,138,926	\$ 9,448,674	- %
Non current assets	159,339	159,339	-	-	159,339	159,339	(17)%
Capital assets, net of accumulated depreciation	10,406,479	7,469,757	567,796	629,105	10,974,275	8,098,862	10 %
Total assets	\$ 18,631,790	\$ 16,989,711	\$ 640,750	\$ 717,164	\$ 19,272,540	\$ 17,706,875	(7)%
LIABILITIES							
Current and other liabilities	\$ 679,580	\$ 393,454	\$ 33,402	\$ -	\$ 712,982	\$ 393,454	(78)%
Long-term liabilities	2,041,905	2,358,160	-	6,127	2,041,905	2,364,287	4 %
Total liabilities	2,721,485	2,751,614	33,402	6,127	2,754,887	2,757,741	(10)%
NET ASSETS							
Invested in capital assets, net of related debt	8,284,567	4,851,679	567,796	629,105	8,852,363	5,480,784	19 %
Restricted	2,330,243	3,345,952	-	-	2,330,243	3,345,952	7 %
Unrestricted	5,295,495	6,040,466	39,552	81,932	5,335,047	6,122,398	(1)%
Total net assets	15,910,305	14,238,097	607,348	711,037	16,517,653	14,949,134	7 %
Total liabilities and net assets	\$ 18,631,790	\$ 16,989,711	\$ 640,750	\$ 717,164	\$ 19,272,540	\$ 17,706,875	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
	2010	2009	2010	2009	2010	2009	
REVENUES							
Program revenues:							
Charges for services	\$ 629,349	\$ 530,323	\$ 286,531	\$ 366,968	\$ 915,880	\$ 897,291	4 %
Operating grants and contributions	4,488,994	3,500,243	-	-	4,488,994	3,500,243	125 %
Capital grants and contributions	14,400	515,476	-	-	14,400	515,476	(31)%
General revenues:							
Taxes	2,331,131	2,273,470	-	-	2,331,131	2,273,470	(15)%
Other income	379,952	1,761,989	-	-	379,952	1,761,989	236 %
Interest income	25,113	69,152	-	-	25,113	69,152	(42)%
Total revenues	7,868,939	8,650,653	286,531	366,968	8,155,470	9,017,621	38 %
EXPENSES							
General government	1,478,715	1,197,639	-	-	1,478,715	1,197,639	9 %
Public safety	2,621,874	4,751,201	-	-	2,621,874	4,751,201	45 %
Public works	1,091,658	618,005	-	-	1,091,658	618,005	14 %
Health and welfare	636,467	703,846	-	-	636,467	703,846	4 %
Culture and recreation	202,079	167,702	-	-	202,079	167,702	(64)%
Proprietary expenses	-	-	525,220	566,966	525,220	566,966	47 %
Total expenses	6,030,793	7,438,393	525,220	566,966	6,556,013	8,005,359	23 %
Changes in net assets before transfers	1,838,146	1,212,260	(238,689)	(199,998)	1,599,457	1,012,262	3,019 %
Transfers	(135,000)	(150,000)	135,000	150,000	-	-	- %
Change in net assets	1,703,146	1,062,260	(103,689)	(49,998)	1,599,457	1,012,262	300 %
Net assets - beginning	14,238,097	13,175,837	711,037	761,035	14,949,134	13,936,872	- %
Net assets - ending	\$ 15,941,243	\$ 14,238,097	\$ 607,348	\$ 711,037	\$ 16,548,591	\$ 14,949,134	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 \$7,625,738, a decrease of \$1,628,247 in comparison with the prior year. The increase is primarily due to the increase in grant revenue. Approximately 64% of this total amount, \$5,295,495 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, \$2,330,243.

Revenues for governmental functions overall totaled approximately \$7,714,417 in the fiscal year-ended June 30, 2010, which represents a decrease of \$1,422,880 from the fiscal year-ended June 30, 2009. Expenditures for governmental functions totaled \$9,320,955. This was an increase of approximately \$449,063 from the fiscal year-ended June 30, 2009. In the fiscal year-ended June 30, 2010, revenues for governmental functions exceeded expenditures by approximately \$1,606,538.

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 \$4,066,983.

The Road Fund has a total fund balance of \$773,036, all of which is unreserved. The net decrease in fund balance during the current year in the Fire Fund was \$32,014. 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 \$39,552. The total decrease in net assets for the proprietary fund was \$103,689.

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

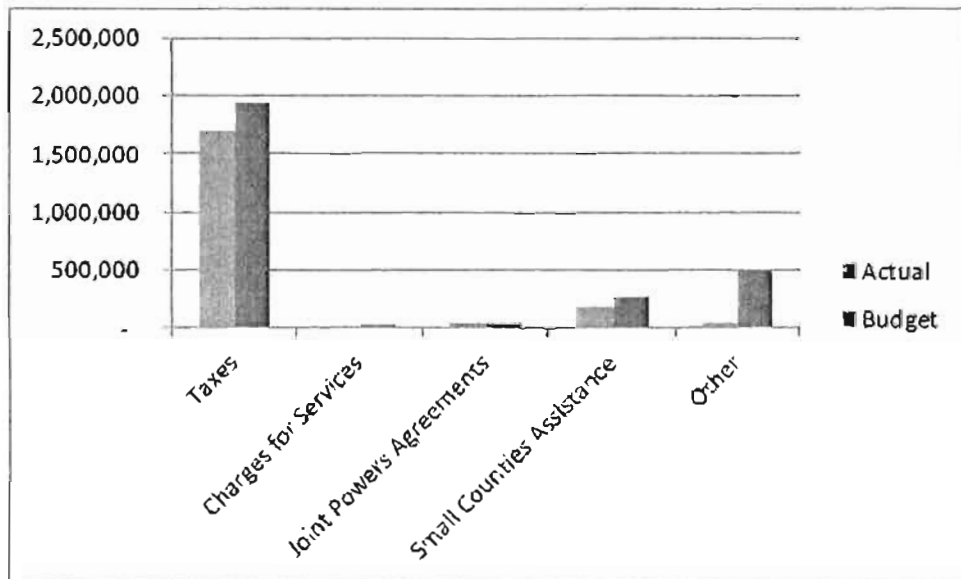
The General Fund accounts for all of the general services provided by the County of Hidalgo.

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

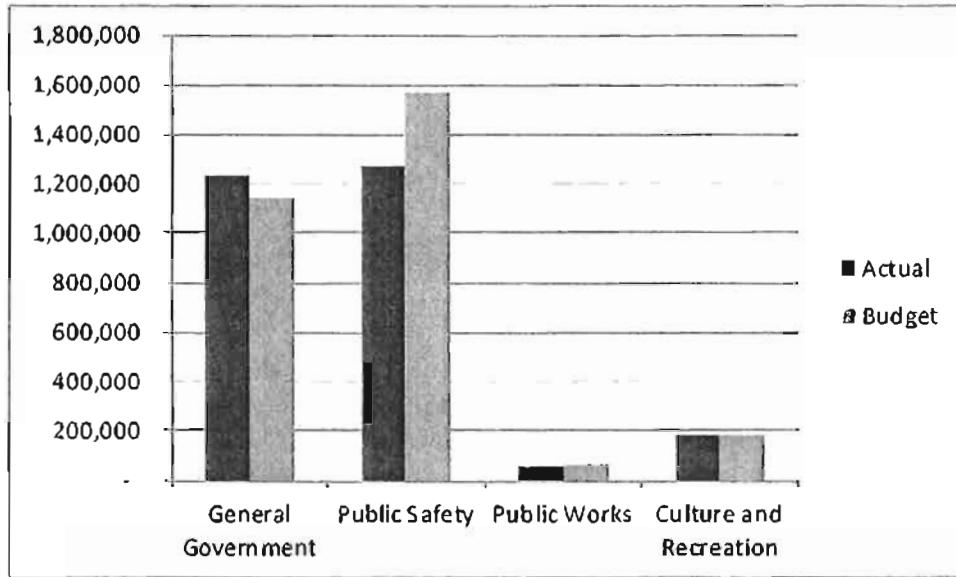
The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund.

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, 2010 amount to \$10,974,275 (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 \$3,599,636 for governmental activities. Equipment costing \$698,598 was purchased for the County and building and building improvements of \$421,751. The deletions in the governmental funds consisted of the disposal of obsolete equipment costing \$28,919. The total increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$0. The deletions in the business-type funds also consisted of the disposal of obsolete equipment costing \$0.

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, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Land and Construction in Progress	\$ 3,657,416	\$ 49,616	\$ 3,707,032
Buildings	3,707,302	395,400	4,102,702
Improvements and Infrastructure	194,648	122,780	317,428
Machinery and Equipment	<u>2,847,113</u>	<u>-</u>	<u>2,847,113</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 10,406,479</u>	<u>\$ 567,796</u>	<u>\$ 10,974,275</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 \$8,284,567. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service.

The County's loans decreased \$488,217 through principal payments, and the County incurred a new loan for \$113,291 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 2010 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, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 5,745,761	\$ 52,006	\$ 5,797,767
Accounts receivable	-	20,948	20,948
Taxes receivable	238,664	-	238,664
Reserve funds	849,548	-	849,548
Due from other governments	<u>1,231,999</u>	<u>-</u>	<u>1,231,999</u>
Total current assets	8,065,972	72,954	8,138,926
NON-CURRENT ASSETS:			
Long-term receivable from City of Lordsburg	159,339	-	159,339
Capital assets	17,600,187	1,283,874	18,884,061
Less: accumulated depreciation	<u>(7,193,708)</u>	<u>(716,078)</u>	<u>(7,909,786)</u>
Total non-current assets	<u>10,565,818</u>	<u>567,796</u>	<u>11,133,614</u>
Total assets	<u>\$ 18,631,790</u>	<u>\$ 640,750</u>	<u>\$ 19,272,540</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$ 348,357	\$ 6,370	\$ 354,727
Accrued salaries	91,877	16,224	108,101
Compensated absences	<u>-</u>	<u>10,808</u>	<u>10,808</u>
Total current liabilities	<u>440,234</u>	<u>33,402</u>	<u>473,636</u>
NON-CURRENT LIABILITIES:			
Due within one year	239,346	-	239,346
Due in more than one year	2,003,806	-	2,003,806
Compensated absences	<u>38,099</u>	<u>-</u>	<u>38,099</u>
Total non-current liabilities	<u>2,281,251</u>	<u>-</u>	<u>2,281,251</u>
Total liabilities	<u>2,721,485</u>	<u>33,402</u>	<u>2,754,887</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,284,567	567,796	8,852,363
Restricted for:			
Capital projects	106,206	-	106,206
Special revenue funds	2,224,037	-	2,224,037
Unrestricted	<u>5,295,495</u>	<u>39,552</u>	<u>5,335,047</u>
Total net assets	<u>15,910,305</u>	<u>607,348</u>	<u>16,517,653</u>
Total liabilities and net assets	<u>\$ 18,631,790</u>	<u>\$ 640,750</u>	<u>\$ 19,272,540</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, 2010

FUNCTIONS/PROGRAMS	Net (Expenses) Revenue and changes in Net Assets Primary						
	Expenses	Charges for Services	Program Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,478,715	\$ 629,349	\$ 775,258	\$ -	\$ (74,108)	\$ -	\$ (74,108)
Public safety	2,621,874	-	3,227,848	14,400	620,374	-	620,374
Public works	1,002,010	-	485,888	-	(516,122)	-	(516,122)
Health and welfare	636,467	-	-	-	(636,467)	-	(636,467)
Culture and recreation	202,079	-	-	-	(202,079)	-	(202,079)
Interest on long-term debt	79,355	-	-	-	(79,355)	-	(79,355)
Total governmental activities	6,020,500	629,349	4,488,994	14,400	(887,757)	-	(887,757)
Business-Type activities							
Ambulance service	525,220	286,531	-	-	-	(238,689)	(238,689)
Total business-type activities	525,220	286,531	-	-	-	(238,689)	(238,689)
Total primary government	\$ 6,545,720	\$ 915,880	\$ 4,488,994	\$ 14,400	\$ (887,757)	\$ (238,689)	\$ (1,126,446)
General revenues:							
Taxes							
Property taxes					995,857	-	995,857
Motor vehicle taxes					1,101,424	-	1,101,424
Gasoline taxes					17,732	-	17,732
Cigarette taxes					227	-	227
Gross receipts taxes					215,891	-	215,891
State share taxes					462	-	462
State shared assistance							
Small counties assistance					181,421	-	181,421
Intergovernmental income					110,188	-	110,188
Investment income					25,113	-	25,113
Miscellaneous					46,650	-	46,650
Transfers					(135,000)	135,000	-
Total general revenues					2,559,965	135,000	2,694,965
Change in net assets					1,672,208	(103,689)	1,568,519
Net assets - beginning					14,238,097	711,037	14,949,134
Net assets - ending					15,910,305	607,348	16,517,653

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, 2010

	<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	\$ 2,586,525	\$ 638,826	\$ 481,754	\$ 2,038,656	\$ 5,745,761
Taxes receivable	238,664	-	-	-	238,664
Reserve funds	849,548	-	-	-	849,548
Due from other governments	<u>480,410</u>	<u>154,395</u>	<u>-</u>	<u>597,194</u>	<u>1,231,999</u>
Total assets	<u>\$ 4,155,147</u>	<u>\$ 793,221</u>	<u>\$ 481,754</u>	<u>\$ 2,635,850</u>	<u>\$ 8,065,972</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 29,106	\$ 12,268	\$ 26,278	\$ 280,705	\$ 348,357
Accrued liabilities	<u>59,058</u>	<u>7,917</u>	<u>-</u>	<u>24,902</u>	<u>91,877</u>
Total liabilities	88,164	20,185	26,278	305,607	440,234
Fund Balance:					
Reserved for capital projects	-	-	-	106,206	106,206
Unreserved for special revenue funds	-	-	-	2,224,037	2,224,037
Unreserved	<u>4,066,983</u>	<u>773,036</u>	<u>455,476</u>	<u>-</u>	<u>5,295,495</u>
Total fund balances	<u>4,066,983</u>	<u>773,036</u>	<u>455,476</u>	<u>2,330,243</u>	<u>7,625,738</u>
Total liabilities and fund balances	<u>\$ 4,155,147</u>	<u>\$ 793,221</u>	<u>\$ 481,754</u>	<u>\$ 2,635,850</u>	<u>\$ 8,065,972</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, 2010

Total fund balance - governmental funds		\$ 7,625,738
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	17,600,187	
Accumulated depreciation	<u>(7,193,708)</u>	10,406,479
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 City of Lordsburg		159,339
Accrued compensated absences not payable from current revenue		(38,099)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds		<u>(2,243,152)</u>
Total net assets - governmental activities		<u>\$ 15,910,305</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 BALANCES -
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Road Fund	Fire Fund	Total Non- Major Funds	Total Funds
REVENUES					
Property taxes	\$ 995,857	\$ -	\$ -	\$ -	\$ 995,857
Motor vehicle taxes	4,870	1,096,554	-	-	1,101,424
Gasoline taxes	-	17,732	-	-	17,732
Cigarette taxes	227	-	-	-	227
Gross receipts taxes	-	-	-	215,891	215,891
Intergovernmental income	730,111	-	-	110,188	840,299
Charges for services	14,563	-	-	614,786	629,349
Joint powers agreements	45,147	-	-	-	45,147
Small counties assistance	181,421	-	-	-	181,421
State shared taxes	-	-	-	462	462
License and fines	1,115	-	-	-	1,115
Other income	13,444	-	-	46,491	59,935
Investment income	25,088	25	-	-	25,113
State grant	-	-	485,888	3,114,557	3,600,445
Total revenues	2,011,843	1,114,311	485,888	4,102,375	7,714,417
EXPENDITURES					
Current:					
General government	1,233,944	-	-	9,962	1,243,906
Public safety	1,268,466	-	286,314	1,118,825	2,673,605
Public works	56,093	359,330	-	-	415,423
Culture and recreation	184,672	-	-	849	185,521
Health and welfare	-	-	-	635,292	635,292
Debt service					
Interest	-	-	-	79,355	79,355
Principal	-	-	-	488,217	488,217
Capital outlay	-	201,621	285,354	3,112,661	3,599,636
Total expenditures	2,743,175	560,951	571,668	5,445,161	9,320,955
Excess (deficiency) revenues over (under) expenditures	(731,332)	553,360	(85,780)	(1,342,786)	(1,606,538)
OTHER FINANCING SOURCES (USES):					
Proceeds from long term debt	-	-	-	113,291	113,291
Transfers in	446,215	-	53,766	544,752	1,044,733
Transfers out	(848,767)	-	-	(330,966)	(1,179,733)
Total other financing sources (uses)	(402,552)	-	53,766	327,077	(21,709)
Net change in fund balance	(1,133,884)	553,360	(32,014)	(1,015,709)	(1,628,247)
Fund balance beginning of year	5,200,867	219,676	487,490	3,345,952	9,253,985
Fund balance end of year	\$ 4,066,983	\$ 773,036	\$ 455,476	\$ 2,330,243	\$ 7,625,738

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, 2010

Total net change in fund balances - governmental funds \$ (1,628,247)

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	3,599,636	
Disposal of assets	(28,919)	
Depreciation expense	<u>(633,995)</u>	2,936,722

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.

Principal payment on bonds	488,217	
Proceeds from note payable	(113,291)	
Compensated absences	<u>(11,193)</u>	<u>363,733</u>

Change in net assets of governmental activities \$ 1,672,208

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 BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes	\$ 1,925,000	\$ 1,925,000	\$ 1,703,968	\$ (221,032)
Motor vehicle taxes	15,000	15,000	4,870	(10,130)
Cigarette taxes	800	800	227	(573)
Licenses & fines	1,600	1,600	1,115	(485)
Charges for services	27,000	27,000	14,563	(12,437)
Miscellaneous revenues	370,000	200,000	13,444	(186,556)
Investment income	125,000	80,000	25,088	(54,912)
Joint powers agreements	45,000	45,000	45,147	147
Small counties assistance	279,000	279,000	181,421	(97,579)
Total revenues	<u>2,788,400</u>	<u>2,573,400</u>	<u>1,989,843</u>	<u>(583,557)</u>
EXPENDITURES:				
Current:				
General government	1,147,456	1,147,456	1,233,944	(86,488)
Public safety	1,566,785	1,566,785	1,268,466	298,319
Public works	61,600	61,600	56,093	5,507
Culture and recreation	185,000	185,000	184,672	328
Capital outlay	-	-	-	-
Total expenditures	<u>2,960,841</u>	<u>2,960,841</u>	<u>2,743,175</u>	<u>217,666</u>
Excess (deficiency) of revenues over expenditures	<u>(172,441)</u>	<u>(387,441)</u>	<u>(753,332)</u>	<u>(365,891)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	450,000	450,000	446,215	(3,785)
Transfers out	(650,000)	(650,000)	(848,767)	(198,767)
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(402,552)</u>	<u>(202,552)</u>
Net changes in fund balance Non-GAAP basis	(372,441)	(587,441)	(1,155,884)	(568,443)
Fund balance - beginning	<u>5,200,867</u>	<u>5,200,867</u>	<u>5,200,867</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,828,426</u>	<u>\$ 4,613,426</u>	<u>\$ 4,044,983</u>	<u>\$ (568,443)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(1,155,884)	
Revenue accruals		22,000		
Expenditure accruals		-	22,000	
Excess of revenues over expenditures - GAAP basis			<u>\$ (1,133,884)</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 BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 SPECIAL REVENUE FUND - ROAD FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Motor vehicle taxes	\$ 150,000	\$ 150,000	\$ 1,096,554	\$ 946,554
Gasoline taxes	120,000	120,000	17,732	(102,268)
Federal grants	70,298	70,298	-	(70,298)
Investment income	15,000	15,000	26	(14,974)
Total revenues	<u>355,298</u>	<u>355,298</u>	<u>1,114,312</u>	<u>759,014</u>
EXPENDITURES:				
Public Works				
Public works	663,775	663,775	359,331	304,444
Capital outlay	<u>225,000</u>	<u>225,000</u>	<u>201,621</u>	<u>23,379</u>
Total expenditures	<u>888,775</u>	<u>888,775</u>	<u>560,952</u>	<u>327,823</u>
Excess (deficiency) of revenues over expenditures	<u>(533,477)</u>	<u>(533,477)</u>	<u>553,360</u>	<u>1,086,837</u>
Net changes in fund balance Non-GAAP basis	(533,477)	(533,477)	553,360	1,086,837
Fund balance - beginning	<u>219,676</u>	<u>219,676</u>	<u>219,676</u>	<u>-</u>
Fund balance - ending	<u>\$ (313,801)</u>	<u>\$ (313,801)</u>	<u>\$ 773,036</u>	<u>\$ 1,086,837</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			553,360	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			<u>\$ 553,360</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 BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 SPECIAL REVENUE FUND - FIRE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grants	\$ 331,990	\$ 331,990	\$ 485,888	\$ 153,898
Miscellaneous	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Total revenues	<u>431,990</u>	<u>431,990</u>	<u>485,888</u>	<u>53,898</u>
EXPENDITURES:				
Current:				
Public Safety	498,668	498,668	286,314	212,354
Capital outlay	<u>300,000</u>	<u>300,000</u>	<u>285,354</u>	<u>14,646</u>
Total expenditures	<u>798,668</u>	<u>798,668</u>	<u>571,668</u>	<u>227,000</u>
Excess (deficiency) of revenues over expenditures	<u>(366,678)</u>	<u>(366,678)</u>	<u>(85,780)</u>	<u>280,898</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>53,766</u>	<u>53,766</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>53,766</u>	<u>53,766</u>
Net changes in fund balance Non-GAAP basis	(366,678)	(366,678)	(32,014)	334,664
Fund balance - beginning	<u>487,490</u>	<u>487,490</u>	<u>487,490</u>	<u>-</u>
Fund balance - ending	<u>\$ 120,812</u>	<u>\$ 120,812</u>	<u>\$ 455,476</u>	<u>\$ 334,664</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(32,014)	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ (32,014)</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, 2010

ASSETS

Current assets:

Cash and cash equivalents	\$	52,006
Accounts receivable, net of allowance for doubtful accounts		<u>20,948</u>

Total current assets 72,954

Non-current assets:

Capital assets		1,283,874
Accumulated depreciation		<u>(716,078)</u>

Total non-current assets 567,796

Total assets \$ 640,750

LIABILITIES

Current liabilities:

Accounts payable	\$	6,370
Accrued salaries		<u>16,224</u>

Total current liabilities 22,594

Long-term liabilities:

Accrued compensated absences		<u>10,808</u>
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Total liabilities 33,402

NET ASSETS

Invested in capital assets		567,796
Unrestricted		<u>39,552</u>

Net assets 607,348

Total liabilities and net assets \$ 640,750

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, 2010**

OPERATING REVENUES

Charges for services	\$ <u>286,531</u>
Total revenues	286,531

OPERATING EXPENSES

Personnel expenses	358,541
Depreciation	61,309
Other operating costs	<u>105,370</u>
Total operating expenses	<u>525,220</u>

Operating loss	(238,689)
Transfers in	<u>135,000</u>
Change in net assets	(103,689)
Net assets beginning of year	<u>711,037</u>
Net assets end of year	<u>\$ 607,348</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, 2010

Cash flows from operating activities:

Cash received from agencies and customers	\$ 435,383
Cash payments to suppliers for goods and services	(160,308)
Cash used for salaries and operating expenses	<u>(436,636)</u>

Net cash used in operating activities (161,561)

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

Intergovernmental transfers	<u>135,000</u>
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Net cash provided by financing activities 135,000

Net decrease in cash and cash equivalents (26,561)

Cash and cash equivalents - beginning 78,567

Cash and cash equivalents - ending \$ 52,006

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

Operating loss \$ (238,689)

Adjustments to reconcile operating loss to net cash used in operating activities:

Depreciation 61,309

Changes in assets and liabilities:

Receivables (11,456)

Accounts payable 6,370

Accrued salaries 16,224

Accrued compensated absences 4,681

Net cash used in operating activities \$ (161,561)

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, 2010**

ASSETS

Current assets:

Cash \$ 4,220

Total assets \$ 4,220

LIABILITIES

Current liabilities

Accounts payable \$ 4,220

Total liabilities \$ 4,220

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, 2010

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:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements/Infrastructure	40
Machinery and equipment	5-30

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.

9. 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.

10. 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.

11. 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, 2010 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	\$ 250,000
Collateralized:	
Collateral held by pledging bank's trust not in the county's name	3,962,345
Uninsured and uncollateralized	<u>3,203,617</u>
 Total Cash and Investments, Primary Government	 <u>\$ 7,415,962</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, 2010, \$7,165,962 of the County's bank balance of \$7,415,962 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and uncollateralized	3,203,617
Uninsured and collateralized held by pledging bank's trust department not in County's name	<u>3,962,345</u>
 Total Cash and Investments, Primary Government	 <u>\$ 7,415,962</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, 2010, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes receivable:			
Property taxes	\$ 238,664	\$ -	\$ 238,664
Due from other governments:			
Intergovernmental	1,231,999	-	1,231,999
Other receivables:			
Accounts receivable	<u>-</u>	<u>20,948</u>	<u>20,948</u>
 Net receivables	 <u>\$ 1,470,663</u>	 <u>\$ 20,948</u>	 <u>\$ 1,491,611</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, 2010, 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, 2010 was charged as follows:

General Government	\$ 232,508
Public Safety	287,428
Public Works	97,844
Culture and Recreation	<u>16,215</u>
Total depreciation expense	<u>\$ 633,995</u>

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Government activities:				
Capital assets not being depreciated				
Land	\$ 694,470	\$ -	\$ -	\$ 694,470
Construction in progress	<u>205,166</u>	<u>2,757,780</u>	<u>-</u>	<u>2,962,946</u>
Total	899,636	2,757,780	-	3,657,416
Other capital assets being depreciated				
Buildings	6,575,763	143,258	-	6,719,021
Improvements/Infrastructure	348,764	-	-	348,764
Machinery and equipment	<u>6,205,307</u>	<u>698,598</u>	<u>(28,919)</u>	<u>6,874,986</u>
Total	14,029,470	841,856	(28,919)	17,600,187
Accumulated depreciation:				
Buildings	2,810,757	200,962	-	3,011,719
Improvements/Infrastructure	142,834	11,282	-	154,116
Machinery and equipment	<u>3,606,122</u>	<u>421,751</u>	<u>-</u>	<u>4,027,873</u>
Total accumulated depreciation	<u>6,559,713</u>	<u>633,995</u>	<u>-</u>	<u>7,193,708</u>
Net book value	<u>\$ 7,469,757</u>	<u>\$ 2,965,641</u>	<u>\$ (28,919)</u>	<u>\$ 10,406,479</u>

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ 49,616	\$ -	\$ -	\$ 49,616
Capital assets being depreciated				
Buildings	442,685	-	-	442,685
Improvements/Infrastructure	791,573	-	-	791,573
Total	1,283,874	-	-	1,283,874
Accumulated depreciation:				
Buildings	47,285	-	-	47,285
Improvements/Infrastructure	607,484	61,309	-	668,793
Total accumulated depreciation	654,769	61,309	-	716,078
Net book value	<u>\$ 629,105</u>	<u>\$ (61,309)</u>	<u>\$ -</u>	<u>\$ 567,796</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2010 totaled \$61,309.

6. LONG-TERM LIABILITIES

During the year-end June 30, 2010, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	<u>Balance</u> <u>6/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/10</u>	<u>Due Within</u> <u>One Year</u>
Governmental Funds					
Gross receipts revenue bonds	\$ 664,026	\$ -	\$ 360,113	\$ 303,913	\$ 168,386
Detention Center	1,877,927	113,291	109,908	1,881,310	52,218
Playas Fire Dept	76,125	-	18,196	57,929	18,742
Compensated absences	26,906	49,618	38,425	38,099	-
Total	<u>\$ 2,644,984</u>	<u>\$ 162,909</u>	<u>\$ 526,642</u>	<u>\$ 2,281,251</u>	<u>\$ 239,346</u>

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.

	<u>Balance</u> <u>6/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/10</u>	<u>Due Within</u> <u>One Year</u>
Proprietary Fund					
Compensated absences	<u>\$ 6,127</u>	<u>\$ 10,612</u>	<u>\$ 5,931</u>	<u>\$ 10,808</u>	<u>\$ 10,808</u>

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, 2010 consisted of Gross Receipts Revenue Bonds, dated June 28, 2001, principal due July 1, 2001 through 2012 having an approximate yield of 3.00%

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>
2011	\$ 168,386	\$ 9,117	\$ 177,503
2012	<u>135,527</u>	<u>4,066</u>	<u>139,593</u>
	<u>\$ 303,913</u>	<u>\$ 13,183</u>	<u>\$ 317,096</u>

NMFA Loan Payable - Detention Center

On June 20, 2008, 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 4.20%. 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>
2011	\$ 52,218	\$ 45,030	\$ 97,248
2012	54,002	44,138	98,140
2013	55,914	43,182	99,096
2014	57,967	42,156	100,123
2015	60,168	41,055	101,223
2016-2033	<u>1,601,041</u>	<u>420,879</u>	<u>2,021,920</u>
	<u>\$ 1,881,310</u>	<u>\$ 636,440</u>	<u>\$ 2,517,750</u>

The above loan was set up with a required reserve funds payable. The New Mexico Finance Authority required \$849,548 for the reserve funds payable at the end of June 30, 2010.

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>
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>\$ 57,929</u>	<u>\$ 3,511</u>	<u>\$ 61,440</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, 2009 through June 30, 2010, the premiums paid by the County were \$191,082. 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 the 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 Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

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, 2010, June 30, 2009 and June 30, 2008 were \$183,703, \$168,430, and \$154,260, 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, 2010.

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, 2010 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ 240,966	\$ 848,767
Grants	-	4,700
Correction Fees	-	175,000
Indigent Care	-	7,500
Debt Service	454,752	53,766
Reserve NM	259,015	-
C& C Transfers	90,000	-
Gross Receipts Landfill	-	60,000
Gross Receipts Environmental	-	30,000
	<u>\$ 1,044,733</u>	<u>\$ 1,179,733</u>
Enterprise Funds:		
Ambulance Fund	<u>\$ 135,000</u>	<u>\$ -</u>
Total	<u>\$ 1,179,733</u>	<u>\$ 1,179,733</u>

13. BUDGETARY DIFFERENCES

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

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures</u>
Recreation Fund	\$ 600	\$ 849	\$ (249)
C & C Transfers	\$ -	\$ 335,956	\$ (335,956)
DARE Fund	\$ 5,000	\$ 37,029	\$ (32,029)
Gross Receipts Landfill	\$ -	\$ 84,602	\$ (84,602)
Ambulance Fund	\$ 463,516	\$ 525,220	\$ (61,704)
Hospital Debt Service Fund	\$ 178,641	\$ 380,034	\$ (201,393)

In addition, the County budgeted a deficit for the following funds:

<u>Fund</u>	<u>Budget Deficit</u>
Road Fund	\$ 313,801
DWI Fund	1,201
Law Enforcement Protection Fund	1
FEMA Fund	2,676
Detention Center Fund	166,246

The County has implemented procedures to ensure compliance in the future.

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.

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, 2010

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,932,450	\$ 106,206	\$ -	\$ 2,038,656
Due from other funds	<u>597,194</u>	<u>-</u>	<u>-</u>	<u>597,194</u>
Total assets	<u>\$ 2,529,644</u>	<u>\$ 106,206</u>	<u>\$ -</u>	<u>\$ 2,635,850</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 280,705	\$ -	\$ -	\$ 280,705
Accrued liabilities	<u>24,902</u>	<u>-</u>	<u>-</u>	<u>24,902</u>
Total liabilities	305,607	-	-	305,607
Fund Balance:				
Reserved for capital projects	-	106,206	-	106,206
Unreserved for special revenue funds	<u>2,224,037</u>	<u>-</u>	<u>-</u>	<u>2,224,037</u>
Total fund balances	<u>2,224,037</u>	<u>106,206</u>	<u>-</u>	<u>2,330,243</u>
Total liabilities and fund balances	<u>\$ 2,529,644</u>	<u>\$ 106,206</u>	<u>\$ -</u>	<u>\$ 2,635,850</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, 2010

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Funds
REVENUES				
State shared taxes	\$ 462	\$ -	\$ -	\$ 462
Gross receipts taxes	215,891	-	-	215,891
Intergovernmental income	110,188	-	-	110,188
Charges for services	614,786	-	-	614,786
Other income	32,091	14,400	-	46,491
State grant	3,114,557	-	-	3,114,557
Total revenues	<u>4,087,975</u>	<u>14,400</u>	<u>-</u>	<u>4,102,375</u>
EXPENDITURES				
Current:				
General government	9,962	-	-	9,962
Public safety	1,118,825	-	-	1,118,825
Culture and recreation	849	-	-	849
Health and welfare	635,292	-	-	635,292
Debt service				
Interest	-	-	79,355	79,355
Principal	-	-	488,217	488,217
Capital outlay	<u>2,426,407</u>	<u>686,254</u>	<u>-</u>	<u>3,112,661</u>
Total expenditures	<u>4,191,335</u>	<u>686,254</u>	<u>567,572</u>	<u>5,445,161</u>
Excess (deficiency) revenues over ex (under) expenditures	<u>(103,360)</u>	<u>(671,854)</u>	<u>(567,572)</u>	<u>(1,342,786)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from long term debt	113,291	-	-	113,291
Transfers in	90,000	-	454,752	544,752
Transfers out	<u>(277,200)</u>	<u>-</u>	<u>(53,766)</u>	<u>(330,966)</u>
Total other financing sources (uses)	<u>(73,909)</u>	<u>-</u>	<u>400,986</u>	<u>327,077</u>
Net change in fund balance	(177,269)	(671,854)	(166,586)	(1,015,709)
Fund balance beginning of year	<u>2,401,306</u>	<u>778,060</u>	<u>166,586</u>	<u>3,345,952</u>
Fund balance end of year	<u>\$ 2,224,037</u>	<u>\$ 106,206</u>	<u>\$ -</u>	<u>\$ 2,330,243</u>

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, 2010

	Clerk's Equipment and Recording	Farm and Range	Recreation	Property Valuation	C & C Transfer	Grants	Correction Fees	DARE
ASSETS								
Cash and cash equivalents	\$ 17,793	\$ 42,076	\$ 341	\$ 238,070	\$ 40,897	\$ 793,795	\$ 612,693	\$ 26,050
Due from other funds	-	-	-	-	-	597,194	-	-
Total assets	\$ 17,793	\$ 42,076	\$ 341	\$ 238,070	\$ 40,897	\$ 1,390,989	\$ 612,693	\$ 26,050
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 11,046	\$ 265,107	\$ 1,777	\$ -
Accrued liabilities	-	-	-	-	4,438	18,242	-	-
Total liabilities	-	-	-	-	15,484	283,349	1,777	-
Fund balance								
Unreserved for special revenue funds	17,793	42,076	341	238,070	25,413	1,107,640	610,916	26,050
Total liabilities and fund balance	\$ 17,793	\$ 42,076	\$ 341	\$ 238,070	\$ 40,897	\$ 1,390,989	\$ 612,693	\$ 26,050

(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, 2010

	Law Enforcement Protection	Gross Receipts Laudfill	Indigent Care	Gross Receipts Environmental	EMS Grant	Hidalgo Complex	Total
ASSETS							
Cash and cash equivalents	\$ 4,852	\$ 22,540	\$ 106,588	\$ 11,533	\$ 8,842	\$ 6,380	\$ 1,932,450
Due from other funds	-	-	-	-	-	-	597,194
Total assets	<u>\$ 4,852</u>	<u>\$ 22,540</u>	<u>\$ 106,588</u>	<u>\$ 11,533</u>	<u>\$ 8,842</u>	<u>\$ 6,380</u>	<u>\$ 2,529,644</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ 146	\$ -	\$ -	\$ 1,309	\$ 1,320	\$ 280,705
Accrued liabilities	-	1,950	-	-	-	272	24,902
Total liabilities	-	2,096	-	-	1,309	1,592	305,607
Fund balance							
Unreserved for special revenue funds	4,852	20,444	106,588	11,533	7,533	4,788	2,224,037
Total liabilities and fund balance	<u>\$ 4,852</u>	<u>\$ 22,540</u>	<u>\$ 106,588</u>	<u>\$ 11,533</u>	<u>\$ 8,842</u>	<u>\$ 6,380</u>	<u>\$ 2,529,644</u>

(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, 2010**

	Clerk's Equipment and Recording	Farm and Range	Recreation	Property Valuation	C & C Transfer	Grants	Correction Fees	DARE
REVENUES								
State shared taxes	\$ -	\$ -	\$ 462	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-	-	-	-	-
Intergovernmental income	-	30,521	-	-	-	-	-	-
Charges for services	3,649	-	-	29,273	205,820	-	376,044	-
Other income	-	-	-	-	-	-	-	11,802
State grants	-	-	-	-	-	3,114,557	-	-
Total revenues	3,649	30,521	462	29,273	205,820	3,114,557	376,044	11,802
EXPENDITURES								
Current:								
General government	4,329	-	-	5,633	-	-	-	-
Public safety	-	-	-	-	-	1,037,941	42,661	9,947
Culture and recreation	-	-	849	-	-	-	-	-
Health and welfare	-	27,500	-	-	335,956	-	-	-
Capital outlay	-	-	-	-	-	2,374,473	24,852	27,082
Total expenditures	4,329	27,500	849	5,633	335,956	3,412,414	67,513	37,029
Excess (deficiency) of revenues over (under) expenditures	(680)	3,021	(387)	23,640	(130,136)	(297,857)	308,531	(25,227)
OTHER FINANCING SOURCES (USES)								
Proceeds from long term debt	-	-	-	-	-	113,291	-	-
Operating transfers in	-	-	-	-	90,000	-	-	-
Operating transfers out	-	-	-	-	-	(4,700)	(175,000)	-
Total other financing source (uses)	-	-	-	-	90,000	108,591	(175,000)	-
Net change in fund balance	(680)	3,021	(387)	23,640	(40,136)	(189,266)	133,531	(25,227)
Fund balance, beginning of year	18,473	39,055	728	214,430	65,549	1,296,906	477,385	51,277
Fund balance, end of year	\$ 17,793	\$ 42,076	\$ 341	\$ 238,070	\$ 25,413	\$ 1,107,640	\$ 610,916	\$ 26,050

(Continued)

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, 2010**

	Law Enforcement Protection	Gross Receipts Landfill	Indigent Care	Gross Receipts Environmental	EMS Grant	Hidalgo Complex	Total
REVENUES							
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	462
Gross receipts taxes	-	91,824	90,131	33,936	-	-	215,891
Intergovernmental income	28,288	-	-	-	51,379	-	110,188
Charges for services	-	-	-	-	-	-	614,786
Other income	-	-	-	-	-	20,289	32,091
State grants	-	-	-	-	-	-	3,114,557
Total revenues	28,288	91,824	90,131	33,936	51,379	20,289	4,087,975
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	9,962
Public safety	28,276	-	-	-	-	-	1,118,825
Culture and recreation	-	-	-	-	-	-	849
Health and welfare	-	84,602	120,413	-	47,202	19,619	635,292
Capital outlay	-	-	-	-	-	-	2,426,407
Total expenditures	28,276	84,602	120,413	-	47,202	19,619	4,191,335
Excess (deficiency) of revenues over (under) expenditures	12	7,222	(30,282)	33,936	4,177	670	(103,360)
OTHER FINANCING SOURCES (USES)							
Proceeds from long term debt	-	-	-	-	-	-	113,291
Operating transfers in	-	-	-	-	-	-	90,000
Operating transfers out	-	(30,000)	(7,500)	(60,000)	-	-	(277,200)
Total other financing source (uses)	-	(30,000)	(7,500)	(60,000)	-	-	(73,909)
Net change in fund balance	12	(22,778)	(37,782)	(26,064)	4,177	670	(177,269)
Fund balance, beginning of year	4,840	43,222	144,370	37,597	3,356	4,118	2,401,306
Fund balance, end of year	\$ 4,852	\$ 20,444	\$ 106,588	\$ 11,533	\$ 7,533	\$ 4,788	\$ 2,224,037

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

(Concluded)

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 5,000	\$ 5,000	\$ 3,649	\$ (1,351)
Total revenues	5,000	5,000	3,649	(1,351)
EXPENDITURES:				
Current:				
General government	5,000	5,000	4,329	671
Total expenditures	5,000	5,000	4,329	671
Excess (deficiency) of revenues over expenditures	-	-	(680)	(680)
Net changes in fund balance Non-GAAP basis	-	-	(680)	(680)
Fund balance - beginning	18,473	18,473	18,473	-
Fund balance - ending	\$ 18,473	\$ 18,473	\$ 17,793	\$ (680)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(680)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ (680)	

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 29,705	\$ 30,000	\$ 30,521	\$ 521
Total revenues	29,705	30,000	30,521	521
EXPENDITURES:				
Current:				
Health and welfare	38,800	38,800	27,500	11,300
Total expenditures	38,800	38,800	27,500	11,300
Excess (deficiency) of revenues over expenditures	(9,095)	(8,800)	3,021	11,821
Net changes in fund balance Non-GAAP basis	(9,095)	(8,800)	3,021	11,821
Fund balance - beginning	39,055	39,055	39,055	-
Fund balance - ending	\$ 29,960	\$ 30,255	\$ 42,076	\$ 11,821
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			3,021	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 3,021	

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State shared taxes	\$ 400	\$ 400	\$ 462	\$ 62
Total revenues	400	400	462	62
EXPENDITURES:				
Current:				
Culture and recreation	600	600	849	(249)
Total expenditures	600	600	849	(249)
Excess (deficiency) of revenues over expenditures	(200)	(200)	(387)	(187)
Net changes in fund balance Non-GAAP basis	(200)	(200)	(387)	(187)
Fund balance - beginning	728	728	728	-
Fund balance - ending	\$ 528	\$ 528	\$ 341	\$ (187)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(387)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ (387)	

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 20,000	\$ 20,000	\$ 29,273	\$ 9,273
Total revenues	20,000	20,000	29,273	9,273
EXPENDITURES:				
Current:				
General government	30,203	30,203	5,633	24,570
Total expenditures	30,203	30,203	5,633	24,570
Excess (deficiency) of revenues over expenditures	(10,203)	(10,203)	23,640	33,843
Net changes in fund balance Non-GAAP basis	(10,203)	(10,203)	23,640	33,843
Fund balance - beginning	214,430	214,430	214,430	-
Fund balance - ending	\$ 204,227	\$ 204,227	\$ 238,070	\$ 33,843
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			23,640	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 23,640	

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
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ -	\$ -	\$ 205,820	\$ 205,820
Total revenues	-	-	205,820	205,820
EXPENDITURES:				
Current				
Health and welfare	-	-	335,956	(335,956)
Total expenditures	-	-	335,956	(335,956)
Excess (deficiency) of revenues over expenditures	-	-	(130,136)	(130,136)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	90,000	90,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance Non-GAAP basis	-	-	(130,136)	(130,136)
Fund balance - beginning	65,549	65,549	65,549	-
Fund balance - ending	\$ 65,549	\$ 65,549	\$ (64,587)	\$ (130,136)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(130,136)	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ (130,136)	

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grants	\$ 7,772,300	\$ 7,772,300	\$ 3,114,557	\$ (4,657,743)
Total revenues	7,772,300	7,772,300	3,114,557	(4,657,743)
EXPENDITURES:				
Current:				
Public safety	7,475,876	7,475,876	1,037,941	6,437,935
Capital outlay	500,000	500,000	2,374,473	(1,874,473)
Total expenditures	7,975,876	7,975,876	3,412,414	4,563,462
Excess (deficiency) of revenues over expenditures	(203,576)	(203,576)	(297,857)	(94,281)
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	-	-	113,291	113,291
Transfers out	(4,700)	(4,700)	(4,700)	-
Total other financing sources (uses)	(4,700)	(4,700)	108,591	113,291
Net changes in fund balance Non-GAAP basis	(208,276)	(208,276)	(189,266)	19,010
Fund balance - beginning	1,296,906	1,296,906	1,296,906	-
Fund balance - ending	\$ 1,088,630	\$ 1,088,630	\$ 1,107,640	\$ 19,010
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(189,266)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ (189,266)	

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 250,000	\$ 250,000	\$ 376,044	\$ 126,044
Miscellaneous income	-	-	-	-
Total revenues	250,000	250,000	376,044	126,044
EXPENDITURES:				
Current:				
Public safety	70,800	70,800	67,513	3,287
Total expenditures	70,800	70,800	67,513	3,287
Excess (deficiency) of revenues over expenditures	179,200	179,200	308,531	129,331
OTHER FINANCING SOURCES (USES)				
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	4,200	4,200	133,531	129,331
Fund balance - beginning	477,385	477,385	477,385	-
Fund balance - ending	\$ 481,585	\$ 481,585	\$ 610,916	\$ 129,331
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			133,531	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ 133,531	

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other income	\$ 14,000	\$ 14,000	\$ 11,802	\$ (2,198)
Total revenues	14,000	14,000	11,802	(2,198)
EXPENDITURES:				
Current:				
Operating expenditures	5,000	5,000	9,946	(4,946)
Public safety	-	-	27,083	(27,083)
Total expenditures	5,000	5,000	37,029	(32,029)
Excess (deficiency) of revenues over expenditures	9,000	9,000	(25,227)	(34,227)
Net changes in fund balance Non-GAAP basis	9,000	9,000	(25,227)	(34,227)
Fund balance - beginning	51,277	51,277	51,277	-
Fund balance - ending	\$ 60,277	\$ 60,277	\$ 26,050	\$ (34,227)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(25,227)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ (25,227)	

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 - DWI FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 114,356	\$ 114,356	\$ -	\$ (114,356)
Miscellaneous	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Total revenues	118,356	118,356	-	(118,356)
EXPENDITURES:				
Current:				
Public safety	<u>118,356</u>	<u>119,557</u>	<u>-</u>	<u>119,557</u>
Total expenditures	<u>118,356</u>	<u>119,557</u>	<u>-</u>	<u>119,557</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,201)</u>	<u>-</u>	<u>1,201</u>
Net changes in fund balance Non-GAAP basis	-	(1,201)	-	1,201
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ (1,201)</u>	<u>\$ -</u>	<u>\$ 1,201</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			-	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ -</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 AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - LAW ENFORCEMENT PROTECTION FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 24,800	\$ 24,200	\$ 28,288	\$ 4,088
Total revenues	24,800	24,200	28,288	4,088
EXPENDITURES:				
Current				
Public safety	<u>24,800</u>	<u>29,041</u>	<u>28,276</u>	<u>765</u>
Total expenditures	<u>24,800</u>	<u>29,041</u>	<u>28,276</u>	<u>765</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(4,841)</u>	<u>12</u>	<u>4,853</u>
Net changes in fund balance Non-GAAP basis	-	(4,841)	12	4,853
Fund balance - beginning	<u>4,840</u>	<u>4,840</u>	<u>4,840</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,840</u>	<u>\$ (1)</u>	<u>\$ 4,852</u>	<u>\$ 4,853</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			12	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 12</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 AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - GROSS RECEIPTS LANDFILL
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ -	\$ -	\$ 91,824	\$ 91,824
Total revenues	-	-	91,824	91,824
EXPENDITURES:				
Current:				
Health and welfare	-	-	84,602	(84,602)
Total expenditures	-	-	84,602	(84,602)
Excess (deficiency) of revenues over expenditures	-	-	7,222	7,222
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(30,000)	(30,000)
Total other financing sources (uses)	-	-	(30,000)	(30,000)
Net changes in fund balance Non-GAAP basis	-	-	(22,778)	(22,778)
Fund balance - beginning	43,222	43,222	43,222	-
Fund balance - ending	\$ 43,222	\$ 43,222	\$ 20,444	\$ (22,778)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(22,778)	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ (22,778)	

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ 110,000	\$ 110,000	\$ 90,131	\$ (19,869)
Total revenues	110,000	110,000	90,131	(19,869)
EXPENDITURES:				
Current:				
Health and welfare	113,805	121,000	120,413	587
Total expenditures	113,805	121,000	120,413	587
Excess (deficiency) of revenues over expenditures	(3,805)	(11,000)	(30,282)	(19,282)
OTHER FINANCING SOURCES (USES)				
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	(11,305)	(18,500)	(37,782)	(19,282)
Fund balance - beginning	144,370	144,370	144,370	-
Fund balance - ending	\$ 133,065	\$ 125,870	\$ 106,588	\$ (19,282)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(37,782)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ (37,782)	

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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ 40,000	\$ 40,000	\$ 33,936	\$ (6,064)
Total revenues	40,000	40,000	33,936	(6,064)
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	40,000	40,000	33,936	(6,064)
OTHER FINANCING SOURCES (USES)				
Transfers out	(65,000)	(60,000)	(60,000)	-
Total other financing sources (uses)	(65,000)	(60,000)	(60,000)	-
Net changes in fund balance Non-GAAP basis	(25,000)	(20,000)	(26,064)	(6,064)
Fund balance - beginning	37,597	37,597	37,597	-
Fund balance - ending	\$ 12,597	\$ 17,597	\$ 11,533	\$ (6,064)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(26,064)	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ (26,064)</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 AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - EMS GRANT FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 53,126	\$ 53,126	\$ 51,379	\$ (1,747)
Total revenues	53,126	53,126	51,379	(1,747)
EXPENDITURES:				
Current:				
Health and welfare	53,126	53,126	47,202	5,924
Total expenditures	53,126	53,126	47,202	5,924
Excess (deficiency) of revenues over expenditures	-	-	4,177	4,177
Net changes in fund balance Non-GAAP basis	-	-	4,177	4,177
Fund balance - beginning	3,356	3,356	3,356	-
Fund balance - ending	\$ 3,356	\$ 3,356	\$ 7,533	\$ 4,177
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			4,177	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 4,177	

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, 2010

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other income	\$ 38,000	\$ 38,000	\$ 20,289	\$ (17,711)
Total revenues	38,000	38,000	20,289	(17,711)
EXPENDITURES:				
Current:				
Health and welfare	30,734	30,734	19,619	11,115
Total expenditures	30,734	30,734	19,619	11,115
Excess (deficiency) of revenues over expenditures	7,266	7,266	670	(6,596)
Net changes in fund balance Non-GAAP basis	7,266	7,266	670	(6,596)
Fund balance - beginning	4,118	4,118	4,118	-
Fund balance - ending	\$ 11,384	\$ 11,384	\$ 4,788	\$ (6,596)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			670	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ 670	

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, 2010

	<u>Hospital Acquisition</u>	<u>Detention Building</u>	<u>FEMA Disaster</u>	<u>Total</u>
ASSETS				
Cash	\$ 105,928	\$ -	\$ 278	\$ 106,206
Total assets	<u>\$ 105,928</u>	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ 106,206</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balance				
Reserved for capital projects	<u>105,928</u>	<u>-</u>	<u>278</u>	<u>106,206</u>
Total liabilities and fund balance	<u>\$ 105,928</u>	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ 106,206</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 - CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Hospital Acquisition</u>	<u>Detention Building</u>	<u>FEMA Disaster</u>	<u>Total</u>
REVENUES				
Other income	\$ 14,400	\$ -	\$ -	\$ 14,400
Total revenues	14,400	-	-	14,400
EXPENDITURES				
Capital outlay	-	99,208	587,046	686,254
Total expenditures	-	99,208	587,046	686,254
Excess (deficiency) of revenues over (under) expenditures	14,400	(99,208)	(587,046)	(671,854)
Net change in fund balance	14,400	(99,208)	(587,046)	(671,854)
Fund balance, beginning of year	91,528	99,208	587,324	778,060
Fund balance, end of year	<u>\$ 105,928</u>	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ 106,206</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 AND ACTUAL ON BUDGETARY BASIS
 CAPITAL PROJECTS FUND - HOSPITAL ACQUISITION FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other income	\$ 14,400	\$ 14,400	\$ 14,400	\$ -
Total revenues	14,400	14,400	14,400	-
EXPENDITURES:				
Current:				
Health and welfare	<u>2,000</u>	<u>77,128</u>	<u>-</u>	<u>77,128</u>
Total expenditures	<u>2,000</u>	<u>77,128</u>	<u>-</u>	<u>77,128</u>
Excess (deficiency) of revenues over expenditures	<u>12,400</u>	<u>(62,728)</u>	<u>14,400</u>	<u>77,128</u>
Net changes in fund balance Non-GAAP basis	12,400	(62,728)	14,400	77,128
Fund balance - beginning	<u>91,528</u>	<u>91,528</u>	<u>91,528</u>	<u>-</u>
Fund balance - ending	<u>\$ 103,928</u>	<u>\$ 28,800</u>	<u>\$ 105,928</u>	<u>\$ 77,128</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			14,400	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 14,400</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 AND ACTUAL ON BUDGETARY BASIS
 CAPITAL PROJECTS FUND - DETENTION BUILDING FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:				
Capital outlay	<u>99,208</u>	<u>99,208</u>	<u>99,208</u>	<u>-</u>
Total expenditures	<u>99,208</u>	<u>99,208</u>	<u>99,208</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(99,208)</u>	<u>(99,208)</u>	<u>(99,208)</u>	<u>-</u>
Net changes in fund balance Non-GAAP basis	(99,208)	(99,208)	(99,208)	-
Fund balance - beginning	<u>99,208</u>	<u>99,208</u>	<u>99,208</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(99,208)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			<u>\$ (99,208)</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 AND ACTUAL ON BUDGETARY BASIS
 CAPITAL PROJECTS FUND - FEMA DISASTER FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:				
Capital outlay	<u>590,000</u>	<u>590,000</u>	<u>587,046</u>	<u>2,954</u>
Total expenditures	<u>590,000</u>	<u>590,000</u>	<u>587,046</u>	<u>2,954</u>
Excess (deficiency) of revenues over expenditures	<u>(590,000)</u>	<u>(590,000)</u>	<u>(587,046)</u>	<u>2,954</u>
Net changes in fund balance Non-GAAP basis	(597,500)	(590,000)	(587,046)	2,954
Fund balance - beginning	<u>587,324</u>	<u>587,324</u>	<u>587,324</u>	<u>-</u>
Fund balance - ending	<u>\$ (10,176)</u>	<u>\$ (2,676)</u>	<u>\$ 278</u>	<u>\$ 2,954</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(587,046)	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ (587,046)</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, 2010

	<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	\$ -	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balance				
Reserved for debt service	-	-	-	-
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2010

	<u>Hospital Debt Service</u>	<u>Detention Center Debt Service</u>	<u>Playas Fire Debt Service</u>	<u>Total</u>
REVENUES				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt service interest	19,921	56,338	3,096	79,355
Debt service principal	<u>360,113</u>	<u>109,908</u>	<u>18,196</u>	<u>488,217</u>
Total expenditures	<u>380,034</u>	<u>166,246</u>	<u>21,292</u>	<u>567,572</u>
Excess (deficiency) of revenues over (under) expenditures	(380,034)	(166,246)	(21,292)	(567,572)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	288,506	166,246	-	454,752
Operating transfers out	<u>-</u>	<u>-</u>	<u>(53,766)</u>	<u>(53,766)</u>
Total other financing source (uses)	<u>288,506</u>	<u>166,246</u>	<u>(53,766)</u>	<u>400,986</u>
Net change in fund balance	(91,528)	-	(75,058)	\$ (166,586)
Fund balance, beginning of year	<u>91,528</u>	<u>-</u>	<u>75,058</u>	<u>166,586</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 AND ACTUAL ON BUDGETARY BASIS
 DEBT SERVICE FUNDS - HOSPITAL DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 308,925	\$ 308,925	\$ -	\$ (308,925)
Total revenues	308,925	308,925	-	(308,925)
EXPENDITURES:				
Debt service interest	19,921	19,921	19,921	-
Debt service principal	158,720	158,720	360,113	(201,393)
Total expenditures	178,641	178,641	380,034	(201,393)
Excess (deficiency) of revenues over expenditures	130,284	130,284	(380,034)	(510,318)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	288,506	288,506
Total other financing sources (uses)	-	-	288,506	288,506
Net changes in fund balance Non-GAAP basis	130,284	130,284	(91,528)	(221,812)
Fund balance - beginning	91,528	91,528	91,528	-
Fund balance - ending	\$ 221,812	\$ 221,812	\$ -	\$ (221,812)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(91,528)	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ (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 AND ACTUAL ON BUDGETARY BASIS
 DEBT SERVICE FUNDS - DETENTION CENTER DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Debt service interest	56,338	56,338	56,338	-
Debt service principal	109,908	109,908	109,908	-
Total expenditures	166,246	166,246	166,246	-
Excess (deficiency) of revenues over expenditures	(166,246)	(166,246)	(166,246)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	166,246	166,246
Total other financing sources (uses)	-	-	166,246	166,246
Net changes in fund balance Non-GAAP basis	(166,246)	(166,246)	-	166,246
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ (166,246)	\$ (166,246)	\$ -	\$ 166,246
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			-	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ -	

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
 DEBT SERVICE FUNDS - PLAYAS FIRE DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Public safety				
Debt service interest	3,096	3,096	3,096	-
Debt service principal	18,196	18,196	18,196	-
Total expenditures	21,292	21,292	21,292	-
Excess (deficiency) of revenues over expenditures	(21,292)	(21,292)	(21,292)	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(53,766)	(53,766)
Total other financing sources (uses)	-	-	(53,766)	(53,766)
Net changes in fund balance Non-GAAP basis	(21,292)	(21,292)	(75,058)	(53,766)
Fund balance - beginning	75,058	75,058	75,058	-
Fund balance - ending	\$ 53,766	\$ 53,766	\$ -	\$ (53,766)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(75,058)	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ (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 AND ACTUAL ON BUDGETARY BASIS
 PROPRIETARY FUND - AMBULANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	Original	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Charges for services	\$ 230,000	\$ 230,000	\$ 286,531	\$ 56,531
Miscellaneous	20,000	20,000	-	(20,000)
Total revenues	250,000	250,000	286,531	36,531
EXPENDITURES:				
Operating expenditures	463,516	463,516	525,220	(61,704)
Total expenditures	463,516	463,516	525,220	(61,704)
Excess (deficiency) of revenues over expenditures	(213,516)	(213,516)	(238,689)	(25,173)
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	135,000	135,000	-
Total other financing sources (uses)	150,000	135,000	135,000	-
Net changes in fund balance Non-GAAP basis	(63,516)	(78,516)	(103,689)	(25,173)
Fund balance - beginning	711,037	711,037	711,037	-
Fund balance - ending	\$ 647,521	\$ 632,521	\$ 607,348	\$ (25,173)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			(103,689)	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ (103,689)	

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, 2010**

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, 2010

	<u>Balance</u> <u>6/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/10</u>
Taxes collected for others				
ASSETS				
Cash and cash equivalents	\$ 4,975	\$ 1,336,123	\$ 1,336,878	\$ 4,220
Total assets	<u>\$ 4,975</u>	<u>\$ 1,336,123</u>	<u>\$ 1,336,878</u>	<u>\$ 4,220</u>
LIABILITIES				
Taxes paid in advance	\$ 4,975	\$ 1,336,123	\$ 1,336,878	\$ 4,220
Total liabilities	<u>\$ 4,975</u>	<u>\$ 1,336,123</u>	<u>\$ 1,336,878</u>	<u>\$ 4,220</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, 2010

	Type	Amount Per Bank	Plus DIT	Outstanding Checks	Balance Per Books
Western Bank					
Operating	CK	\$ 3,303,042	\$ -	\$ 731,242	\$ 2,571,800
Money market	MM	2,544,203	-	33,703	2,510,500
Payroll Clearing	CK	1,083	-	-	1,083
Sheriff's Bond	CK	2,224	731	1,189	1,766
Sheriff's Investigation	CK	41,633	-	-	41,633
Warrant Account	CK	519,914	-	55	519,859
Time Deposit	CD	800,000	-	-	800,000
Overnight	MM	101,965	-	1,591	100,374
Western Bank Total		<u>7,314,064</u>	<u>731</u>	<u>767,780</u>	<u>6,547,015</u>
Sub-total		7,314,064	731	767,780	6,547,015
NM State Investment Pool		101,598	-	1,598	100,000
Petty Cash		<u>300</u>	<u>-</u>	<u>-</u>	<u>300</u>
Total		<u>\$ 7,415,962</u>	<u>\$ 731</u>	<u>\$ 769,378</u>	<u>\$ 6,647,315</u>
Fiduciary Funds		<u>\$ 4,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,220</u>

Type:

CK = Checking

MM = Money Market

CD = Certificate of Deposit

Western

Amount held in bank June 30, 2010	7,314,064
Less FDIC Insurance	<u>(250,000)</u>
Uninsured Public Funds	7,064,064
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	3,532,032
Pledged Securities	<u>3,962,345</u>
Over (Under) Collateralized	<u>\$ 430,313</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, 2010

Description of Pledged Collateral	Amount	Name and Location of Safekeeper
New Mexico issued securities (at face value)		
Bernalillo NM School CUSIP#08529KU0, Maturing 08/1/14	\$ 100,277	Federal Home Loan Bank of Dallas
Bernalillo NM School CUSIP#085279MD6, Maturing 08/1/12	210,350	Federal Home Loan Bank of Dallas
Carrizozo NM CUSIP#144627CZ7, Maturing 08/1/15	110,687	Federal Home Loan Bank of Dallas
Dulce NM School CUSIP#264430FZ7, Maturing 7/1/15	305,580	Federal Home Loan Bank of Dallas
Dulce NM School CUSIP#264430HJ1, Maturing 3/1/10	416,728	Federal Home Loan Bank of Dallas
Espanola NM Pub School CUSIP#296628BQ2, Maturing 7/1/17	314,286	Federal Home Loan Bank of Dallas
Estancia NM School CUSIP#297326DD9, Maturing 10/1/10	200,514	Federal Home Loan Bank of Dallas
Grant Co NM GO CUSIP#387766BA5, Maturing 09/01/13	274,635	Federal Home Loan Bank of Dallas
Loving NM Mun CUSIP#547473BF4, Maturing 10/1/14	462,879	Federal Home Loan Bank of Dallas
Ruidoso NM CUSIP#781346CS8, Maturing 6/1/12	77,679	Federal Home Loan Bank of Dallas
Torrence County CUSIP#891400JD6, Maturing 7/1/14	340,119	Federal Home Loan Bank of Dallas
Silver City NM CUSIP#827513EW8	381,862	Federal Home Loan Bank of Dallas
Lovington NM Mun CUSIP#547473CZ9, Maturing 9/1/21	495,315	Federal Home Loan Bank of Dallas
Vaughn NM School CUSIP#922382BP0, Maturing 7/1/12	<u>125,241</u>	Federal Home Loan Bank of Dallas
Total New Mexico issued securities	3,816,152	Federal Home Loan Bank of Dallas
Federal securities (at market value)		
FNMA REMIC CUSIP#312906XG0, Maturing 8/15/21	44,280	Federal Home Loan Bank of Dallas
FNMA CUSIP#31391HGMO, Maturing 9/25/32	<u>101,913</u>	Federal Home Loan Bank of Dallas
Total federal securities	<u>146,193</u>	Federal Home Loan Bank of Dallas
Total pledged securities	<u>\$ 3,962,345</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, 2010**

Property taxes receivable, beginning	\$ 384,775
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	2,959,469
Adjustments:	
Increases in taxes receivables	204,013
Charge off of taxes receivables	<u>(171,407)</u>
Total receivables prior to collections	3,376,850
Collections for fiscal year ended June 30, 2010	<u>(2,928,360)</u>
Property taxes receivable, ending	<u>\$ 448,490</u>

Property taxes receivable by years:

2000	\$ 1,397
2001	1,825
2002	2,620
2003	2,956
2004	3,501
2005	4,220
2006	35,797
2007	73,533
2008	116,923
2009	<u>205,718</u>
	<u>\$ 448,490</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, 2010**

	Taxes Receivable at 7/1/09	Net Taxes Charged to Treasurer	Collections	Taxes Receivable at 6/30/10	Distributions
Municipalities	\$ 22,226	\$ 101,156	\$ 95,483	\$ 27,899	\$ 95,483
Hidalgo County	212,078	1,614,408	1,600,282	226,204	1,600,282
State of New Mexico	24,609	183,344	189,512	18,441	189,512
Schools	<u>125,862</u>	<u>1,093,167</u>	<u>1,043,083</u>	<u>175,946</u>	<u>1,043,083</u>
	<u>\$ 384,775</u>	<u>\$ 2,992,075</u>	<u>\$ 2,928,360</u>	<u>\$ 448,490</u>	<u>\$ 2,928,360</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, 2010

Agency	Property Taxes Levied	Collected in Current Year 6/30/10	Collected To Date	Distributed in Current Year 6/30/10	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Municipalities								
City of Lordsburg	2000 \$ 69,035	\$ 138	\$ 69,493	\$ 138	\$ 69,493	\$ -	\$ -	(458)
City of Lordsburg	2001 72,663	137	72,103	137	72,103	-	-	560
City of Lordsburg	2002 94,363	162	93,400	162	93,400	-	-	963
City of Lordsburg	2003 79,447	53	78,572	53	78,572	-	-	875
City of Lordsburg	2004 79,394	103	79,443	103	79,443	-	-	(49)
City of Lordsburg	2005 78,006	175	77,608	175	77,608	-	-	398
City of Lordsburg	2006 79,664	980	78,614	980	78,614	-	-	1,050
City of Lordsburg	2007 86,379	3,035	83,937	3,035	83,937	-	-	2,442
City of Lordsburg	2008 99,575	5,626	92,846	5,626	92,846	-	-	6,729
City of Lordsburg	2009 98,809	83,575	83,575	83,575	83,575	-	-	15,234
Total City of Lordsburg	837,335	93,984	809,591	93,984	809,591	-	-	27,744
Village of Virden	2000 939	-	938	-	938	-	-	1
Village of Virden	2001 1,076	-	1,082	-	1,082	-	-	(6)
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	2	1,261	2	1,261	-	-	12
Village of Virden	2006 1,428	1	1,413	1	1,413	-	-	15
Village of Virden	2007 1,419	12	1,349	12	1,349	-	-	70
Village of Virden	2008 1,408	16	1,494	16	1,494	-	-	(86)
Village of Virden	2009 1,590	1,468	1,468	1,468	1,468	-	-	122
Total Village of Virden	12,657	1,499	12,502	1,499	12,502	-	-	155
Total Municipalities	\$ 849,992	\$ 95,483	\$ 822,093	\$ 95,483	\$ 822,093	\$ -	\$ -	\$ 27,899

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, 2010

Agency	Property Taxes Levied	Collected in Current Year 6/30/010	Collected To Date	Distributed In Current Year 6/30/010	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Hidalgo County								
General ad valorem	2000 \$ 826,905	\$ 508	\$ 830,755	\$ 508	\$ 830,755	\$ -	\$ -	(3,850)
General ad valorem	2001 956,579	506	948,849	506	948,849	-	-	7,730
General ad valorem	2002 1,087,809	594	1,081,240	594	1,081,240	-	-	6,569
General ad valorem	2003 1,159,821	196	1,147,222	196	1,147,222	-	-	12,599
General ad valorem	2004 1,417,653	378	1,433,463	378	1,433,463	-	-	(15,810)
General ad valorem	2005 1,385,870	1,040	1,392,832	1,040	1,392,832	-	-	(6,962)
General ad valorem	2006 1,472,496	5,901	1,446,220	5,901	1,446,220	-	-	26,276
General ad valorem	2007 1,586,512	22,959	1,541,996	22,959	1,541,996	-	-	44,516
General ad valorem	2008 1,674,830	44,621	1,604,434	44,621	1,604,434	-	-	70,396
General ad valorem	2009 1,604,065	1,494,204	1,494,204	1,494,204	1,494,204	204,013	-	313,874
Total General ad valorem	13,172,540	1,570,907	12,921,215	1,570,907	12,921,215	204,013	-	455,338
Non-remission fees	2000 556	-	578	-	578	-	-	(22)
Non-remission fees	2001 514	-	637	-	637	-	-	(123)
Non-remission fees	2002 490	-	504	-	504	-	-	(14)
Non-remission fees	2003 468	-	463	-	463	-	-	5
Non-remission fees	2004 55	-	67	-	67	-	-	(12)
Non-remission fees	2005 74	-	216	-	216	-	-	(142)
Non-remission fees	2006 67	-	67	-	67	-	-	-
Non-remission fees	2007 -	-	-	-	-	-	-	-
Non-remission fees	2008 272	59	441	59	441	-	-	(169)
Non-remission fees	2009 575	44	44	44	44	-	-	531
Total Non-remission fees	3,071	103	3,017	103	3,017	-	-	54

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, 2010

Agency	Property Taxes Levied	Collected in Current Year 6/30/10	Collected To Date	Distributed in Current Year 6/30/10	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Re-appraisal program	2000 \$ -	\$ 13	\$ 1,035	\$ 13	\$ 1,035	\$ -	\$ -	\$ (1,035)
Re-appraisal program	2001 -	13	19,789	13	19,789	-	-	(19,789)
Re-appraisal program	2002 -	14	21,481	14	21,481	-	-	(21,481)
Re-appraisal program	2003 -	4	21,831	4	21,831	-	-	(21,831)
Re-appraisal program	2004 -	8	25,127	8	25,127	-	-	(25,127)
Re-appraisal program	2005 -	20	26,087	20	26,087	-	-	(26,087)
Re-appraisal program	2006 -	117	27,088	117	27,088	-	-	(27,088)
Re-appraisal program	2007 -	433	28,850	433	28,850	-	-	(28,850)
Re-appraisal program	2008 -	871	30,120	871	30,120	-	-	(30,120)
Re-appraisal program	2009 -	27,779	27,780	27,779	27,780	-	-	(27,780)
Total Re-appraisal program	-	29,272	229,188	29,272	229,188	-	-	(229,188)
Total Hidalgo County	\$ 13,175,611	\$ 1,600,282	\$ 13,153,420	\$ 1,600,282	\$ 13,153,420	\$ 204,013	\$ -	\$ 226,204

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, 2010

Agency	Property Taxes Levied	Collected in Current Year 6/30/10	Collected To Date	Distributed in Current Year 6/30/10	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
State of New Mexico								
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	-	24,435	-	24,435	-	-	274
Cattle	16,373	-	16,068	-	16,068	-	-	305
Cattle	21,151	-	20,720	-	20,720	-	-	431
Cattle	24,727	-	24,316	-	24,316	-	-	411
Cattle	31,709	-	29,921	-	29,921	-	-	1,788
Cattle	32,973	2,534	34,208	2,534	34,208	-	-	(1,235)
Cattle	23,186	32,027	32,027	32,027	32,027	-	-	(8,841)
Total Cattle	259,910	34,561	265,428	34,561	265,428	-	-	(5,518)
Equines								
Equines	960	-	958	-	958	-	-	2
Equines	1,193	-	1,181	-	1,181	-	-	12
Equines	1,358	-	1,348	-	1,348	-	-	10
Equines	1,214	-	1,188	-	1,188	-	-	26
Equines	1,704	-	1,664	-	1,664	-	-	40
Equines	1,669	-	1,600	-	1,600	-	-	69
Equines	1,981	-	1,924	-	1,924	-	-	57
Equines	1,635	5	1,588	5	1,588	-	-	47
Equines	-	797	797	-	797	-	-	74
Equines	871	-	-	-	-	-	-	-
Total Equines	12,585	802	12,248	802	12,248	-	-	337

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, 2010

Agency	Property Taxes Levied	Collected in Current Year 6/30/10	Collected To Date	Distributed in Current Year 6/30/10	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Bison	\$ 2000	\$ -	\$ 369	\$ -	\$ 369	\$ -	\$ -	-
Bison	2001	-	367	-	367	-	-	4
Bison	2002	-	220	-	220	-	-	2
Bison	2003	-	150	-	149	-	-	1
Bison	2004	-	140	-	-	-	-	140
Bison	2005	-	148	-	-	-	-	148
Bison	2006	-	-	-	-	-	-	-
Bison	2007	-	-	-	-	-	-	-
Bison	2008	-	-	-	-	-	-	-
Bison	2009	-	263	-	-	-	-	263
Total Bison	1,663	-	1,105	-	1,105	-	-	558
Sheep	2000	-	70	-	70	-	-	-
Sheep	2001	-	15	-	15	-	-	-
Sheep	2002	-	18	-	18	-	-	-
Sheep	2003	-	15	-	15	-	-	-
Sheep	2004	-	17	-	16	-	-	1
Sheep	2005	-	15	-	15	-	-	-
Sheep	2006	-	18	-	18	-	-	-
Sheep	2007	-	12	-	12	-	-	-
Sheep	2008	-	11	-	10	-	-	1
Sheep	2009	-	10	10	10	-	-	-
Total Sheep	201	10	199	10	199	-	-	2

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, 2010

Agency	Property Taxes Levied	Collected in Current Year 6/30/10	Collected To Date	Distributed in Current Year 6/30/10	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Dairy	2000	\$ 6	\$ 6	\$ -	6	\$ -	\$ -	-
Dairy	2001	7	7	-	7	-	-	-
Dairy	2002	19	12	-	12	-	-	7
Dairy	2003	9	9	-	9	-	-	-
Dairy	2004	5	5	-	5	-	-	-
Dairy	2005	2	2	-	2	-	-	-
Dairy	2006	5	5	-	5	-	-	-
Dairy	2007	2	2	-	2	-	-	-
Dairy	2008	2	2	-	2	-	-	-
Dairy	2009	-	-	-	-	-	-	-
Total Dairy	57	-	50	-	50	-	-	7
Goats (2004 only)	9	-	9	-	9	-	-	-
Goats (2005 2nd year)	13	-	13	-	13	-	-	-
Goats (2006 3rd year)	15	-	15	-	15	-	-	-
Goats (2007 4th year)	28	-	28	-	28	-	-	-
Goats (2008 5th year)	23	-	23	-	23	-	-	-
Goats (2009 6th year)	11	10	10	10	10	-	-	1
Swine/Llama/Alpacca	9	-	9	-	9	-	-	-
Total Goats	108	10	107	10	107	-	-	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, 2010

Agency	Property Taxes Levied	Collected in Current Year 6/30/10	Collected To Date	Distributed in Current Year 6/30/10	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Cost to State	\$ -	\$ -	\$ 400	\$ -	\$ 400	\$ -	\$ -	(400)
Cost to State	-	-	450	-	450	-	-	(450)
Cost to State	-	-	350	-	350	-	-	(350)
Cost to State	-	-	475	-	475	-	-	(475)
Cost to State	-	-	425	-	425	-	-	(425)
Cost to State	-	130	430	130	430	-	-	(430)
Cost to State	-	880	880	880	880	-	-	(880)
Cost to State	-	-	-	-	-	-	-	-
Cost to State	-	-	-	-	-	-	-	-
Cost to State	-	-	-	-	-	-	-	-
Total Cost to State	-	1,010	3,410	1,010	3,410	-	-	(3,410)
State Operational	109,721	66	110,210	66	110,210	-	-	(489)
State Operational	145,018	75	143,838	75	143,838	-	-	1,180
State Operational	105,173	57	104,527	57	104,527	-	-	646
State Operational	151,488	25	149,839	25	149,839	-	-	1,649
State Operational	124,229	33	125,586	33	125,586	-	-	(1,357)
State Operational	144,607	109	145,329	109	145,329	-	-	(722)
State Operational	160,380	643	157,522	643	157,522	-	-	2,858
State Operational	164,186	2,397	159,575	2,397	159,575	-	-	4,611
State Operational	176,669	4,707	169,243	4,707	169,243	-	-	7,426
State Operational	155,669	145,007	145,007	145,007	145,007	-	-	10,662
Total State Operational	1,437,140	153,119	1,410,676	153,119	1,410,676	-	-	26,464
Total State of New Mexico	\$ 1,211,664	\$ 189,512	\$ 1,693,223	\$ 189,512	\$ 1,693,223	\$ -	\$ -	\$ 18,441

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, 2010

Agency	Property Taxes Levied	Collected in Current Year 6/30/10	Collected To Date	Distributed in Current Year 6/30/10	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Schools (SD #1 & SD #6)								
Operational	\$ 34,749	\$ 21	\$ 34,912	\$ 21	\$ 34,912	\$ -	\$ -	(163)
Operational	40,218	21	39,894	21	39,894	-	-	324
Operational	45,750	25	45,476	25	45,476	-	-	274
Operational	48,789	8	48,260	8	48,260	-	-	529
Operational	59,661	16	60,331	16	60,331	-	-	(670)
Operational	58,175	43	58,474	43	58,474	-	-	(299)
Operational	61,710	242	60,605	242	60,605	-	-	1,105
Operational	66,064	951	64,208	951	64,208	-	-	1,856
Operational	70,268	1,863	67,315	1,863	67,315	-	-	2,953
Operational	67,391	62,778	62,777	62,778	62,777	-	-	4,614
Total Operational	552,775	65,968	542,252	65,968	542,252	-	-	10,523
Debt Service	607,725	414	611,024	414	611,024	-	-	(3,299)
Debt Service	565,384	457	561,299	457	561,299	-	-	4,085
Debt Service	588,737	458	585,950	458	585,950	-	-	2,787
Debt Service	519,249	120	513,509	120	513,509	-	-	5,740
Debt Service	516,890	180	525,581	180	525,581	-	-	(8,691)
Debt Service	642,851	473	649,214	473	649,214	-	-	(6,363)
Debt Service	680,373	2,790	666,943	2,790	666,943	-	-	13,430
Debt Service	736,108	9,659	713,905	9,659	713,905	-	-	22,203
Debt Service	776,211	19,323	741,458	19,323	741,458	-	-	34,753
Debt Service	736,299	678,092	678,092	678,092	678,092	-	-	58,207
Total Debt Service	6,369,827	711,966	6,246,975	711,966	6,246,975	-	-	122,852

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, 2010.

Agency	Property Taxes Levied	Collected in Current Year 6/30/10	Collected To Date	Distributed In Current Year 6/30/10	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Capital Imp.	\$ 143,013	\$ 86	\$ 143,655	\$ 86	\$ 143,655	\$ -	\$ -	\$ (642)
Capital Imp.	164,327	85	162,989	85	162,989	-	-	1,338
Capital Imp.	186,587	101	185,444	101	185,444	-	-	1,143
Capital Imp.	199,109	33	196,943	33	196,943	-	-	2,166
Capital Imp.	241,567	64	244,208	64	244,208	-	-	(2,641)
Capital Imp.	234,352	177	235,521	177	235,521	-	-	(1,169)
Capital Imp.	248,522	996	244,087	996	244,087	-	-	4,435
Capital Imp.	267,155	3,890	259,637	3,890	259,637	-	-	7,518
Capital Imp.	282,671	7,531	270,790	7,531	270,790	-	-	11,881
Capital Imp.	270,728	252,186	252,186	252,186	252,186	-	-	18,542
Total Capital Imp.	2,238,031	265,149	2,195,460	265,149	2,195,460	-	-	42,571
Total Schools	\$ 9,160,633	\$ 1,043,083	\$ 8,984,687	\$ 1,043,083	\$ 8,984,687	\$ -	\$ -	\$ 175,946
Total	\$ 24,897,900	\$ 2,928,360	\$ 24,653,423	\$ 2,928,360	\$ 24,653,423	\$ 204,013	\$ -	\$ 448,490

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**JOINT POWERS AGREEMENTS
JUNE 30, 2010**

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, 2009- June 30, 2010
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, 2010

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, 2009- June 30, 2010
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, 2009 to June 30, 2010
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, 2010**

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, 2009 - June 30, 2010
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, 2010

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	\$ 1,540,228	\$ 336,628
Executive Office of the President - Office of National Drug Control Policy (HIDTA)	7.999	G09SN0016A	<u>1,178,044</u>	<u>592,095</u>
			<u>\$ 2,718,272</u>	<u>\$ 928,723</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 and related budgetary comparisons presented as supplemental information of the County of Hidalgo as of and for the year ended June 30, 2010, and have issued our report thereon dated June 1, 2011. 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 the County of Hidalgo'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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2010-01.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. 2008-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items finding 08-02.

We also noted certain other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2008-02 and 2010-02.

The County's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. 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, Commissioners, others within the entity, New Mexico Department of Finance and Administration, , 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.

A handwritten signature in blue ink that reads "White + Samaniego + Campbell, LLP". The signature is written in a cursive, flowing style.

El Paso, Texas
June 1, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 County of Hidalgo's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-01.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-01 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-02 and 2010-02 to be significant deficiencies.

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

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 + Samaniego + Campbell, LLP

El Paso, Texas
June 1, 2011

**COUNTY OF HIDALGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major programs

- Material weakness (es) identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes 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 No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.007	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 Yes X No

**COUNTY OF HIDALGO COUNTY OF HIDALGO
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

Section II - Financial Statements Findings

PRIOR YEAR FINDINGS

08-02 Audit Report submission to the New Mexico State Auditor Repeated

Late Audit Report (IC 2008-02)

CONDITION The required submission date of the audit report for the fiscal year ended June 30, 2010 to the New Mexico State Auditor was November 15, 2010. The June 30, 2010 audited financial statements were submitted on August 25, 2011.

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.

Data Collection Form Package Not Timely Filed (2010-01)

CONDITION The Data Collection Form and the reporting package was not submitted to the federal clearing house within nine months after the fiscal year end.

CRITERIA OMB Circular A-133.320 requires that the data collection form and the reporting package be submitted within nine months of the fiscal year end for all single audit reports.

CAUSE The audit was not completed by the required deadline, as detailed in finding 2008-02 above.

EFFECT Data used by the federal government to manage grants was not available, and Federal regulations have been violated.

RECOMMENDATION We recommend that the Data Collection form be filed timely, if required.

RESPONSE The recommendation will be adopted.

Legal Compliance with Budget (2010-02)

CONDITION Section 6-6-6 of the New Mexico state statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget.
 During the fiscal year ended June 30, 2010, the County remitted payments for goods and services in excess of the adopted budget as follows:

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures</u>
Recreation Fund	\$ 600	\$ 849	\$ (249)
C & C Transfers	\$ -	\$ 335,956	\$ (335,956)
DARE Fund	\$ 5,000	\$ 37,029	\$ (32,029)
Gross Receipts Landfill	\$ -	\$ 84,602	\$ (84,602)
Ambulance Fund	\$ 463,516	\$ 525,220	\$ (61,704)
Hospital Debt Service Fund	\$ 178,641	\$ 380,034	\$ (201,393)

In addition, the County budgeted a deficit for the following funds:

<u>Fund</u>	<u>Budget Deficit</u>
Road Fund	\$ 313,801
DWI Fund	1,201
Law Enforcement Protection Fund	1
FEMA Fund	2,676
Detention Center Fund	166,246

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

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

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

RECOMMENDATION

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

RESPONSE

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

COUNTY OF HIDALGO

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2010**

An exit conference was held on December 20, 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.