

**State of New Mexico
County of Hidalgo**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2011
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, 2011

Elected Officials

Ed Kerr	Commissioner
Darr Shannon	Commissioner
Richard Chaires	Commissioner

Administrative Officials

Jose Salazar	County Manager
Tisha Green	Assistant 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
Jody Hatch	County Assessor
Carmen Acosta	County Clerk
Saturnino Madero	County Sheriff
Richard Gomez	Detention Administrator

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, 2011, 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, 2011, 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, 2011, 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, 2011, 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 July 8, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements, and the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

White + Samaniego + Campbell, LLP

El Paso, Texas
July 8, 2012

STATE OF NEW MEXICO, COUNTY OF HIDALGO

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2011

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, 2011. 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 \$22,921,290 (*net assets*). Of this amount, \$5,092,356 (*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 \$6,403,637 during the fiscal year. The majority of this is due to an increase in grant revenue when compared to the year ended June 30, 2010.
- As of June 30, 2011, the County's governmental funds reported combined ending fund balances of \$8,596,475. Of this total, \$247,501 is restricted for capital projects.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$3,773,717.

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-three 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 \$22,921,290 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 \$14,317,625 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 \$5,092,356 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 \$6,403,637. These increases are explained in the governmental activities discussion.

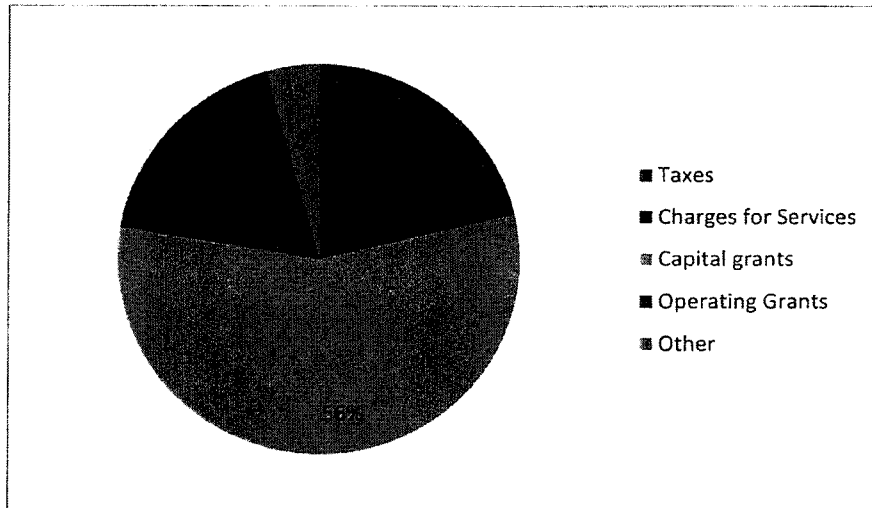
Governmental Activities

Governmental activities increased the County of Hidalgo's net assets by \$6,533,737. Grant revenue increased \$4,662,520 from grant revenue in the prior year. Property taxes and gross receipts taxes contributed \$1,360,474 for covering the \$5,598,660 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 \$4,489,689.

Total revenues from governmental activities are summarized below. For fiscal year 2010-2011, 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 \$315,100 before transfers of \$185,000 in from the general fund, compared to the prior year's decrease of \$238,689 before transfers of \$135,000 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 2010-2011
	2011	2010	2011	2010	2011	2010	
ASSETS							
Current and other assets	\$ 9,059,054	\$ 8,065,972	\$ 77,093	\$ 72,954	\$ 9,136,147	\$ 8,138,926	- %
Non current assets	-	159,339	-	-	-	159,339	(17)%
Capital assets, net of accumulated depreciation	15,890,550	10,406,479	430,881	567,796	16,321,431	10,974,275	10 %
Total assets	<u>\$ 24,949,604</u>	<u>\$ 18,631,790</u>	<u>\$ 507,974</u>	<u>\$ 640,750</u>	<u>\$ 25,457,578</u>	<u>\$ 19,272,540</u>	<u>(7)%</u>
LIABILITIES							
Current and other liabilities	\$ 671,412	\$ 679,580	\$ 30,726	\$ 33,402	\$ 702,138	\$ 712,982	(78)%
Long-term liabilities	1,834,150	2,041,905	-	-	1,834,150	2,041,905	4 %
Total liabilities	<u>2,505,562</u>	<u>2,721,485</u>	<u>30,726</u>	<u>33,402</u>	<u>2,536,288</u>	<u>2,754,887</u>	<u>(10)%</u>
NET ASSETS							
Invested in capital assets, net of related debt	13,886,744	8,284,567	430,881	567,796	14,317,625	8,852,363	19 %
Restricted	3,511,309	2,330,243	-	-	3,511,309	2,330,243	7 %
Unrestricted	5,045,989	5,295,495	46,367	39,552	5,092,356	5,335,047	(1)%
Total net assets	<u>22,444,042</u>	<u>15,910,305</u>	<u>477,248</u>	<u>607,348</u>	<u>22,921,290</u>	<u>16,517,653</u>	<u>7 %</u>
Total liabilities and net assets	<u>\$ 24,949,604</u>	<u>\$ 18,631,790</u>	<u>\$ 507,974</u>	<u>\$ 640,750</u>	<u>\$ 25,457,578</u>	<u>\$ 19,272,540</u>	<u>4 %</u>

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 2010-2011
	2011	2010	2011	2010	2011	2010	
REVENUES							
Program revenues:							
Charges for services	\$ 815,163	\$ 629,349	\$ 290,689	\$ 286,531	\$ 1,105,852	\$ 915,880	4 %
Operating grants and contributions	2,221,841	4,488,994	-	-	2,221,841	4,488,994	125 %
Capital grants and contributions	6,944,023	14,400	-	-	6,944,023	14,400	(31)%
General revenues:							
Taxes	1,801,195	2,331,593	-	-	1,801,195	2,331,593	(15)%
Other income	533,440	338,259	73,000	-	606,440	338,259	236 %
Interest income	1,735	25,113	-	-	1,735	25,113	(42)%
Total revenues	12,317,397	7,827,708	363,689	286,531	12,681,086	8,114,239	38 %
EXPENSES							
General government	1,178,461	1,478,715	-	-	1,178,461	1,478,715	9 %
Public safety	2,913,526	2,621,874	-	-	2,913,526	2,621,874	45 %
Public works	664,558	1,081,365	-	-	664,558	1,081,365	14 %
Health and welfare	634,575	636,467	-	-	634,575	636,467	4 %
Culture and recreation	207,540	202,079	-	-	207,540	202,079	(64)%
Proprietary expenses	-	-	678,789	525,220	678,789	525,220	47 %
Total expenses	5,598,660	6,020,500	678,789	525,220	6,277,449	6,545,720	23 %
Changes in net assets before transfers	6,718,737	1,807,208	(315,100)	(238,689)	6,403,637	1,568,519	3,019 %
Transfers	(185,000)	(135,000)	185,000	135,000	-	-	- %
Change in net assets	6,533,737	1,672,208	(130,100)	(103,689)	6,403,637	1,568,519	300 %
Net assets - beginning	15,910,305	14,238,097	607,348	711,037	16,517,653	14,949,134	- %
Net assets - ending	\$ 22,444,042	\$ 15,910,305	\$ 477,248	\$ 607,348	\$ 22,921,290	\$ 16,517,653	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 \$8,596,475, a increase of \$970,737 in comparison with the prior year. The increase is primarily due to the increase in grant revenue. Approximately 60% of this total amount, \$5,085,166 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to pay capital projects, \$3,511,309.

Revenues for governmental functions overall totaled approximately \$13,447,601 in the fiscal year-ended June 30, 2011, which represents a increase of \$5,733,184 from the fiscal year-ended June 30, 2010. Expenditures for governmental functions totaled \$12,405,859. This was an increase of approximately \$3,084,904 from the fiscal year-ended June 30, 2010. In the fiscal year-ended June 30, 2011, revenues for governmental functions exceeded expenditures by approximately \$1,041,742.

The General Fund is the chief operating fund of the County of Hidalgo. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,773,717.

The Road Fund has a total fund balance of \$587,793, all of which is unassigned. The net increase in fund balance during the current year in the Fire Fund was \$268,180. This increase 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 \$46,367. The total decrease in net assets for the proprietary fund was \$130,100.

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

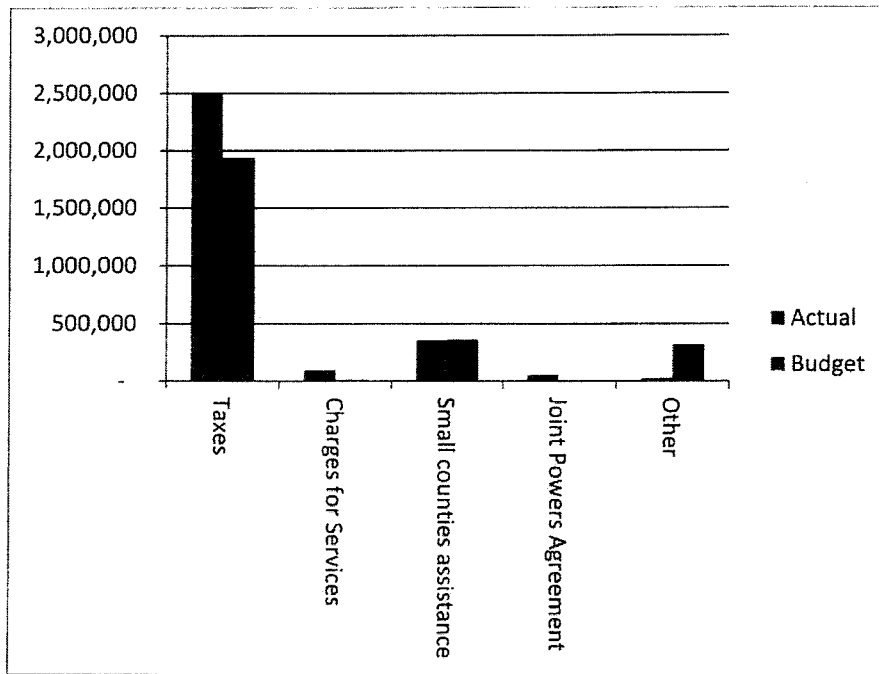
The General Fund accounts for all of the general services provided by the County of Hidalgo.

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

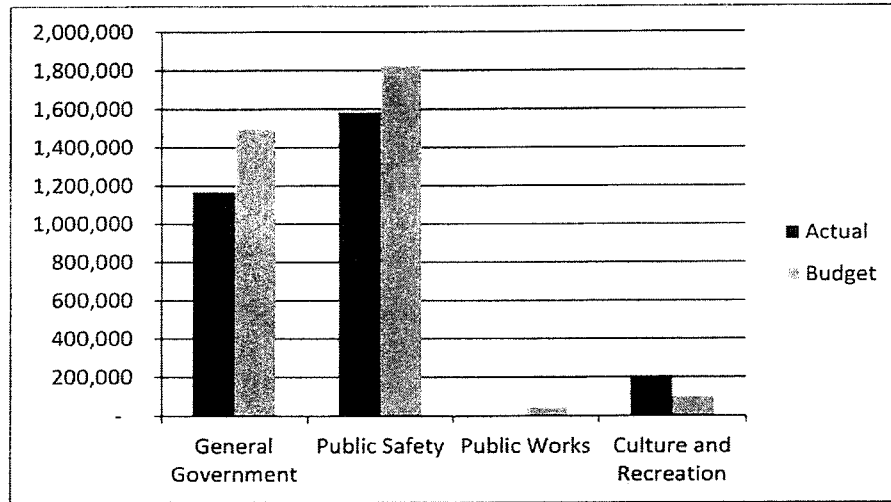
The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund.

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, 2011 amount to \$16,321,431 (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 \$7,377,669 for governmental activities. Equipment costing \$1,533,952 was purchased for the County and building and building improvements of \$252,794. The deletions in the governmental funds consisted of the disposal of obsolete equipment costing \$880,309. The total increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$778,012. The deletions in the business-type funds also consisted of the disposal of obsolete equipment costing \$153,269.

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, 2011

	Governmental Activities	Business-Type Activities	Totals
Land and Construction in Progress	\$ 8,846,898	\$ 49,616	\$ 8,896,514
Buildings	3,710,413	381,265	4,091,678
Improvements and Infrastructure	232,087	-	232,087
Machinery and Equipment	<u>3,101,152</u>	<u>-</u>	<u>3,101,152</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,890,550</u>	<u>\$ 430,881</u>	<u>\$ 16,321,431</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 \$13,886,744. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service.

The County's loans decreased \$239,346 through principal payments. 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 2011 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, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 6,674,113	\$ 56,145	\$ 6,730,258
Accounts receivable	-	20,948	20,948
Taxes receivable	278,664	-	278,664
Reserve funds	1,037,096	-	1,037,096
Due from other governments	<u>1,069,181</u>	<u>-</u>	<u>1,069,181</u>
Total current assets	9,059,054	77,093	9,136,147
NON-CURRENT ASSETS:			
Capital assets	23,696,106	1,208,417	24,904,523
Less: accumulated depreciation	<u>(7,805,556)</u>	<u>(777,536)</u>	<u>(8,583,092)</u>
Total non-current assets	<u>15,890,550</u>	<u>430,881</u>	<u>16,321,431</u>
Total assets	<u>\$ 24,949,604</u>	<u>\$ 507,974</u>	<u>\$ 25,457,578</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$ 346,855	\$ -	\$ 346,855
Accrued salaries	115,724	18,802	134,526
Compensated absences	<u>-</u>	<u>11,924</u>	<u>11,924</u>
Total current liabilities	<u>462,579</u>	<u>30,726</u>	<u>493,305</u>
NON-CURRENT LIABILITIES:			
Due within one year	208,833	-	208,833
Due in more than one year	1,794,973	-	1,794,973
Compensated absences	<u>39,177</u>	<u>-</u>	<u>39,177</u>
Total non-current liabilities	<u>2,042,983</u>	<u>-</u>	<u>2,042,983</u>
Total liabilities	<u>2,505,562</u>	<u>30,726</u>	<u>2,536,288</u>
NET ASSETS			
Invested in capital assets, net of related debt	13,886,744	430,881	14,317,625
Restricted for:			
Capital projects	247,501	-	247,501
Special revenue funds	3,263,808	-	3,263,808
Unrestricted	<u>5,045,989</u>	<u>46,367</u>	<u>5,092,356</u>
Total net assets	<u>22,444,042</u>	<u>477,248</u>	<u>22,921,290</u>
Total liabilities and net assets	<u>\$ 24,949,604</u>	<u>\$ 507,974</u>	<u>\$ 25,457,578</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, 2011

	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
FUNCTIONS/PROGRAMS							
Governmental activities:							
General government	\$ 1,178,461	\$ 129,886	\$ 1,471,047	\$ -	\$ 422,472	\$ -	\$ 422,472
Public safety	2,913,526	499,179	576,408	6,830,028	4,992,089	-	4,992,089
Public works	608,673	-	126,049	-	(482,624)	-	(482,624)
Health and welfare	634,575	186,098	48,337	113,995	(286,145)	-	(286,145)
Culture and recreation	207,540	-	-	-	(207,540)	-	(207,540)
Interest on long-term debt	55,885	-	-	-	(55,885)	-	(55,885)
Total governmental activities	5,598,660	815,163	2,221,841	6,944,023	4,382,367	-	4,382,367
Business-Type activities:							
Ambulance service	678,789	290,689	-	-	-	(388,100)	(388,100)
Total business-type activities	678,789	290,689	-	-	-	(388,100)	(388,100)
Total primary government	\$ 6,277,449	\$ 1,105,852	\$ 2,221,841	\$ 6,944,023	\$ 4,382,367	\$ (388,100)	\$ 3,994,367
General revenues:							
Taxes							
Property taxes					1,087,075	-	1,087,075
Motor vehicle taxes					356,842	-	356,842
Gasoline taxes					83,809	-	83,809
Cigarette taxes					70	-	70
Gross receipts taxes					273,399	-	273,399
State share taxes					20	-	20
State shared assistance							
Small counties assistance					361,000	-	361,000
Intergovernmental income					27,633	-	27,633
License and fees					1,735	-	1,735
Investment income					21,712	-	21,712
Miscellaneous					123,075	73,000	196,075
Transfers					(185,000)	185,000	-
Total general revenues					2,151,370	258,000	2,409,370
Change in net assets					6,533,737	(130,100)	6,403,637
Net assets - beginning					15,910,305	607,348	16,517,653
Net assets - ending					\$ 22,444,042	\$ 477,248	\$ 22,921,290

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, 2011

	<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	\$ 2,358,091	\$ 444,320	\$ 736,127	\$ 3,135,575	\$ 6,674,113
Taxes receivable	278,664	-	-	-	278,664
Reserve funds	1,037,096	-	-	-	1,037,096
Due from other governments	<u>185,179</u>	<u>154,395</u>	<u>-</u>	<u>729,607</u>	<u>1,069,181</u>
Total assets	<u>\$ 3,859,030</u>	<u>\$ 598,715</u>	<u>\$ 736,127</u>	<u>\$ 3,865,182</u>	<u>\$ 9,059,054</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 12,471	\$ 334,384	\$ 346,855
Accrued liabilities	<u>85,313</u>	<u>10,922</u>	<u>-</u>	<u>19,489</u>	<u>115,724</u>
Total liabilities	85,313	10,922	12,471	353,873	462,579
Fund Balance:					
Restricted for capital projects	-	-	-	247,501	247,501
Restricted for special revenue funds	-	-	-	3,263,808	3,263,808
Unassigned	<u>3,773,717</u>	<u>587,793</u>	<u>723,656</u>	<u>-</u>	<u>5,085,166</u>
Total fund balances	<u>3,773,717</u>	<u>587,793</u>	<u>723,656</u>	<u>3,511,309</u>	<u>8,596,475</u>
Total liabilities and fund balances	<u>\$ 3,859,030</u>	<u>\$ 598,715</u>	<u>\$ 736,127</u>	<u>\$ 3,865,182</u>	<u>\$ 9,059,054</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, 2011

Total fund balance - governmental funds \$ 8,596,475

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	23,696,106	
Accumulated depreciation	<u>(7,805,556)</u>	15,890,550

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

Accrued compensated absences not payable from current revenue	(39,177)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds	<u>(2,003,806)</u>
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Total net assets - governmental activities \$ 22,444,042

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, 2011

	General Fund	Road Fund	Fire Fund	Total Non- Major Funds	Total Funds
REVENUES					
Property taxes	\$ 1,087,075	\$ -	\$ -	\$ -	\$ 1,087,075
Motor vehicle taxes	10,034	346,808	-	-	356,842
Gasoline taxes	-	83,809	-	-	83,809
Cigarette taxes	70	-	-	-	70
Gross receipts taxes	-	-	-	273,399	273,399
Intergovernmental income	1,414,613	126,049	-	27,633	1,568,295
Charges for services	96,365	-	-	718,798	815,163
Joint powers agreements	56,434	-	-	-	56,434
Small counties assistance	361,000	-	-	-	361,000
State shared taxes	-	-	-	20	20
License and fines	1,735	-	-	-	1,735
Other income	5,151	13,872	-	104,052	123,075
Investment income	21,712	-	-	-	21,712
State grant	-	-	576,408	8,122,564	8,698,972
Total revenues	<u>3,054,189</u>	<u>570,538</u>	<u>576,408</u>	<u>9,246,466</u>	<u>13,447,601</u>
EXPENDITURES					
Current:					
General government	1,169,568	-	-	8,893	1,178,461
Public safety	1,585,977	-	172,072	1,155,477	2,913,526
Public works	-	608,673	-	-	608,673
Culture and recreation	207,179	-	-	361	207,540
Health and welfare	-	-	-	634,575	634,575
Debt service					
Interest	-	-	-	55,885	55,885
Principal	-	-	-	239,346	239,346
Capital outlay	-	147,108	136,156	6,284,589	6,567,853
Total expenditures	<u>2,962,724</u>	<u>755,781</u>	<u>308,228</u>	<u>8,379,126</u>	<u>12,405,859</u>
Excess (deficiency) revenues over (under) expenditures	<u>91,465</u>	<u>(185,243)</u>	<u>268,180</u>	<u>867,340</u>	<u>1,041,742</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from long term debt	-	-	-	113,995	113,995
Transfers in	215,500	-	-	445,231	660,731
Transfers out	(600,231)	-	-	(245,500)	(845,731)
Total other financing sources (uses)	<u>(384,731)</u>	<u>-</u>	<u>-</u>	<u>313,726</u>	<u>(71,005)</u>
Net change in fund balance	(293,266)	(185,243)	268,180	1,181,066	970,737
Fund balance beginning of year	<u>4,066,983</u>	<u>773,036</u>	<u>455,476</u>	<u>2,330,243</u>	<u>7,625,738</u>
Fund balance end of year	<u>\$ 3,773,717</u>	<u>\$ 587,793</u>	<u>\$ 723,656</u>	<u>\$ 3,511,309</u>	<u>\$ 8,596,475</u>

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2011

Total net change in fund balances - governmental funds **\$ 970,737**

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	7,377,669	
Disposal of assets	(1,281,750)	
Depreciation expense	<u>(611,848)</u>	5,484,071

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

Property taxes	(45,344)
----------------	----------

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	239,346	
Proceeds from note payable	(113,995)	
Compensated absences	<u>(1,078)</u>	<u>124,273</u>

Change in net assets of governmental activities **\$ 6,533,737**

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, 2011

	<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	\$ 2,501,688	\$ 576,688
Motor vehicle taxes	15,000	15,000	10,034	(4,966)
Cigarette taxes	-	-	70	70
Licenses & fines	2,000	2,000	1,735	(265)
Charges for services	15,000	15,000	96,365	81,365
Miscellaneous revenues	245,000	245,000	5,151	(239,849)
Investment income	75,000	75,000	21,712	(53,288)
Joint powers agreements	-	-	56,434	56,434
Small counties assistance	365,000	365,000	361,000	(4,000)
Total revenues	<u>2,642,000</u>	<u>2,642,000</u>	<u>3,054,189</u>	<u>412,189</u>
EXPENDITURES:				
Current:				
General government	1,473,789	1,500,789	1,169,568	331,221
Public safety	1,828,575	1,828,575	1,585,977	242,598
Public works	45,000	45,000	-	45,000
Culture and recreation	100,100	100,100	207,179	(107,079)
Capital outlay	-	-	-	-
Total expenditures	<u>3,447,464</u>	<u>3,474,464</u>	<u>2,962,724</u>	<u>511,740</u>
Excess (deficiency) of revenues over expenditures	<u>(805,464)</u>	<u>(832,464)</u>	<u>91,465</u>	<u>923,929</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	215,500	215,500	215,500	-
Transfers out	<u>(260,000)</u>	<u>(305,000)</u>	<u>(600,231)</u>	<u>(295,231)</u>
Total other financing sources (uses)	<u>(44,500)</u>	<u>(89,500)</u>	<u>(384,731)</u>	<u>(295,231)</u>
Net changes in fund balance Non-GAAP basis	(849,964)	(921,964)	(293,266)	628,698
Fund balance - beginning	<u>4,066,983</u>	<u>4,066,983</u>	<u>4,066,983</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,217,019</u>	<u>\$ 3,145,019</u>	<u>\$ 3,773,717</u>	<u>\$ 628,698</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (293,266)	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ (293,266)</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Motor vehicle taxes	\$ 150,000	\$ 150,000	\$ 346,808	\$ 196,808
Gasoline taxes	120,000	120,000	83,809	(36,191)
Federal grants	229,000	229,000	126,049	(102,951)
Investment income	5,000	5,000	-	(5,000)
Miscellaneous	-	-	13,872	13,872
Total revenues	<u>504,000</u>	<u>504,000</u>	<u>570,538</u>	<u>66,538</u>
EXPENDITURES:				
Public Works				
Public works	704,730	674,730	608,673	66,057
Capital outlay	<u>25,000</u>	<u>150,000</u>	<u>147,108</u>	<u>2,892</u>
Total expenditures	<u>729,730</u>	<u>824,730</u>	<u>755,781</u>	<u>68,949</u>
Net changes in fund balance Non-GAAP basis	(225,730)	(320,730)	(185,243)	135,487
Fund balance - beginning	<u>773,036</u>	<u>773,036</u>	<u>773,036</u>	<u>-</u>
Fund balance - ending	<u>\$ 547,306</u>	<u>\$ 452,306</u>	<u>\$ 587,793</u>	<u>\$ 135,487</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (185,243)	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ (185,243)</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grants	\$ 557,705	\$ 557,705	\$ 576,408	\$ 18,703
Total revenues	<u>557,705</u>	<u>557,705</u>	<u>576,408</u>	<u>18,703</u>
EXPENDITURES:				
Current:				
Public Safety	557,705	557,705	172,072	385,633
Capital outlay	<u>-</u>	<u>-</u>	<u>136,156</u>	<u>(136,156)</u>
Total expenditures	<u>557,705</u>	<u>557,705</u>	<u>308,228</u>	<u>249,477</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>268,180</u>	<u>268,180</u>
Net changes in fund balance Non-GAAP basis	-	-	268,180	268,180
Fund balance - beginning	<u>455,476</u>	<u>455,476</u>	<u>455,476</u>	<u>-</u>
Fund balance - ending	<u>\$ 455,476</u>	<u>\$ 455,476</u>	<u>\$ 723,656</u>	<u>\$ 268,180</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			268,180	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 268,180</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, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$ 56,145
Accounts receivable, net of allowance for doubtful accounts	<u>20,948</u>

Total current assets 77,093

Non-current assets:

Capital assets	1,208,417
Accumulated depreciation	<u>(777,536)</u>

Total non-current assets 430,881

Total assets \$ 507,974

LIABILITIES

Current liabilities:

Accrued salaries	18,802
Accrued compensated absences	<u>11,924</u>

Total current liabilities 30,726

NET ASSETS

Invested in capital assets	430,881
Unrestricted	<u>46,367</u>

Net assets 477,248

Total liabilities and net assets \$ 507,974

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, 2011

OPERATING REVENUES

Charges for services	\$	290,689
Miscellaneous revenue		<u>73,000</u>
Total revenues		363,689

OPERATING EXPENSES

Personnel expenses		357,601
Depreciation		61,458
Other operating costs		<u>259,730</u>
Total operating expenses		<u>678,789</u>

Operating loss		(315,100)
Transfers in		<u>185,000</u>
Change in net assets		(130,100)
Net assets beginning of year		<u>607,348</u>
Net assets end of year	\$	<u>477,248</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
FOR THE YEAR ENDED JUNE 30, 2011

Cash flows from operating activities:

Cash received from agencies and customers	\$ 363,689
Cash payments to suppliers for goods and services	(266,100)
Cash used for salaries and operating expenses	<u>(353,907)</u>

Net cash used in operating activities (256,318)

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

Intergovernmental transfers	<u>185,000</u>
Disposal of capital assets	<u>75,457</u>

Net cash provided by financing activities 260,457

Net increase in cash and cash equivalents 4,139

Cash and cash equivalents - beginning 52,006

Cash and cash equivalents - ending \$ 56,145

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

Operating loss \$ (315,100)

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

Depreciation 61,458

Changes in assets and liabilities:

Accounts payable	(6,370)
Accrued salaries	<u>3,694</u>

Net cash used in operating activities \$ (256,318)

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, 2011

ASSETS

Current assets:

Cash \$ 51,804

Total assets \$ 51,804

LIABILITIES

Current liabilities

Accounts payable \$ 51,804

Total liabilities \$ 51,804

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, 2011

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 Balance:**

In the fund financial statements, governmental fund balances are classified as follows:

Nonspendable - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

Restricted - Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.
- c. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation.

Unassigned - fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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.

12. **Property Taxes**

Articles 35 through 38, Chapter 7, New Mexico Statutes annotated, 1978 is the Property Tax Code. The code provides for valuation, administration and enforcement of property taxes. The Department of Finance and Administration sets tax rates for the governmental units sharing in the tax.

The Constitution of the State of New Mexico provides the following maximum tax rates and restrictions concerning the use of tax proceeds.

Taxes levied upon tangible property shall be in proportion of the value thereof; the taxes shall be equal and uniform upon subjects of taxation of the same class. Different methods may be provided by law to determine value of different kinds of property, but the percentage of value against which tax rates are assessed shall not exceed thirty-three and one-third percent.

Property taxes attached as an enforceable lien on property as of January 1st. Property tax rates for the year are set no later than September 1st each year by the New Mexico Secretary of Finance and Administration. The rates of tax are then used by the Hidalgo County Assessor to develop the property tax schedule by October 1st. The Hidalgo County Treasurer sends tax notices to property owners by November 1st of each year. Taxes are payable in equal semiannual installments by November 10th and April 10th of subsequent year. Thirty days later the bill becomes delinquent and the County Treasurer assesses penalties and interest. The County Treasurer is statutorily required to collect taxes as an intermediary agency for all forms of government. Distribution of taxes collected is made through the County Treasurer's office.

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, 2011 are presented.

2. 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	4,872,692
Uninsured and uncollateralized	<u>3,203,617</u>
 Total Cash and Investments, Primary Government	 <u>\$ 8,326,309</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, 2011, \$8,076,309 of the County's bank balance of \$8,326,309 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>4,872,692</u>
 Total Cash and Investments, Primary Government	 <u>\$ 8,326,309</u>

3. ACCOUNTS RECEIVABLE

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

Accounts receivable as of June 30, 2011, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes receivable:			
Property taxes	\$ 278,664	\$ -	\$ 278,664
Due from other governments:			
Intergovernmental	1,069,181	-	1,069,181
Other receivables:			
Accounts receivable	<u>-</u>	<u>20,948</u>	<u>20,948</u>
 Net receivables	 <u>\$ 1,347,845</u>	 <u>\$ 20,948</u>	 <u>\$ 1,368,793</u>

All amounts are considered to be collectible.

4. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2011, 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, 2011 was charged as follows:

General Government	\$ 214,510
Public Safety	280,363
Public Works	95,760
Culture and Recreation	<u>21,215</u>
Total depreciation expense	<u>\$ 611,848</u>

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Government activities:				
Capital assets not being depreciated				
Land	\$ 694,470	\$ -	\$ (401,441)	\$ 293,029
Construction in progress	<u>2,962,946</u>	<u>5,590,923</u>	<u>-</u>	<u>8,553,869</u>
Total	3,657,416	5,590,923	(401,441)	8,846,898
Other capital assets being depreciated				
Buildings	6,719,021	204,073	-	6,923,094
Improvements/Infrastructure	348,764	48,721	-	397,485
Machinery and equipment	<u>6,874,986</u>	<u>1,533,952</u>	<u>(880,309)</u>	<u>7,528,629</u>
Total	17,600,187	7,377,669	(1,281,750)	23,696,106
Accumulated depreciation:				
Buildings	3,011,719	200,962	-	3,212,681
Improvements/Infrastructure	154,116	11,282	-	165,398
Machinery and equipment	<u>4,027,873</u>	<u>399,604</u>	<u>-</u>	<u>4,427,477</u>
Total accumulated depreciation	<u>7,193,708</u>	<u>611,848</u>	<u>-</u>	<u>7,805,556</u>
Net book value	<u>\$ 10,406,479</u>	<u>\$ 6,765,821</u>	<u>\$ (1,281,750)</u>	<u>\$ 15,890,550</u>

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Business-type activities				
Capital assets not being depreciated				
Construction in progress	<u>\$ 49,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,616</u>
Capital assets being depreciated				
Buildings	442,685	-	-	442,685
Improvements/Infrastructure	<u>791,573</u>	<u>77,812</u>	<u>(153,269)</u>	<u>716,116</u>
Total	1,283,874	77,812	(153,269)	1,208,417

Accumulated depreciation:				
Buildings	47,285	14,135	-	61,420
Improvements/Infrastructure	<u>668,793</u>	<u>47,323</u>	<u>-</u>	<u>716,116</u>
Total accumulated depreciation	<u>716,078</u>	<u>61,458</u>	<u>-</u>	<u>777,536</u>
Net book value	<u>\$ 567,796</u>	<u>\$ 16,354</u>	<u>\$ (153,269)</u>	<u>\$ 430,881</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2011 totaled \$61,458.

5. LONG-TERM LIABILITIES

During the year-end June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	<u>Balance</u> <u>6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/11</u>	<u>Due Within</u> <u>One Year</u>
Governmental Funds					
Gross receipts revenue bonds	\$ 303,913	\$ -	\$ 168,386	\$ 135,527	\$ 135,527
Detention Center	1,881,310	-	52,218	1,829,092	54,002
Playas Fire Dept	57,929	-	18,742	39,187	19,304
Compensated absences	<u>38,099</u>	<u>39,177</u>	<u>38,099</u>	<u>39,177</u>	<u>-</u>
Total	<u>\$ 2,281,251</u>	<u>\$ 39,177</u>	<u>\$ 277,445</u>	<u>\$ 2,042,983</u>	<u>\$ 208,833</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>6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/11</u>	<u>Due Within</u> <u>One Year</u>
Proprietary Fund					
Compensated absences	<u>\$ 10,808</u>	<u>\$ 11,924</u>	<u>\$ 10,808</u>	<u>\$ 11,924</u>	<u>\$ 11,924</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, 2011 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 Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2012	\$ 135,527	\$ 4,066	\$ 139,593
	<u>\$ 135,527</u>	<u>\$ 4,066</u>	<u>\$ 139,593</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>
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	62,692	33,586	96,278
2017-2033	<u>1,538,349</u>	<u>387,293</u>	<u>1,925,642</u>
	<u>\$ 1,829,092</u>	<u>\$ 591,410</u>	<u>\$ 2,420,502</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, 2011.

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</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
2012	\$ 19,304	\$ 1,176	\$ 20,480
2013	<u>19,883</u>	<u>597</u>	<u>20,480</u>
	<u>\$ 39,187</u>	<u>\$ 1,773</u>	<u>\$ 40,960</u>

6 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, 2010 through June 30, 2011, 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).

7. 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, 2011, June 30, 2010 and June 30, 2009 were \$173,119, \$183,703, and \$168,430, respectively, which equal the amount of the required contributions for each fiscal year.

8. POST-EMPLOYMENT BENEFITS

The County of Hidalgo did not participate in the Retiree Health Care Act Program during the fiscal years ending June 30, 2011.

9. 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.

10. 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.

11. INTER-FUND TRANSFERS AND BALANCES

The composition of interfund transfers for Governmental Activities during the year ended June 30, 2011 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ 215,500	\$ 600,231
Grants	-	8,000
Correction Fees	-	200,000
Indigent Care	-	7,500
Debt Service	295,231	-
C& C Transfers	150,000	-
Gross Receipts Environmental	-	30,000
	<u>\$ 660,731</u>	<u>\$ 845,731</u>
Enterprise Funds:		
Ambulance Fund	<u>\$ 185,000</u>	<u>\$ -</u>
Total	<u>\$ 845,731</u>	<u>\$ 845,731</u>

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, 2011

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,888,074	\$ 247,501	\$ -	\$ 3,135,575
Due from other funds	<u>729,607</u>	<u>-</u>	<u>-</u>	<u>729,607</u>
Total assets	<u>\$ 3,617,681</u>	<u>\$ 247,501</u>	<u>\$ -</u>	<u>\$ 3,865,182</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 334,384	\$ -	\$ -	\$ 334,384
Accrued liabilities	<u>19,489</u>	<u>-</u>	<u>-</u>	<u>19,489</u>
Total liabilities	353,873	-	-	353,873
Fund Balance:				
Restricted for capital projects	-	247,501	-	247,501
Restricted for special revenue funds	<u>3,263,808</u>	<u>-</u>	<u>-</u>	<u>3,263,808</u>
Total fund balances	<u>3,263,808</u>	<u>247,501</u>	<u>-</u>	<u>3,511,309</u>
Total liabilities and fund balances	<u>\$ 3,617,681</u>	<u>\$ 247,501</u>	<u>\$ -</u>	<u>\$ 3,865,182</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, 2011

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Funds
REVENUES				
State shared taxes	\$ 20	\$ -	\$ -	\$ 20
Gross receipts taxes	273,399	-	-	273,399
Intergovernmental income	27,633	-	-	27,633
Charges for services	718,798	-	-	718,798
Other income	57,432	46,620	-	104,052
State grant	8,122,564	-	-	8,122,564
Total revenues	<u>9,199,846</u>	<u>46,620</u>	<u>-</u>	<u>9,246,466</u>
EXPENDITURES				
Current:				
General government	8,893	-	-	8,893
Public safety	1,155,477	-	-	1,155,477
Culture and recreation	361	-	-	361
Health and welfare	615,255	19,320	-	634,575
Debt service				
Interest	-	-	55,885	55,885
Principal	-	-	239,346	239,346
Capital outlay	6,284,589	-	-	6,284,589
Total expenditures	<u>8,064,575</u>	<u>19,320</u>	<u>295,231</u>	<u>8,379,126</u>
Excess (deficiency) revenues over ex (under) expenditures	<u>1,135,271</u>	<u>27,300</u>	<u>(295,231)</u>	<u>867,340</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from long term debt	-	113,995	-	113,995
Transfers in	150,000	-	295,231	445,231
Transfers out	(245,500)	-	-	(245,500)
Total other financing sources (uses)	<u>(95,500)</u>	<u>113,995</u>	<u>295,231</u>	<u>313,726</u>
Net change in fund balance	1,039,771	141,295	-	1,181,066
Fund balance beginning of year	<u>2,224,037</u>	<u>106,206</u>	<u>-</u>	<u>2,330,243</u>
Fund balance end of year	<u>\$ 3,263,808</u>	<u>\$ 247,501</u>	<u>\$ -</u>	<u>\$ 3,511,309</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, 2011

	Clerk's Equipment and Recording	Farm and Range	Recreation	Property Valuation	C & C Transfer	Grants	Correction Fees	DARE
ASSETS								
Cash and cash equivalents	\$ 18,194	\$ 42,125	\$ -	\$ 262,297	\$ 29,524	\$ 1,500,045	\$ 790,872	\$ 36,675
Due from other funds	-	-	-	-	-	687,365	42,242	-
Total assets	\$ 18,194	\$ 42,125	\$ -	\$ 262,297	\$ 29,524	\$ 2,187,410	\$ 833,114	\$ 36,675
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 334,384	\$ -	\$ -
Accrued liabilities	-	-	-	-	5,553	11,417	-	-
Total liabilities	-	-	-	-	5,553	345,801	-	-
Fund balance								
Restricted for special revenue funds	18,194	42,125	-	262,297	23,971	1,841,609	833,114	36,675
Total liabilities and fund balance	\$ 18,194	\$ 42,125	\$ -	\$ 262,297	\$ 29,524	\$ 2,187,410	\$ 833,114	\$ 36,675

(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, 2011

	Law Enforcement Protection	Gross Receipts Landfill	Indigent Care	Gross Receipts Environmental	EMS Grant	Hidalgo Complex	Total
ASSETS							
Cash and cash equivalents	\$ 6,303	\$ 56,158	\$ 100,193	\$ 18,098	\$ 10,057	\$ 17,533	\$ 2,888,074
Due from other funds	-	-	-	-	-	-	729,607
Total assets	\$ 6,303	\$ 56,158	\$ 100,193	\$ 18,098	\$ 10,057	\$ 17,533	\$ 3,617,681
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 334,384
Accrued liabilities	-	2,198	-	-	-	321	19,489
Total liabilities	-	2,198	-	-	-	321	353,873
Fund balance							
Restricted for special revenue funds	6,303	53,960	100,193	18,098	10,057	17,212	3,263,808
Total liabilities and fund balance	\$ 6,303	\$ 56,158	\$ 100,193	\$ 18,098	\$ 10,057	\$ 17,533	\$ 3,617,681

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

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, 2011

	Clerk's Equipment and Recording	Farm and Range	Recreation	Property Valuation	C & C Transfer	Grants	Correction Fees	DARE
REVENUES								
State shared taxes	\$ -	\$ -	20	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-	-	-	-	-
Intergovernmental income	-	49	-	-	-	-	-	-
Charges for services	4,681	-	-	28,840	186,098	-	499,179	-
Other income	-	-	-	-	-	-	-	15,319
State grants	-	-	-	-	-	8,074,227	-	-
Total revenues	4,681	49	20	28,840	186,098	8,074,227	499,179	15,319
EXPENDITURES								
Current:								
General government	4,280	-	-	4,613	-	-	-	-
Public safety	-	-	-	-	-	1,047,669	76,981	4,694
Culture and recreation	-	-	361	-	-	-	-	-
Health and welfare	-	-	-	-	337,540	-	-	-
Capital outlay	-	-	-	-	-	6,284,589	-	-
Total expenditures	4,280	-	361	4,613	337,540	7,332,258	76,981	4,694
Excess (deficiency) of revenues over (under) expenditures	401	49	(341)	24,227	(151,442)	741,969	422,198	10,625
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	150,000	-	-	-
Operating transfers out	-	-	-	-	-	(8,000)	(200,000)	-
Total other financing source (uses)	-	-	-	-	150,000	(8,000)	(200,000)	-
Net change in fund balance	401	49	(341)	24,227	(1,442)	733,969	222,198	10,625
Fund balance, beginning of year	17,793	42,076	341	238,070	25,413	1,107,640	610,916	26,050
Fund balance, end of year	18,194	42,125	-	262,297	23,971	1,841,609	833,114	36,675

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, 2011

	Law Enforcement Protection	Gross Receipts Landfill	Indigent Care	Gross Receipts Environmental	EMS Grant	Hidalgo Complex	Total
REVENUES							
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20
Gross receipts taxes	-	126,726	110,108	36,565	-	-	273,399
Intergovernmental income	27,584	-	-	-	-	-	27,633
Charges for services	-	-	-	-	-	-	718,798
Other income	-	-	-	-	-	42,113	57,432
State grants	-	-	-	-	48,337	-	8,122,564
Total revenues	27,584	126,726	110,108	36,565	48,337	42,113	9,199,846
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	8,893
Public safety	26,133	-	-	-	-	-	1,155,477
Culture and recreation	-	-	-	-	-	-	361
Health and welfare	-	93,210	109,003	-	45,813	29,689	615,255
Capital outlay	-	-	-	-	-	-	6,284,589
Total expenditures	26,133	93,210	109,003	-	45,813	29,689	8,064,575
Excess (deficiency) of revenues over (under) expenditures	1,451	33,516	1,105	36,565	2,524	12,424	1,135,271
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	150,000
Operating transfers out	-	-	(7,500)	(30,000)	-	-	(245,500)
Total other financing source (uses)	-	-	(7,500)	(30,000)	-	-	(95,500)
Net change in fund balance	1,451	33,516	(6,395)	6,565	2,524	12,424	1,039,771
Fund balance, beginning of year	4,852	20,444	106,588	11,533	7,533	4,788	2,224,037
Fund balance, end of year	\$ 6,303	\$ 53,960	\$ 100,193	\$ 18,098	\$ 10,057	\$ 17,212	\$ 3,263,808

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 5,000	\$ 5,000	\$ 4,681	\$ (319)
Total revenues	5,000	5,000	4,681	(319)
EXPENDITURES:				
Current:				
General government	5,000	5,000	4,280	720
Total expenditures	5,000	5,000	4,280	720
Excess (deficiency) of revenues over expenditures	-	-	401	401
Net changes in fund balance Non-GAAP basis	-	-	401	401
Fund balance - beginning	17,793	17,793	17,793	-
Fund balance - ending	<u>\$ 17,793</u>	<u>\$ 17,793</u>	<u>\$ 18,194</u>	<u>\$ 401</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 401	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ 401</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 - FARM AND RANGE FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 29,705	\$ 29,705	\$ 49	\$ (29,656)
Total revenues	29,705	29,705	49	(29,656)
EXPENDITURES:				
Current:				
Health and welfare	41,300	41,300	-	41,300
Total expenditures	41,300	41,300	-	41,300
Excess (deficiency) of revenues over expenditures	(11,595)	(11,595)	49	11,644
Net changes in fund balance Non-GAAP basis	(11,595)	(11,595)	49	11,644
Fund balance - beginning	42,076	42,076	42,076	-
Fund balance - ending	\$ 30,481	\$ 30,481	\$ 42,125	\$ 11,644
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 49	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 49	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State shared taxes	\$ 20	\$ 20	\$ 20	\$ -
Total revenues	20	20	20	-
EXPENDITURES:				
Current:				
Culture and recreation	361	361	361	-
Total expenditures	361	361	361	-
Excess (deficiency) of revenues over expenditures	(341)	(341)	(341)	-
Net changes in fund balance Non-GAAP basis	(341)	(341)	(341)	-
Fund balance - beginning	341	341	341	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (341)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ (341)	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 20,000	\$ 20,000	\$ 28,840	\$ 8,840
Total revenues	20,000	20,000	28,840	8,840
EXPENDITURES:				
Current:				
General government	30,203	30,203	4,613	25,590
Total expenditures	30,203	30,203	4,613	25,590
Excess (deficiency) of revenues over expenditures	(10,203)	(10,203)	24,227	34,430
Net changes in fund balance Non-GAAP basis	(10,203)	(10,203)	24,227	34,430
Fund balance - beginning	238,070	238,070	238,070	-
Fund balance - ending	\$ 227,867	\$ 227,867	\$ 262,297	\$ 34,430
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 24,227	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 24,227	

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 BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - C & C TRANSFER
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 367,005	\$ 367,005	\$ 186,098	\$ (180,907)
Total revenues	367,005	367,005	186,098	(180,907)
EXPENDITURES:				
Current				
Health and welfare	367,005	367,005	337,540	29,465
Total expenditures	367,005	367,005	337,540	29,465
Excess (deficiency) of revenues over expenditures	-	-	(151,442)	(151,442)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	150,000	150,000
Total other financing sources (uses)	-	-	150,000	150,000
Net changes in fund balance Non-GAAP basis	-	-	(1,442)	(1,442)
Fund balance - beginning	25,413	25,413	25,413	-
Fund balance - ending	\$ 25,413	\$ 25,413	\$ 23,971	\$ (1,442)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (1,442)	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ (1,442)	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grants	\$ 8,733,952	\$ 8,829,688	\$ 8,074,227	\$ (755,461)
Total revenues	8,733,952	8,829,688	8,074,227	(755,461)
EXPENDITURES:				
Current:				
Public safety	9,302,137	9,426,865	1,047,669	8,379,196
Capital outlay	-	-	6,284,589	(6,284,589)
Total expenditures	9,302,137	9,426,865	7,332,258	2,094,607
Excess (deficiency) of revenues over expenditures	(568,185)	(597,177)	741,969	1,339,146
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,000)	(8,000)	(8,000)	-
Total other financing sources (uses)	(8,000)	(8,000)	(8,000)	-
Net changes in fund balance Non-GAAP basis	(576,185)	(605,177)	733,969	1,339,146
Fund balance - beginning	1,107,640	1,107,640	1,107,640	-
Fund balance - ending	\$ 531,455	\$ 502,463	\$ 1,841,609	\$ 1,339,146
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 733,969	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 733,969	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 150,000	\$ 150,000	\$ 499,179	\$ 349,179
Miscellaneous income	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Total revenues	250,000	250,000	499,179	249,179
EXPENDITURES:				
Current:				
Public safety	<u>144,500</u>	<u>144,500</u>	<u>76,981</u>	<u>67,519</u>
Total expenditures	<u>144,500</u>	<u>144,500</u>	<u>76,981</u>	<u>67,519</u>
Excess (deficiency) of revenues over expenditures	<u>105,500</u>	<u>105,500</u>	<u>422,198</u>	<u>316,698</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net changes in fund balance Non-GAAP basis	(94,500)	(94,500)	222,198	316,698
Fund balance - beginning	<u>610,916</u>	<u>610,916</u>	<u>610,916</u>	<u>-</u>
Fund balance - ending	<u>\$ 516,416</u>	<u>\$ 516,416</u>	<u>\$ 833,114</u>	<u>\$ 316,698</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 222,198	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 222,198</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 - DARE FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other income	\$ 11,000	\$ 11,000	\$ 15,319	\$ 4,319
Total revenues	11,000	11,000	15,319	4,319
EXPENDITURES:				
Current:				
Public safety	5,000	5,000	4,694	306
Total expenditures	5,000	5,000	4,694	306
Excess (deficiency) of revenues over expenditures	6,000	6,000	10,625	4,625
Net changes in fund balance Non-GAAP basis	6,000	6,000	10,625	4,625
Fund balance - beginning	26,050	26,050	26,050	-
Fund balance - ending	\$ 32,050	\$ 32,050	\$ 36,675	\$ 4,625
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 10,625	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 10,625	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 26,600	\$ 26,600	\$ 27,584	\$ 984
Total revenues	26,600	26,600	27,584	984
EXPENDITURES:				
Current				
Public safety	26,600	26,600	26,133	467
Total expenditures	26,600	26,600	26,133	467
Excess (deficiency) of revenues over expenditures	-	-	1,451	1,451
Net changes in fund balance Non-GAAP basis	-	-	1,451	1,451
Fund balance - beginning	4,852	4,852	4,852	-
Fund balance - ending	\$ 4,852	\$ 4,852	\$ 6,303	\$ 1,451
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 1,451	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 1,451	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ 125,366	\$ 125,366	\$ 126,726	\$ 1,360
Total revenues	125,366	125,366	126,726	1,360
EXPENDITURES:				
Current:				
Health and welfare	99,060	99,060	93,210	5,850
Total expenditures	99,060	99,060	93,210	5,850
Excess (deficiency) of revenues over expenditures	26,306	26,306	33,516	7,210
Net changes in fund balance Non-GAAP basis	26,306	26,306	33,516	7,210
Fund balance - beginning	20,444	20,444	20,444	-
Fund balance - ending	\$ 46,750	\$ 46,750	\$ 53,960	\$ 7,210
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 33,516	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 33,516	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ 90,000	\$ 90,000	\$ 110,108	\$ 20,108
Total revenues	90,000	90,000	110,108	20,108
EXPENDITURES:				
Current:				
Health and welfare	135,500	140,500	109,003	31,497
Total expenditures	135,500	140,500	109,003	31,497
Excess (deficiency) of revenues over expenditures	(45,500)	(50,500)	1,105	51,605
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	(53,000)	(58,000)	(6,395)	51,605
Fund balance - beginning	106,588	106,588	106,588	-
Fund balance - ending	\$ 53,588	\$ 48,588	\$ 100,193	\$ 51,605
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (6,395)	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ (6,395)	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ 36,000	\$ 36,000	\$ 36,565	\$ 565
Total revenues	36,000	36,000	36,565	565
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	36,000	36,000	36,565	565
OTHER FINANCING SOURCES (USES)				
Transfers out	(30,000)	(30,000)	(30,000)	-
Total other financing sources (uses)	(30,000)	(30,000)	(30,000)	-
Net changes in fund balance Non-GAAP basis	6,000	6,000	6,565	565
Fund balance - beginning	11,533	11,533	11,533	-
Fund balance - ending	\$ 17,533	\$ 17,533	\$ 18,098	\$ 565
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 6,565	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ 6,565	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 53,126	\$ 53,126	\$ 48,337	\$ (4,789)
Total revenues	53,126	53,126	48,337	(4,789)
EXPENDITURES:				
Current:				
Health and welfare	53,126	53,126	45,813	7,313
Total expenditures	53,126	53,126	45,813	7,313
Excess (deficiency) of revenues over expenditures	-	-	2,524	2,524
Net changes in fund balance Non-GAAP basis	-	-	2,524	2,524
Fund balance - beginning	7,533	7,533	7,533	-
Fund balance - ending	\$ 7,533	\$ 7,533	\$ 10,057	\$ 2,524
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 2,524	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 2,524	

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, 2011

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other income	\$ 42,113	\$ 42,113	\$ 42,113	\$ -
Total revenues	42,113	42,113	42,113	-
EXPENDITURES:				
Current:				
Health and welfare	30,960	30,960	29,689	1,271
Total expenditures	30,960	30,960	29,689	1,271
Excess (deficiency) of revenues over expenditures	11,153	11,153	12,424	1,271
Net changes in fund balance Non-GAAP basis	11,153	11,153	12,424	1,271
Fund balance - beginning	4,788	4,788	4,788	-
Fund balance - ending	<u>\$ 15,941</u>	<u>\$ 15,941</u>	<u>\$ 17,212</u>	<u>\$ 1,271</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 12,424	
Revenue accruals		-		
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			<u>\$ 12,424</u>	

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, 2011

	<u>Hospital Acquisition</u>	<u>Detention Building</u>	<u>FEMA Disaster</u>	<u>Total</u>
ASSETS				
Cash	\$ 247,223	\$ -	\$ 278	\$ 247,501
Total assets	<u>\$ 247,223</u>	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ 247,501</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balance				
Restricted for capital projects	247,223	-	278	247,501
Total liabilities and fund balance	<u>\$ 247,223</u>	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ 247,501</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, 2011**

	<u>Hospital Acquisition</u>	<u>Detention Building</u>	<u>FEMA Disaster</u>	<u>Total</u>
REVENUES				
Other income	\$ 46,620	\$ -	\$ -	\$ 46,620
Total revenues	46,620	-	-	46,620
EXPENDITURES				
Health and welfare	19,320	-	-	19,320
Total expenditures	19,320	-	-	19,320
Excess (deficiency) of revenues over (under) expenditures	27,300	-	-	27,300
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	113,995	-	-	113,995
Total other financing source (uses)	113,995	-	-	113,995
Net change in fund balance	141,295	-	-	141,295
Fund balance, beginning of year	105,928	-	278	106,206
Fund balance, end of year	<u>\$ 247,223</u>	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ 247,501</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other income	\$ 160,615	\$ 160,615	\$ 46,620	\$ (113,995)
Total revenues	160,615	160,615	46,620	(113,995)
EXPENDITURES:				
Current:				
Health and welfare	77,128	77,128	19,320	57,808
Total expenditures	77,128	77,128	19,320	57,808
Excess (deficiency) of revenues over expenditures	83,487	83,487	27,300	(56,187)
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	-	-	113,995	113,995
Total other financing sources (uses)	-	-	113,995	113,995
Net changes in fund balance Non-GAAP basis	83,487	83,487	141,295	57,808
Fund balance - beginning	105,928	105,928	105,928	-
Fund balance - ending	\$ 189,415	\$ 189,415	\$ 247,223	\$ 57,808
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 141,295	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 141,295	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net changes in fund balance Non-GAAP basis	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -
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
 CAPITAL PROJECTS FUND - FEMA DISASTER FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net changes in fund balance Non-GAAP basis	-	-	-	-
Fund balance - beginning	278	278	278	-
Fund balance - ending	\$ 278	\$ 278	\$ 278	\$ -
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.

DEBT SERVICE FUNDS

STATE OF NEW MEXICO, COUNTY OF HIDALGO

COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2011

	<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, 2011

	<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	9,117	45,030	1,738	55,885
Debt service principal	<u>168,386</u>	<u>52,218</u>	<u>18,742</u>	<u>239,346</u>
Total expenditures	<u>177,503</u>	<u>97,248</u>	<u>20,480</u>	<u>295,231</u>
Excess (deficiency) of revenues over (under) expenditures	(177,503)	(97,248)	(20,480)	(295,231)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	<u>177,503</u>	<u>97,248</u>	<u>20,480</u>	<u>295,231</u>
Total other financing source (uses)	<u>177,503</u>	<u>97,248</u>	<u>20,480</u>	<u>295,231</u>
Net change in fund balance	-	-	-	\$ -
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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, 2011

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 292,791	\$ 292,791	\$ -	\$ (292,791)
Total revenues	292,791	292,791	-	(292,791)
EXPENDITURES:				
Debt service interest	-	-	9,117	(9,117)
Debt service principal	292,791	292,791	168,386	124,405
Total expenditures	292,791	292,791	177,503	115,288
Excess (deficiency) of revenues over expenditures	-	-	(177,503)	(177,503)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	177,503	177,503
Total other financing sources (uses)	-	-	177,503	177,503
Net changes in fund balance Non-GAAP basis	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -
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 - DETENTION CENTER DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	97,248	97,248	-	(97,248)
Total revenues	97,248	97,248	-	(97,248)
EXPENDITURES:				
Debt service interest	45,030	45,030	45,030	-
Debt service principal	52,218	52,218	52,218	-
Total expenditures	97,248	97,248	97,248	-
Excess (deficiency) of revenues over expenditures	-	-	(97,248)	(97,248)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	97,248	97,248
Total other financing sources (uses)	-	-	97,248	97,248
Net changes in fund balance Non-GAAP basis	-	-	-	-
Fund balance - beginning	-	-	-	-
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			\$ -	
Revenue accruals		-		
Expenditure accruals		-		
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
 DEBT SERVICE FUNDS - PLAYAS FIRE DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 20,480	\$ 20,480	\$ -	\$ (20,480)
Total revenues	20,480	20,480	-	(20,480)
EXPENDITURES:				
Public safety				
Debt service interest	1,738	1,738	1,738	-
Debt service principal	18,742	18,742	18,742	-
Total expenditures	20,480	20,480	20,480	-
Excess (deficiency) of revenues over expenditures	-	-	(20,480)	(20,480)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	20,480	20,480
Total other financing sources (uses)	-	-	20,480	20,480
Net changes in fund balance Non-GAAP basis	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -
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.

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, 2011

	Original	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Charges for services	\$ 238,000	\$ 311,000	\$ 290,689	\$ (20,311)
Miscellaneous	25,000	25,000	73,000	48,000
Total revenues	263,000	336,000	363,689	27,689
EXPENDITURES:				
Operating expenditures	468,790	566,790	544,548	22,242
Total expenditures	468,790	566,790	544,548	22,242
Excess (deficiency) of revenues over expenditures	(205,790)	(230,790)	(180,859)	49,931
OTHER FINANCING SOURCES (USES)				
Transfers in	160,000	185,000	185,000	-
Total other financing sources (uses)	160,000	185,000	185,000	-
Net changes in fund balance Non-GAAP basis	(45,790)	(45,790)	4,141	49,931
Fund balance - beginning	607,348	607,348	607,348	-
Fund balance - ending	\$ 561,558	\$ 561,558	\$ 611,489	\$ 49,931
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 4,141	
Revenue accruals		-		
Expenditure accruals		(58,784)	(58,784)	
Excess of revenues over expenditures - GAAP basis			\$ (54,643)	

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, 2011**

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, 2011

	<u>Balance</u> <u>6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/11</u>
Taxes collected for others				
ASSETS				
Cash and cash equivalents	\$ 4,220	\$ 1,428,070	\$ 1,380,486	\$ 51,804
Total assets	\$ 4,220	\$ 1,428,070	\$ 1,380,486	\$ 51,804
LIABILITIES				
Taxes paid in advance	\$ 4,220	\$ 1,428,070	\$ 1,380,486	\$ 51,804
Total liabilities	\$ 4,220	\$ 1,428,070	\$ 1,380,486	\$ 51,804

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO, COUNTY OF HIDALGO

SCHEDULE OF DEPOSITORIES
JUNE 30, 2011

	Type	Amount Per Bank	Plus DIT	Outstanding Checks	Balance Per Books
Western Bank					
Operating	CK	\$ 4,712,840	\$ -	\$ 1,161,829	\$ 3,551,011
Money market	MM	2,558,531	-	-	2,558,531
Payroll Clearing	CK	-	-	-	-
Sheriff's Bond	CK	-	-	-	-
Sheriff's Investigation	CK	-	-	-	-
Warrant Account	CK	657,194	-	58	657,136
Time Deposit	CD	800,000	-	-	800,000
Overnight	MM	100,376	-	-	100,376
Western Bank Total		<u>8,828,941</u>	<u>-</u>	<u>1,161,887</u>	<u>7,667,054</u>
Sub-total		8,828,941	-	1,161,887	7,667,054
NM State Investment Pool		101,598	-	1,598	100,000
Petty Cash		<u>300</u>	<u>-</u>	<u>-</u>	<u>300</u>
Total		<u>\$ 8,930,839</u>	<u>\$ -</u>	<u>\$ 1,163,485</u>	<u>\$ 7,767,354</u>
Fiduciary Funds		<u>\$ 51,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,804</u>

Type:

CK = Checking

MM = Money Market

CD = Certificate of Deposit

Western

Amount held in bank June 30, 2011	8,828,941
Less FDIC Insurance	<u>(250,000)</u>
Uninsured Public Funds	8,578,941
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	4,289,471
Pledged Securities	<u>4,872,692</u>
Over (Under) Collateralized	<u>\$ 583,221</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, 2011

<u>Description of Pledged Collateral</u>	<u>Amount</u>	<u>Name and Location of Safekeeper</u>
New Mexico issued securities (at face value)		
Bernalillo NM School CUSIP#085279MD6, Maturing 08/1/12	206,070	Federal Home Loan Bank of Dallas
Carrizozo NM CUSIP#144627CZ7, Maturing 08/1/15	111,275	Federal Home Loan Bank of Dallas
Dulce NM School CUSIP#264430FZ7, Maturing 7/1/15	304,710	Federal Home Loan Bank of Dallas
Dulce NM School CUSIP#264430HJ1, Maturing 3/1/18	435,304	Federal Home Loan Bank of Dallas
Espanola NM Pub School CUSIP#296628BQ2, Maturing 7/1/17	319,962	Federal Home Loan Bank of Dallas
Gadsden NM School CUSIP#362550KQ7	436,840	Federal Home Loan Bank of Dallas
Grant Co NM GO CUSIP#387766BA5, Maturing 09/01/13	269,160	Federal Home Loan Bank of Dallas
Loving NM Mun CUSIP#547473BF4, Maturing 7/1/13	425,964	Federal Home Loan Bank of Dallas
Lovinginton NM Mun CUSIP#547473B74, Maturing 10/1/14	453,222	Federal Home Loan Bank of Dallas
Lovington NM Mun CUSIP#547473CZ9, Maturing 9/1/21	513,650	Federal Home Loan Bank of Dallas
Ruidoso NM CUSIP#781346CS8, Maturing 6/1/12	75,179	Federal Home Loan Bank of Dallas
Santa Fe Cnty NM CUSIP#801889LU8, Maturing 7/1/22	271,290	Federal Home Loan Bank of Dallas
Silver City NM Cons CUSIP#827513EW8, Maturing 8/1/16	398,971	Federal Home Loan Bank of Dallas
Texico NM Mun School CUSIP#883005CA6, Maturing 8/1/14	56,557	Federal Home Loan Bank of Dallas
Torrance County CUSIP#891400JD6, Maturing 7/1/14	333,755	Federal Home Loan Bank of Dallas
Vaughn NM School CUSIP#922382BP0, Maturing 7/1/12	<u>123,001</u>	Federal Home Loan Bank of Dallas
Total New Mexico issued securities	4,734,910	Federal Home Loan Bank of Dallas
Federal securities (at market value)		
FNMA REMIC CUSIP#312906XG0, Maturing 8/15/21	38,437	Federal Home Loan Bank of Dallas
FNMA CUSIP#31391HGMO, Maturing 9/25/32	<u>99,345</u>	Federal Home Loan Bank of Dallas
Total federal securities	<u>137,782</u>	Federal Home Loan Bank of Dallas
Total pledged securities	<u>\$4,872,692</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 FOR THE YEAR ENDED JUNE 30, 2011

Property taxes receivable, beginning	\$ 448,490
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	2,814,456
Adjustments:	
Increases in taxes receivables	266,713
Charge off of taxes receivables	<u>-</u>
Total receivables prior to collections	3,529,659
Collections for fiscal year ended June 30, 2011	<u>(3,037,778)</u>
Property taxes receivable, ending	<u>\$ 491,881</u>

Property taxes receivable by years:

2001	\$ 833
2002	1,568
2003	2,054
2004	2,386
2005	3,045
2006	33,090
2007	60,202
2008	66,996
2009	129,789
2010	<u>191,918</u>
	<u>\$ 491,881</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, 2011**

	Taxes Receivable at 7/1/10	Net Taxes Charged to Treasurer	Collections	Taxes Receivable at 6/30/11	Distributions
Municipalities	\$ 27,899	\$ 91,851	\$ 88,043	\$ 31,707	\$ 88,043
Hidalgo County	226,204	1,640,700	1,620,298	246,606	1,620,298
State of New Mexico	18,441	240,019	235,487	22,973	235,487
Schools	<u>175,946</u>	<u>1,108,599</u>	<u>1,093,950</u>	<u>190,595</u>	<u>1,093,950</u>
	<u>\$ 448,490</u>	<u>\$ 3,081,169</u>	<u>\$ 3,037,778</u>	<u>\$ 491,881</u>	<u>\$ 3,037,778</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, 2011

Agency	Property Taxes Levied	Collected in Current Year 6/30/11	Collected To Date	Distributed in Current Year 6/30/11	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Municipalities								
2001 City of Lordsburg	\$ 72,663	\$ -	\$ 72,103	\$ -	\$ 72,103	\$ -	\$ -	\$ 560
2002 City of Lordsburg	94,363	-	93,400	-	93,400	-	-	963
2003 City of Lordsburg	79,447	56	78,628	56	78,628	-	-	819
2004 City of Lordsburg	79,394	93	79,536	93	79,536	-	-	(142)
2005 City of Lordsburg	78,006	81	77,688	81	77,688	-	-	318
2006 City of Lordsburg	79,664	144	78,758	144	78,758	-	-	906
2007 City of Lordsburg	86,379	960	84,898	960	84,898	-	-	1,481
2008 City of Lordsburg	99,575	3,261	96,107	3,261	96,107	-	-	3,468
2009 City of Lordsburg	98,809	5,520	89,095	5,520	89,095	-	-	9,714
2010 City of Lordsburg	89,935	76,304	76,304	76,304	76,304	-	-	13,631
Total City of Lordsburg	\$ 858,235	\$ 86,419	\$ 826,517	\$ 86,419	\$ 826,517	\$ -	\$ -	\$ 31,718
Village of Virden								
2001 Village of Virden	\$ 1,076	-	1,082	-	1,082	-	-	(6)
2002 Village of Virden	1,118	-	1,110	-	1,110	-	-	8
2003 Village of Virden	1,173	-	1,164	-	1,164	-	-	9
2004 Village of Virden	1,233	-	1,223	-	1,223	-	-	10
2005 Village of Virden	1,273	-	1,261	-	1,261	-	-	12
2006 Village of Virden	1,428	-	1,413	-	1,413	-	-	15
2007 Village of Virden	1,419	55	1,404	55	1,404	-	-	15
2008 Village of Virden	1,408	55	1,549	55	1,549	-	-	(141)
2009 Village of Virden	1,590	104	1,572	104	1,572	-	-	18
2010 Village of Virden	1,459	1,410	1,410	1,410	1,410	-	-	49
Total Village of Virden	\$ 13,177	\$ 1,624	\$ 13,188	\$ 1,624	\$ 13,188	\$ -	\$ -	(11)
Total Municipalities	\$ 871,412	\$ 88,043	\$ 839,705	\$ 88,043	\$ 839,705	\$ -	\$ -	\$ 31,707

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, 2011

Agency	Property Taxes Levied	Collected in Current Year 6/30/011	Collected To Date	Distributed in Current Year 6/30/011	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Hidalgo County								
General ad valorem	\$ 956,579	\$ 145	\$ 948,993	\$ 145	\$ 948,993	\$ -	\$ -	\$ 7,586
General ad valorem	1,087,809	142	1,081,382	142	1,081,382	-	-	6,427
General ad valorem	1,159,821	351	1,147,572	351	1,147,572	-	-	12,249
General ad valorem	1,417,653	487	1,433,950	487	1,433,950	-	-	(16,297)
General ad valorem	1,385,870	484	1,393,317	484	1,393,317	-	-	(7,447)
General ad valorem	1,472,496	1,295	1,447,515	1,295	1,447,515	-	-	24,981
General ad valorem	1,586,512	6,784	1,548,780	6,784	1,548,780	-	-	37,732
General ad valorem	1,674,830	26,873	1,631,307	26,873	1,631,307	-	-	43,523
General ad valorem	1,604,065	63,711	1,557,915	63,711	1,557,915	-	-	46,150
General ad valorem	1,601,029	1,489,426	1,489,426	1,487,579	1,487,580	238,713	-	350,315
Total General ad valorem	\$ 13,946,664	\$ 1,589,698	\$ 13,680,157	\$ 1,587,851	\$ 13,678,311	\$ 238,713	\$ -	\$ 505,219
Non-rendition fees	\$ 514	-	\$ 637	-	\$ 637	\$ -	\$ -	\$ (123)
Non-rendition fees	490	-	504	-	504	-	-	(14)
Non-rendition fees	468	-	463	-	463	-	-	5
Non-rendition fees	55	-	67	-	67	-	-	(12)
Non-rendition fees	74	-	216	-	216	-	-	(142)
Non-rendition fees	67	-	67	-	67	-	-	-
Non-rendition fees	-	-	-	-	-	-	-	-
Non-rendition fees	272	75	516	75	516	-	-	(244)
Non-rendition fees	575	107	151	107	151	-	-	424
Non-rendition fees	63	63	63	63	63	-	-	-
Total Non-rendition fees	\$ 2,578	\$ 245	\$ 2,684	\$ 245	\$ 2,684	\$ -	\$ -	\$ (106)

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, 2011

Agency	Property Taxes Levied	Collected in Current Year 6/30/11	Collected To Date	Distributed in Current Year 6/30/11	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Re-appraisal program 2001	\$ -	\$ 2	\$ 19,791	\$ 2	\$ 19,791	\$ -	\$ -	(19,791)
Re-appraisal program 2002	-	2	21,483	2	21,483	-	-	(21,483)
Re-appraisal program 2003	-	7	21,838	7	21,838	-	-	(21,838)
Re-appraisal program 2004	-	9	25,136	9	25,136	-	-	(25,136)
Re-appraisal program 2005	-	9	26,096	9	26,096	-	-	(26,096)
Re-appraisal program 2006	-	24	27,112	24	27,112	-	-	(27,112)
Re-appraisal program 2007	-	131	28,981	131	28,981	-	-	(28,981)
Re-appraisal program 2008	-	509	30,628	509	30,628	-	-	(30,628)
Re-appraisal program 2009	-	1,215	28,995	1,215	28,995	-	-	(28,995)
Re-appraisal program 2010	-	28,447	28,447	28,422	28,422	-	-	(28,447)
Total Re-appraisal program	\$ -	\$ 30,355	\$ 258,507	\$ 30,330	\$ 258,482	\$ -	\$ -	\$ (258,507)
Total Hidalgo County	\$ 13,949,242	\$ 1,620,298	\$ 13,941,348	\$ 1,618,426	\$ 13,939,477	\$ 238,713	\$ -	\$ 246,606

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, 2011

Agency	Property Taxes Levied	Collected in Current Year 6/30/11	Collected To Date	Distributed in Current Year 6/30/11	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
State of New Mexico								
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	-	34,208	-	34,208	-	-	(1,235)
Cattle	23,186	157	32,184	157	32,184	-	-	(8,998)
Cattle	23,425	22,819	22,818	22,819	22,818	-	-	607
Total Cattle	\$ 254,739	\$ 22,976	\$ 260,022	\$ 22,976	\$ 260,022	\$ -	\$ -	\$ (5,283)
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	3	1,926	3	1,926	-	-	55
Equines	1,635	5	1,593	5	1,593	-	-	42
Equines	-	-	-	-	-	-	-	-
Equines	871	7	805	7	805	-	-	66
Equines	927	803	803	803	803	-	-	124
Total Equines	\$ 12,552	\$ 818	\$ 12,108	\$ 818	\$ 12,108	\$ -	\$ -	\$ 444

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, 2011

Agency	Property Taxes Levied	Collected in Current Year 6/30/11	Collected To Date	Distributed in Current Year 6/30/11	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Bison	2001 \$ 371	\$ -	367	\$ -	367	\$ -	\$ -	\$ 4
Bison	2002 222	-	220	-	220	-	-	2
Bison	2003 150	-	149	-	149	-	-	1
Bison	2004 140	-	-	-	-	-	-	140
Bison	2005 148	-	-	-	-	-	-	148
Bison	2006 -	-	-	-	-	-	-	-
Bison	2007 -	-	-	-	-	-	-	-
Bison	2008 -	-	-	-	-	-	-	-
Bison	2009 263	-	-	-	-	-	-	263
Bison	2010 242	-	-	-	-	-	-	242
Total Bison	\$ 1,536	\$ -	736	\$ -	736	\$ -	\$ -	\$ 800
Sheep	2001 \$ 15	\$ -	15	\$ -	15	\$ -	\$ -	\$ -
Sheep	2002 18	-	18	-	18	-	-	-
Sheep	2003 15	-	15	-	15	-	-	-
Sheep	2004 17	-	16	-	16	-	-	1
Sheep	2005 15	-	15	-	15	-	-	-
Sheep	2006 18	-	18	-	18	-	-	-
Sheep	2007 12	-	12	-	12	-	-	-
Sheep	2008 11	-	10	-	10	-	-	1
Sheep	2009 10	-	10	-	10	-	-	-
Sheep	2010 19	11	11	11	11	-	-	8
Total Sheep	\$ 150	\$ 11	140	\$ 11	140	\$ -	\$ -	\$ 10

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, 2011

Agency	Property Taxes Levied	Collected in Current Year 6/30/11	Collected To Date	Distributed in Current Year 6/30/11	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Dairy	\$ 7	\$ -	\$ 7	\$ -	7	\$ -	\$ -	\$ -
Dairy	19	-	12	-	12	-	-	-
Dairy	9	-	9	-	9	-	-	7
Dairy	5	-	5	-	5	-	-	-
Dairy	2	-	2	-	2	-	-	-
Dairy	5	-	5	-	5	-	-	-
Dairy	2	-	2	-	2	-	-	-
Dairy	2	-	2	-	2	-	-	-
Dairy	-	-	-	-	-	-	-	-
Dairy	9	9	9	9	9	-	-	-
Total Dairy	\$ 60	\$ 9	\$ 53	\$ 9	53	\$ -	\$ -	\$ 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	-	-	1
Goats (2010 7th year)	21	20	20	20	20	-	-	1
Swine/Llama/Alpaca	9	-	9	-	9	-	-	-
Total Goats	\$ 129	\$ 20	\$ 127	\$ 20	127	\$ -	\$ -	\$ 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, 2011

Agency	Property Taxes Levied	Collected in Current Year 6/30/11	Collected To Date	Distributed in Current Year 6/30/11	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
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	-	-	430	-	430	-	-	(430)
Cost to State	-	275	1,155	275	1,155	-	-	(1,155)
Cost to State	-	1,750	1,750	1,750	1,750	-	-	(1,750)
Cost to State	-	-	-	-	-	-	-	-
Cost to State	-	-	-	-	-	-	-	-
Cost to State	-	-	-	-	-	-	-	-
Total Cost to State	\$ -	\$ 2,025	\$ 5,035	\$ 2,025	\$ 5,035	\$ -	\$ -	\$ (5,035)
State Operational	\$ 145,018	\$ 24	\$ 143,862	\$ 24	\$ 143,862	\$ -	\$ -	\$ 1,156
State Operational	105,173	15	104,542	15	104,542	-	-	631
State Operational	151,488	49	149,889	49	149,889	-	-	1,599
State Operational	124,229	44	125,630	44	125,630	-	-	(1,401)
State Operational	144,607	51	145,380	51	145,380	-	-	(773)
State Operational	160,380	141	157,663	141	157,663	-	-	2,717
State Operational	164,186	713	160,288	713	160,288	-	-	3,898
State Operational	176,669	2,835	172,078	2,835	172,078	-	-	4,591
State Operational	155,669	6,183	151,190	6,183	151,190	-	-	4,479
State Operational	214,703	199,573	199,572	199,330	199,330	-	-	15,131
Total State Operational	\$ 1,542,122	\$ 209,628	\$ 1,510,094	\$ 209,385	\$ 1,509,852	\$ -	\$ -	\$ 32,028
Total State of New Mexico	\$ 1,811,288	\$ 235,487	\$ 1,788,315	\$ 235,244	\$ 1,788,073	\$ -	\$ -	\$ 22,973

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, 2011

Agency (SD #1 & SD #6)	Property Taxes Levied	Collected in Current Year 6/30/11	Collected To Date	Distributed in Current Year 6/30/11	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Operational	\$ 40,218	\$ 5	\$ 39,900	\$ 5	\$ 39,900	\$ -	\$ -	\$ 318
Operational	45,750	5	45,481	5	45,481	-	-	269
Operational	48,789	14	48,274	14	48,274	-	-	515
Operational	59,661	20	60,350	20	60,350	-	-	(689)
Operational	58,175	19	58,493	19	58,493	-	-	(318)
Operational	61,710	53	60,658	53	60,658	-	-	1,052
Operational	66,064	277	64,484	277	64,484	-	-	1,580
Operational	70,268	1,124	68,439	1,124	68,439	-	-	1,829
Operational	67,391	2,679	65,456	2,679	65,456	-	-	1,935
Operational	67,296	62,607	62,607	62,532	62,532	-	-	4,689
Total Operational	\$ 585,322	\$ 66,803	\$ 574,142	\$ 66,728	\$ 574,067	\$ -	\$ -	\$ 11,180
Debt Service	\$ 565,384	\$ -	\$ 561,299	\$ -	\$ 561,299	\$ -	\$ -	\$ 4,085
Debt Service	588,737	-	585,950	-	585,950	-	-	2,787
Debt Service	519,249	137	513,646	137	513,646	-	-	5,603
Debt Service	516,890	167	525,748	167	525,748	-	-	(8,858)
Debt Service	642,851	175	649,390	175	649,390	-	-	(6,539)
Debt Service	680,373	531	667,473	531	667,473	-	-	12,900
Debt Service	736,108	3,038	716,943	3,038	716,943	-	-	19,165
Debt Service	776,211	11,698	753,156	11,698	753,156	-	-	23,055
Debt Service	736,299	31,191	709,283	31,191	709,283	-	-	27,016
Debt Service	766,908	711,781	711,781	711,781	711,781	-	-	55,127
Total Debt Service	\$ 6,529,010	\$ 758,718	\$ 6,394,669	\$ 758,718	\$ 6,394,669	\$ -	\$ -	\$ 134,341

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, 2011.

Agency	Property Taxes Levied	Collected in Current Year 6/30/11	Collected To Date	Distributed in Current Year 6/30/11	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Capital Imp.	\$ 164,327	\$ 27	\$ 163,016	\$ 27	\$ 163,016	\$ -	\$ -	\$ 1,311
Capital Imp.	186,587	27	185,471	27	185,471	-	-	1,116
Capital Imp.	199,109	64	197,008	64	197,008	-	-	2,101
Capital Imp.	241,567	86	244,293	86	244,293	-	-	(2,726)
Capital Imp.	234,352	82	235,604	82	235,604	-	-	(1,252)
Capital Imp.	248,522	218	244,306	218	244,306	-	-	4,216
Capital Imp.	267,155	1,162	260,799	1,162	260,799	-	-	6,356
Capital Imp.	282,671	4,536	275,325	4,536	275,325	-	-	7,346
Capital Imp.	270,728	10,753	262,939	10,753	262,939	-	-	7,789
Capital Imp.	270,291	251,474	251,474	251,175	251,175	-	-	18,817
Total Capital Imp.	\$ 2,365,309	\$ 268,429	\$ 2,320,235	\$ 268,130	\$ 2,319,936	\$ -	\$ -	\$ 45,074
Total Schools	\$ 9,479,641	\$ 1,093,950	\$ 9,289,046	\$ 1,093,576	\$ 9,288,672	\$ -	\$ -	\$ 190,595
Total	\$ 26,111,583	\$ 3,037,778	\$ 25,858,414	\$ 3,035,289	\$ 25,855,927	\$ 238,713	\$ -	\$ 491,881

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

JOINT POWERS AGREEMENTS

JUNE 30, 2011

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, 2010- June 30, 2011
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, 2011

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, 2010- June 30, 2011
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, 2010 to June 30, 2011
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, 2011

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, 2010 - June 30, 2011
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, 2011

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, 2011, and have issued our report thereon dated July 8, 2012. 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

Management of the County of Hidalgo is responsible for establishing and maintaining effective 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: 10-01 and 11-01.

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. 08-02.

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 08-02.

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.

White + Samaniego + Campbell, LLP

El Paso, Texas
July 8, 2012

**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, 2011. 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, 2011. However, the results of our auditing procedures disclosed 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 item 10-01.

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

A *deficiency in internal control over compliance* exists when the design or operation of a control 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.

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

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
July 8, 2012

STATE OF NEW MEXICO, COUNTY OF HIDALGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2011

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

Section II - Financial Statements Findings

PRIOR YEAR FINDINGS

08-02	Late Audit Report	Repeated
10-01	Data Collection Form Package Not Timely Filed	Repeated
10-02	Legal Compliance with Budget	Resolved

Late Audit Report (IC 08-02)

CONDITION	The required submission date of the audit report for the fiscal year ended June 30, 2011 to the New Mexico State Auditor was November 15, 2011. The June 30, 2011 audited financial statements were submitted on June 2012.
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 (10-01)

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.

Bank Account for Sheriff's Department (11-01)

CONDITION	The Sheriff's Department is keeping a separate bank account for departmental funds. This bank account is not being reconciled and safeguarded by the Treasurers Office.
CRITERIA	All bank accounts should be reconciled monthly upon receiving the bank statements. This is to comply with 6-6-3 NMSA 1978.
CAUSE	The Sheriff's Department is not providing the bank statements timely and all relevant documentation to the Treasurers Office.
EFFECT	County assets are not being recorded in the general ledger or being properly safeguarded.
RECOMMENDATION	While the amount of funds are immaterial to the governmental fund financials, the Sheriff's Department needs to provide the bank statements and all relevant documentation to the Treasurers Office as soon as possible in order for them to be properly accounted for.
RESPONSE	Management concurs with the condition that the Sheriff's Department is keeping a separate account for department funds. Management will work with the department on setting internal controls to ensure that all funds are recorded on the County's financials.

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2011**

An exit conference was held on June 28, 2012 in a closed meeting with Roxie Samaniego, CPA of White + Samaniego + Campbell, LLP, with the following County officials:

Jose Salazar
Richard Chaires
Tisha Green

County Manager
County Commissioner
Assistant County Manager

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.