

**State of New Mexico
County of Hidalgo**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2013
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, 2013

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	Interim Warden
Tommy Dimas	County Transfer Station Supervisor
Clarence Rudiger	County Road Supervisor
David Whipple	County Fire Marshall/Ambulance Supervisor
Tyler Massey	County Treasurer
Lloyd Payne	County Probate Judge
Jody Hatch	County Assessor
Melissa Delagarza	County Clerk
Saturnino Madero	County Sheriff

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

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, 2013, 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 nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

presentation of the financial statements.

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

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, 2013, 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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the managements' discussion and analysis on pages 5 through 15, 58 through 73, and 81 through 84 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.

Other Information

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

White & Samaniego & Campbell, CP

El Paso, Texas
November 6, 2013

STATE OF NEW MEXICO, COUNTY OF HIDALGO

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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, 2013. 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 \$21,554,294 (net position). Of this amount, \$4,662,332 (unrestricted net position) may be used to meet the government's ongoing, obligations to citizens and creditors.
- The government's total net position decreased by \$675,669 during the fiscal year. The majority of this is due to a decrease in grant revenue when compared to the year ended June 30, 2012.
- As of June 30, 2013, the County's governmental funds reported combined ending fund balances of \$7,128,659. Of this total, \$252,799 is restricted for capital projects.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$3,098,222.

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 position	Balance Sheet	Statement of net position	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures & changes in fund balances	Statement of revenues, expenses and changes in fund net position	Statement of changes in fiduciary net position
			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 position* presents information on all of the County of Hidalgo's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County of Hidalgo, net position exceeded liabilities by \$21,554,294 at the close of the current fiscal year.

The largest portion of the County of Hidalgo's net position represent the County's investment of \$14,369,766 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 position (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 position of \$4,662,332 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 position, for the government as a whole as well as for the business-type activities.

Analysis of Changes in Net Position

During the current fiscal year, the County's net position in governmental and business-type activities decreased by \$675,669. These decreases are explained in the governmental activities discussion.

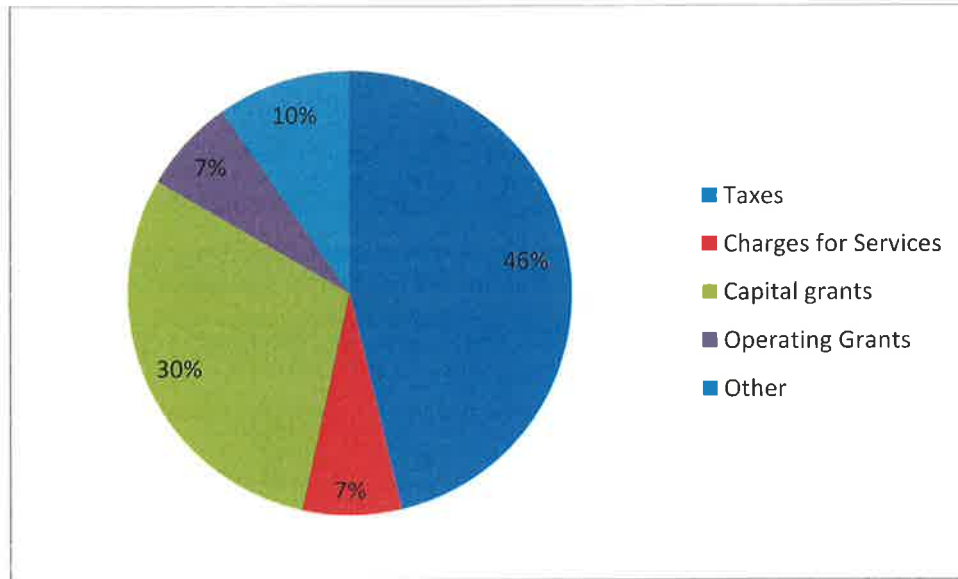
Governmental Activities

Governmental activities decreased the County of Hidalgo's net position by \$674,139. Grant revenue decreased \$483,710 from grant revenue in the prior year. Property taxes and gross receipts taxes contributed \$2,470,231 for covering the \$6,436,002 net program expense associated with governmental activities.

Governmental revenues, consisting mostly of taxes and grants, are not directly associated with any government function. The total revenues decreased \$37,439.

Total revenues from governmental activities are summarized below. For fiscal year 2012-2013, Local and State taxes made up 46% of the total general government revenues compared to 46% of the revenues in the prior year.

Revenue by Source – General Government



Business-Type Activities

Business-type activities decreased the County's net position by \$166,071 before transfers of \$164,541 in from the general fund, compared to the prior year's decrease of \$184,084 before transfers of \$141,000 from the general fund. The key element of this increase compared to the prior year change was a decreased in expenditures for the ambulance service during the current year. However, the operating revenue had minor changes when compared to the prior year.

STATE OF NEW MEXICO, COUNTY OF HIDALGO

MANAGEMENT'S DISCUSSION AND ANALYSIS
SUMMARY OF NET POSITION

	Governmental Activities		Business-Type Activities		Totals		Total Percent Change 2012-2013
	2013	2012	2013	2012	2013	2012	
ASSETS							
Current and other assets	\$ 7,516,975	\$ 8,205,870	\$ 117,381	\$ 69,375	\$ 7,634,356	\$ 8,275,245	- %
Capital assets, net of accumulated depreciation	15,753,210	15,570,866	334,086	382,498	16,087,296	15,953,364	- %
Total assets	\$ 23,270,185	\$ 23,776,736	\$ 451,467	\$ 451,873	\$ 23,721,652	\$ 24,228,609	- %
LIABILITIES							
Current and other liabilities	\$ 490,130	\$ 305,398	\$ 18,833	\$ 17,709	\$ 508,963	\$ 323,107	(78)%
Long-term liabilities	1,658,395	1,675,539	-	-	1,658,395	1,675,539	4 %
Total liabilities	2,148,525	1,980,937	18,833	17,709	2,167,358	1,998,646	(10)%
NET POSITION							
Net investment in capital assets	14,035,680	13,775,893	334,086	382,498	14,369,766	14,158,391	19 %
Restricted	2,522,196	2,844,139	-	-	2,522,196	2,844,139	7 %
Unrestricted	4,563,784	5,175,767	98,548	51,666	4,662,332	5,227,433	(11)%
Total net position	21,121,660	21,795,799	432,634	434,164	21,554,294	22,229,963	7 %
Total liabilities and net position	\$ 23,270,185	\$ 23,776,736	\$ 451,467	\$ 451,873	\$ 23,721,652	\$ 24,228,609	4 %

STATE OF NEW MEXICO, COUNTY OF HIDALGO

MANAGEMENT'S DISCUSSION AND ANALYSIS
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Totals		Total Percent Change 2012-2013
	2013	2012	2013	2012	2013	2012	
REVENUES							
Program revenues:							
Charges for services	\$ 433,085	\$ 517,616	\$ 310,307	\$ 272,241	\$ 743,392	\$ 789,857	4 %
Operating grants and contributions	413,111	433,597	-	-	413,111	433,597	125 %
Capital grants and contributions	1,723,384	1,307,667	-	-	1,723,384	1,307,667	(31)%
General revenues:							
Taxes	2,799,822	3,181,988	-	-	2,799,822	3,181,988	(15)%
Other income	551,187	516,675	-	-	551,187	516,675	236 %
Interest income	2,800	3,285	-	-	2,800	3,285	(42)%
Total revenues	5,923,389	5,960,828	310,307	272,241	6,233,696	6,233,069	38 %
EXPENSES							
General government	1,093,090	1,252,928	-	-	1,093,090	1,252,928	9 %
Public safety	4,062,522	3,989,352	-	-	4,062,522	3,989,352	45 %
Public works	505,073	420,555	-	-	505,073	420,555	14 %
Health and welfare	625,254	643,357	-	-	625,254	643,357	4 %
Culture and recreation	147,048	161,879	-	-	147,048	161,879	(64)%
Proprietary expenses	-	-	476,378	456,325	476,378	456,325	47 %
Total expenses	6,432,987	6,468,071	476,378	456,325	6,909,365	6,924,396	23 %
Changes in net position before transfers	(509,598)	(507,243)	(166,071)	(184,084)	(675,669)	(691,327)	3,019 %
Transfers	(164,541)	(141,000)	164,541	141,000	-	-	%
Change in net position	(674,139)	(648,243)	(1,530)	(43,084)	(675,669)	(691,327)	300 %
Net position - beginning	21,795,799	22,444,042	434,164	477,248	22,229,963	22,921,290	- %
Net position - ending	\$ 21,121,660	\$ 21,795,799	\$ 432,634	\$ 434,164	\$ 21,554,294	\$ 22,229,963	7 %

FINANCIAL ANALYSIS OF THE COUNTY OF HIDALGO AS A WHOLE

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

Governmental Funds

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

As of the end of the current fiscal year, the County of Hidalgo's governmental funds reported combined ending fund balances of \$7,128,659, a decrease of \$933,238 in comparison with the prior year. The decrease is primarily due to the decrease in grant revenue. Approximately 65% of this total amount, \$4,606,463 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, \$252,799.

Revenues for governmental functions overall totaled approximately \$6,704,533 in the fiscal year-ended June 30, 2013, which represents a decrease of \$38,535 from the fiscal year-ended June 30, 2012. Expenditures for governmental functions totaled \$7,473,230. This was a decrease of approximately \$4,932,629 from the fiscal year-ended June 30, 2012, which is primarily a result in decreased grant revenues and capital outlay expenditures. In the fiscal year-ended June 30, 2013, expenditures for governmental functions exceeded revenues by approximately \$768,697.

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 \$3,098,222.

The Road Fund has a total fund balance of \$597,206, all of which is unassigned. The net increase in fund balance during the current year in the Fire Fund was \$168,519. This increase is primarily due to grant revenues for 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 position for Ambulance were \$98,548. The total decrease in net position for the proprietary fund was \$1,530.

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

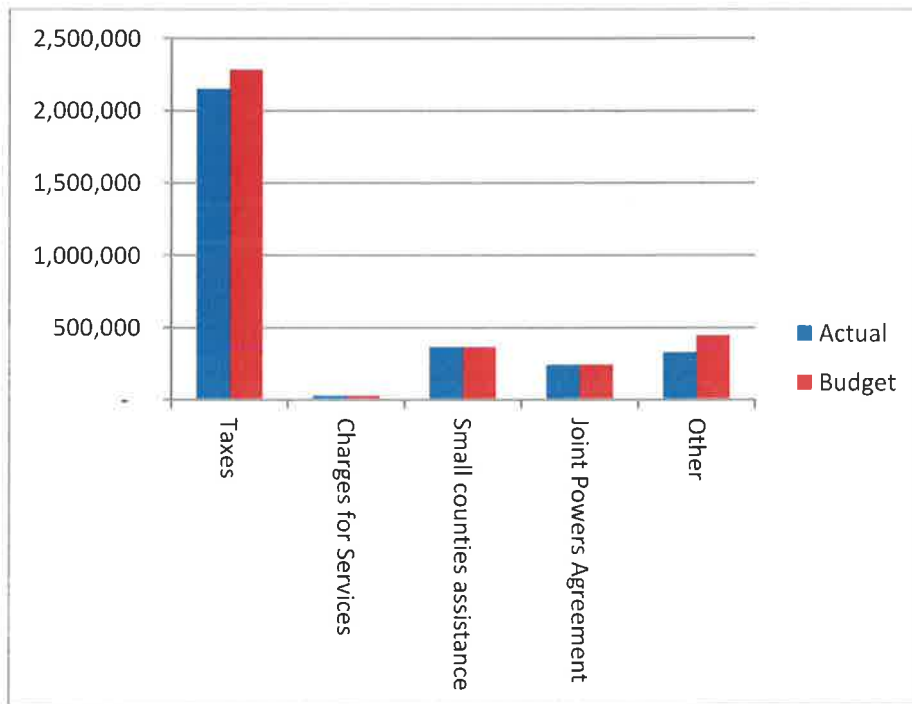
The General Fund accounts for all of the general services provided by the County of Hidalgo.

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

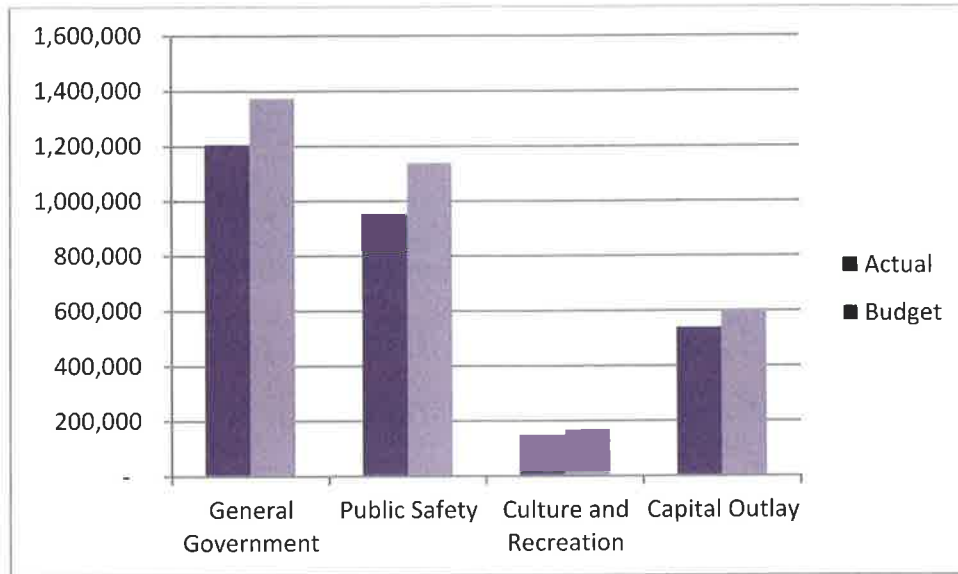
The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund.

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, 2013 amount to \$16,087,296 (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 \$959,785 for governmental activities. Equipment costing \$103,322 was purchased for the County.

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, 2013

	Governmental Activities	Business-Type Activities	Totals
Land and Construction in Progress	\$ 9,366,524	\$ 49,616	\$ 9,416,140
Buildings	3,756,849	160,746	3,917,595
Improvements and Infrastructure	210,493	123,724	334,217
Machinery and Equipment	<u>2,419,344</u>	<u>-</u>	<u>2,419,344</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,753,210</u>	<u>\$ 334,086</u>	<u>\$ 16,087,296</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 Position shows the Investment in Capital Assets-Governmental Funds in the amount of \$14,035,680. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service.

The County's loans decreased \$77,443 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 2013 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 POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 4,553,744	\$ 79,805	\$ 4,633,549
Accounts receivable	-	37,576	37,576
Taxes receivable	334,765	-	334,765
Investments	1,550,262	-	1,550,262
Due from other governments	<u>1,078,204</u>	<u>-</u>	<u>1,078,204</u>
Total current assets	7,516,975	117,381	7,634,356
NON-CURRENT ASSETS:			
Capital assets	25,067,680	1,084,693	26,152,373
Less: accumulated depreciation	<u>(9,314,470)</u>	<u>(750,607)</u>	<u>(10,065,077)</u>
Total non-current assets	<u>15,753,210</u>	<u>334,086</u>	<u>16,087,296</u>
Total assets	<u>\$ 23,270,185</u>	<u>\$ 451,467</u>	<u>\$ 23,721,652</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts payable	\$ 243,203	\$ -	\$ 243,203
Accrued salaries	64,655	9,801	74,456
Due to other governments	80,458	-	80,458
Compensated absences	<u>42,679</u>	<u>9,032</u>	<u>51,711</u>
Total current liabilities	<u>430,995</u>	<u>18,833</u>	<u>449,828</u>
NON-CURRENT LIABILITIES:			
Due within one year	59,135	-	59,135
Due in more than one year	<u>1,658,395</u>	<u>-</u>	<u>1,658,395</u>
Total non-current liabilities	<u>1,717,530</u>	<u>-</u>	<u>1,717,530</u>
Total liabilities	<u>2,148,525</u>	<u>18,833</u>	<u>2,167,358</u>
NET POSITION			
Net investment in capital assets	14,035,680	334,086	14,369,766
Restricted for:			
Capital projects	252,799	-	252,799
Special revenue funds	2,269,397	-	2,269,397
Unrestricted	<u>4,563,784</u>	<u>98,548</u>	<u>4,662,332</u>
Total net position	<u>21,121,660</u>	<u>432,634</u>	<u>21,554,294</u>
Total liabilities and net position	<u>\$ 23,270,185</u>	<u>\$ 451,467</u>	<u>\$ 23,721,652</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, 2013

FUNCTIONS/PROGRAMS	Net (Expenses) Revenue and changes in Net Position					
	Program		Primary Government		Total	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-Type Activities
Expenses						
Governmental activities:						
General government	\$ 1,093,090	\$ -	\$ -	\$ (898,683)	\$ (898,683)	
Public safety	4,062,522	413,111	1,576,976	(1,833,757)	(1,833,757)	
Public works	505,073	-	112,296	(392,777)	(392,777)	
Health and welfare	625,254	-	-	(625,254)	(625,254)	
Culture and recreation	147,048	-	-	(147,048)	(147,048)	
Interest on long-term debt	3,015	-	-	(3,015)	(3,015)	
Total governmental activities	6,436,002	413,111	1,689,272	(3,900,534)	(3,900,534)	
Business-Type activities						
Ambulance service	476,378	-	-	-	(166,071)	
Total business-type activities	476,378	-	-	-	(166,071)	
Total primary government	\$ 6,912,380	\$ 413,111	\$ 1,689,272	\$ (3,900,534)	\$ (4,066,605)	
General revenues:						
Taxes						
Property taxes				2,163,920	2,163,920	
Motor vehicle taxes				216,397	216,397	
Gasoline taxes				113,194	113,194	
Gross receipts taxes				306,311	306,311	
State shared assistance				-	-	
Small counties assistance				376,000	376,000	
Intergovernmental income				172,387	172,387	
License and fees				2,800	2,800	
Investment income				39,927	39,927	
Transfers				(164,541)	-	
Total general revenues				3,226,395	3,390,936	
Change in net position				(674,139)	(675,669)	
Net position - beginning				21,795,799	22,229,963	
Net position - ending				21,121,660	21,554,294	

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, 2013**

	<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	\$ 1,491,729	\$ 433,434	\$ 911,035	\$ 1,717,546	\$ 4,553,744
Taxes receivable	319,457	15,308	-	-	334,765
Investments	1,550,262	-	-	-	1,550,262
Due from other governments	-	154,395	-	923,809	1,078,204
	<u>-</u>	<u>154,395</u>	<u>-</u>	<u>923,809</u>	<u>1,078,204</u>
Total assets	<u>\$ 3,361,448</u>	<u>\$ 603,137</u>	<u>\$ 911,035</u>	<u>\$ 2,641,355</u>	<u>\$ 7,516,975</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 146,107	\$ -	\$ -	\$ 97,096	\$ 243,203
Accrued liabilities	36,661	5,931	-	22,063	64,655
Due to other funds	80,458	-	-	-	80,458
	<u>80,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,458</u>
Total liabilities	263,226	5,931	-	119,159	388,316
Fund Balance:					
Restricted for capital projects	-	-	-	252,799	252,799
Restricted for special revenue funds	-	-	-	2,269,397	2,269,397
Unassigned	3,098,222	597,206	911,035	-	4,606,463
	<u>3,098,222</u>	<u>597,206</u>	<u>911,035</u>	<u>-</u>	<u>4,606,463</u>
Total fund balances	<u>3,098,222</u>	<u>597,206</u>	<u>911,035</u>	<u>2,522,196</u>	<u>7,128,659</u>
Total liabilities and fund balances	<u>\$ 3,361,448</u>	<u>\$ 603,137</u>	<u>\$ 911,035</u>	<u>\$ 2,641,355</u>	<u>\$ 7,516,975</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 POSITION
JUNE 30, 2013

Total fund balance - governmental funds \$ 7,128,659

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

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

Cost of capital assets	25,067,680	
Accumulated depreciation	<u>(9,314,470)</u>	15,753,210

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	(42,679)
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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>(1,717,530)</u>

Total net position- governmental activities

\$ 21,121,660

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, 2013**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Fire Fund</u>	<u>Total Non- Major Funds</u>	<u>Total Funds</u>
REVENUES					
Property taxes	\$ 2,163,920	\$ -	\$ -	\$ -	\$ 2,163,920
Motor vehicle taxes	16,129	200,268	-	-	216,397
Gasoline taxes	-	113,194	-	-	113,194
Gross receipts taxes	-	-	-	306,311	306,311
Intergovernmental income	-	172,387	-	94,663	267,050
Charges for services	27,935	-	-	435,885	463,820
Small counties assistance	376,000	-	-	-	376,000
License and fines	2,800	-	-	-	2,800
Other income	539,590	475	-	224,962	765,027
Investment income	39,927	-	-	-	39,927
Federal grant	-	-	-	34,000	34,000
State grant	-	-	413,111	1,542,976	1,956,087
	<u>3,166,301</u>	<u>486,324</u>	<u>413,111</u>	<u>2,638,797</u>	<u>6,704,533</u>
EXPENDITURES					
Current:					
General government	1,085,382	-	-	7,708	1,093,090
Public safety	951,781	-	198,113	2,912,628	4,062,522
Public works	-	505,073	-	-	505,073
Culture and recreation	147,048	-	-	-	147,048
Health and welfare	-	-	-	625,254	625,254
Debt service					
Interest	-	-	-	3,015	3,015
Principal	-	-	-	77,443	77,443
Capital outlay	806,401	-	46,479	106,905	959,785
	<u>2,990,612</u>	<u>505,073</u>	<u>244,592</u>	<u>3,732,953</u>	<u>7,473,230</u>
Excess (deficiency) revenues over (under) expenditures	<u>175,689</u>	<u>(18,749)</u>	<u>168,519</u>	<u>(1,094,156)</u>	<u>(768,697)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	58,686	-	-	1,205,848	1,264,534
Transfers out	<u>(995,440)</u>	<u>-</u>	<u>-</u>	<u>(433,635)</u>	<u>(1,429,075)</u>
Total other financing sources (uses)	<u>(936,754)</u>	<u>-</u>	<u>-</u>	<u>772,213</u>	<u>(164,541)</u>
Net change in fund balance	(761,065)	(18,749)	168,519	(321,943)	(933,238)
Fund balance beginning of year	<u>3,859,287</u>	<u>615,955</u>	<u>742,516</u>	<u>2,844,139</u>	<u>8,061,897</u>
Fund balance end of year	<u>\$ 3,098,222</u>	<u>\$ 597,206</u>	<u>\$ 911,035</u>	<u>\$ 2,522,196</u>	<u>\$ 7,128,659</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, 2013**

Total net change in fund balances - governmental funds **\$ (933,238)**

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	959,785	
Disposal of assets	-	
Depreciation expense	<u>(777,441)</u>	182,344

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 position. 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	77,443	
Proceeds from note payable	-	
Compensated absences	<u>(688)</u>	<u>76,755</u>

Change in net position of governmental activities \$ (674,139)

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes	\$ 2,267,886	\$ 2,267,886	\$ 2,133,300	\$ (134,586)
Motor vehicle taxes	15,000	15,000	16,129	1,129
Licenses & fines	2,000	2,000	2,800	800
Charges for services	26,500	26,500	27,935	1,435
Miscellaneous revenues	397,500	397,500	272,438	(125,062)
Investment income	45,000	45,000	39,927	(5,073)
Joint powers agreements	242,868	242,868	242,868	-
Small counties assistance	365,000	365,000	376,000	11,000
Total revenues	3,361,754	3,361,754	3,111,397	(250,357)
EXPENDITURES:				
Current:				
General government	1,373,303	1,373,303	1,083,571	289,732
Public safety	1,138,072	1,138,072	951,781	186,291
Culture and recreation	166,285	166,285	147,048	19,237
Capital outlay	600,000	600,000	660,294	(60,294)
Total expenditures	3,277,660	3,277,660	2,842,694	434,966
Excess (deficiency) of revenues over expenditures	84,094	84,094	268,703	184,609
OTHER FINANCING SOURCES (USES)				
Transfers in	58,686	58,686	58,686	-
Transfers out	(995,440)	(995,440)	(995,440)	-
Total other financing sources (uses)	(936,754)	(936,754)	(936,754)	-
Net changes in fund balance Non-GAAP basis	(852,660)	(852,660)	(668,051)	184,609
Fund balance - beginning	3,894,859	3,894,859	3,894,859	-
Fund balance - ending	\$ 3,042,199	\$ 3,042,199	\$ 3,226,808	\$ 184,609
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (668,051)	
Revenue accruals		54,904		
Expenditure accruals		(147,918)	(93,014)	
Excess of revenues over expenditures - GAAP basis			\$ (761,065)	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Motor vehicle taxes	\$ 150,000	\$ 150,000	\$ 184,961	\$ 34,961
Gasoline taxes	120,000	120,000	113,194	(6,806)
State grants	462,478	462,478	172,387	(290,091)
Federal grants	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	146,181	146,181	475	(145,706)
Total revenues	878,659	878,659	471,017	(407,642)
EXPENDITURES:				
Current:				
Public works	518,000	518,000	504,351	13,649
Total expenditures	518,000	518,000	504,351	13,649
Net changes in fund balance Non-GAAP basis	360,659	360,659	(33,334)	(393,993)
Fund balance - beginning	621,669	621,669	621,669	-
Fund balance - ending	\$ 982,328	\$ 982,328	\$ 588,335	\$ (393,993)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (33,334)	
Revenue accruals		15,308		
Expenditure accruals		(723)	14,585	
Excess of revenues over expenditures - GAAP basis			\$ (18,749)	

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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grants	\$ 331,987	\$ 331,987	\$ 321,416	\$ (10,571)
Miscellaneous	10,000	10,000	91,695	81,695
Total revenues	341,987	341,987	413,111	71,124
EXPENDITURES:				
Current:				
Public Safety	351,066	351,066	210,584	140,482
Capital outlay	243,826	268,500	46,479	222,021
Total expenditures	594,892	619,566	257,063	362,503
Excess (deficiency) of revenues over expenditures	(252,905)	(277,579)	156,048	433,627
Net changes in fund balance Non-GAAP basis	(252,905)	(277,579)	156,048	433,627
Fund balance - beginning	742,516	742,516	742,516	-
Fund balance - ending	\$ 489,611	\$ 464,937	\$ 898,564	\$ 433,627
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			156,048	
Revenue accruals		-		
Expenditure accruals		12,471	12,471	
Excess of revenues over expenditures - GAAP basis			\$ 168,519	

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

PROPRIETARY FUND

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS - AMBULANCE FUND
JUNE 30, 2013**

ASSETS

Current assets:

Cash and cash equivalents	\$ 79,805
Accounts receivable, net of allowance for doubtful accounts	<u>37,576</u>

Total current assets 117,381

Non-current assets:

Capital assets	1,084,693
Accumulated depreciation	<u>(750,607)</u>

Total non-current assets 334,086

Total assets \$ 451,467

LIABILITIES

Current liabilities:

Accrued salaries	\$ 9,801
Accrued compensated absences	<u>9,032</u>

Total current liabilities 18,833

NET POSITION

Net investment in capital assets	334,086
Unrestricted	<u>98,548</u>

Net position 432,634

Total liabilities and net position \$ 451,467

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 POSITION
PROPRIETARY FUNDS - AMBULANCE FUND
FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES	
Charges for services	\$ 293,222
Miscellaneous revenue	<u>17,085</u>
Total revenues	310,307
OPERATING EXPENSES	
Personnel expenses	334,171
Depreciation	48,412
Other operating costs	<u>93,795</u>
Total operating expenses	<u>476,378</u>
Operating loss	(166,071)
Transfers in	<u>164,541</u>
Change in net position	(1,530)
Net position, beginning of year	<u>434,164</u>
Net position, end of year	<u>\$ 432,634</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, 2013

Cash flows from operating activities:

Cash received from agencies and customers	\$ 307,850
Cash payments to suppliers for goods and services	(93,795)
Cash used for salaries and operating expenses	<u>(333,047)</u>

Net cash used in operating activities (118,992)

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

Intergovernmental transfers	<u>164,541</u>
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Net cash provided by financing activities 164,541

Net change in cash and cash equivalents 45,549

Cash and cash equivalents - beginning of year 34,256

Cash and cash equivalents - end of year \$ 79,805

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

Operating loss \$ (166,071)

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

Depreciation 48,412

Changes in assets and liabilities:

Receivables (2,457)

Accrued salaries 1,124

Net cash used in operating activities \$ (118,992)

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, 2013**

ASSETS

Current assets:

Cash	\$	715
Taxes receivables		<u>294,440</u>

Total assets	\$	<u>295,155</u>
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LIABILITIES

Current liabilities

Accounts payable	\$	715
Due to other taxing entities		<u>294,440</u>

Total liabilities	\$	<u>295,155</u>
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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, 2013

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 position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of 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 Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from 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 Position 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. **Unearned Revenue and Deferred Inflows/Outflows:**

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 unearned revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year end are classified as deferred inflow.

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 position.

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 position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

8. **Net Position**

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

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

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

Unrestricted net position - This category reflects net position 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.

13. New Governmental Accounting Standards

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 61 The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, which is effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting for a governmental financial

reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The County has analyzed the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statements.

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position, which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The County has analyzed the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statements.

In June 2011, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53, which is effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The County has analyzed the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statements.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 65 Items Previously Reported as Assets and Liabilities, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The County has analyzed the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statements.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 66 Technical Corrections-2012- an amendment of GASB Statements No.

10 and No. 62, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The County has analyzed the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statements.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 67 Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The County has analyzed the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statements.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The County has analyzed the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statements.

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, 2013 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	3,798,311
Uninsured and uncollateralized	<u>2,852,431</u>
 Total Cash and Investments, Primary Government	 <u>\$ 6,900,742</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, 2013, \$6,650,742 of the County's bank balance of \$6,650,742 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,852,431
Uninsured and collateralized held by pledging bank's trust department not in County's name	<u>3,798,311</u>
 Total Cash and Investments, Primary Government	 <u>\$ 6,650,742</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, 2013, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes receivable:			
Property taxes	\$ 334,765	\$ -	\$ 334,765
Due from other governments:			
Intergovernmental - federal	743,803	-	743,803
Intergovernmental - state	334,401	-	334,401
Other receivables:			
Accounts receivable	<u>-</u>	<u>37,576</u>	<u>37,576</u>
 Net receivables	 <u>\$ 1,412,969</u>	 <u>\$ 37,576</u>	 <u>\$ 1,450,545</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, 2013, 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, 2013 was charged as follows:

General Government	\$ 376,228
Public Safety	297,191
Public Works	86,729
Culture and Recreation	<u>17,293</u>
Total depreciation expense	<u>\$ 777,441</u>

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Government activities:				
Capital assets not being depreciated				
Land	\$ 133,052	\$ -	\$ -	\$ 133,052
Construction in progress	<u>9,126,327</u>	<u>107,145</u>	<u>-</u>	<u>9,233,472</u>
Total	9,259,379	107,145	-	9,366,524
Other capital assets being depreciated				
Buildings	6,779,837	749,318	-	7,529,155
Improvements/Infrastructure	397,485	-	-	397,485
Machinery and equipment	<u>7,671,194</u>	<u>103,322</u>	<u>-</u>	<u>7,774,516</u>
Total	24,107,895	959,785	-	25,067,680
Accumulated depreciation:				
Buildings	3,409,980	362,326	-	3,772,306
Improvements/Infrastructure	176,195	10,797	-	186,992
Machinery and equipment	<u>4,950,854</u>	<u>404,318</u>	<u>-</u>	<u>5,355,172</u>
Total accumulated depreciation	<u>8,537,029</u>	<u>777,441</u>	<u>-</u>	<u>9,314,470</u>
Net book value	<u>\$ 15,570,866</u>	<u>\$ 182,344</u>	<u>\$ -</u>	<u>\$ 15,753,210</u>

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ 49,616	\$ -	\$ -	\$ 49,616
Capital assets being depreciated				
Buildings	318,961	-	-	318,961
Improvements/Infrastructure	716,116	-	-	716,116
Total	1,084,693	-	-	1,084,693
Accumulated depreciation:				
Buildings	109,803	48,412	-	158,215
Improvements/Infrastructure	592,392	-	-	592,392
Total accumulated depreciation	702,195	48,412	-	750,607
Net book value	<u>\$ 382,498</u>	<u>\$ (48,412)</u>	<u>\$ -</u>	<u>\$ 334,086</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2013 totaled \$48,412.

5. LONG-TERM LIABILITIES

During the year-end June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance 6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/13</u>	<u>Due Within One Year</u>
Governmental Funds					
Gross receipts revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Detention Center	1,775,090	-	57,560	1,717,530	59,135
Playas Fire Dept	19,883	-	19,883	-	-
Compensated absences	41,991	32,464	31,776	42,679	42,679
Total	<u>\$ 1,836,964</u>	<u>\$ 32,464</u>	<u>\$ 109,219</u>	<u>\$ 1,760,209</u>	<u>\$ 101,814</u>

Excess gross receipts taxes collected are applied against principal of the revenue bonds annually. NMFA loans are paid by the Detention Center Fund. 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 6/30/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/13</u>	<u>Due Within One Year</u>
Proprietary Fund					
Compensated absences	<u>\$ 10,381</u>	<u>\$ 5,989</u>	<u>\$ 7,338</u>	<u>\$ 9,032</u>	<u>\$ 9,032</u>

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

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</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
2014	59,135	2,484	61,619
2015	60,848	2,556	63,404
2016	62,692	2,633	65,325
2017	64,676	2,716	67,392
2018	66,812	2,806	69,618
2019-2034	<u>1,403,367</u>	<u>5,477</u>	<u>1,408,844</u>
	<u>\$ 1,717,530</u>	<u>\$ 18,672</u>	<u>\$ 1,736,202</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, 2013.

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, 2012 through June 30, 2013, 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, 2013, June 30, 2012 and June 30, 2011 were \$187,604, \$190,060, and \$173,119, 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, 2013.

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, 2013 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
Governmental Funds:			
General Fund	\$ 58,686	\$ 995,440	Operating and debt expenses
Grants	2,200	3,752	Operating expenses
Clerk's Equipment and Recording	1,552	-	Operating expenses
Correction Fees	-	330,000	Detention center operating expenses
Indigent Care	-	11,000	Operating expenses
Debt Service	80,458	-	Transfers to pay debt
Gross Receipts Landfill	-	30,000	Operating expenses
Detention Center	930,000	-	Operating expenses
C& C Transfers	176,941	-	Operating expenses
Hidalgo Complex	14,697	-	Operating expenses
Hospital Acquisition Fund	-	14,697	Operating expenses
Recyclable Monies	-	14,186	Operating expenses
Gross Receipts Environmental	-	30,000	Operating expenses
	<u>\$ 1,264,534</u>	<u>\$ 1,429,075</u>	
Enterprise Funds:			
Ambulance Fund	<u>\$ 164,541</u>	<u>\$ -</u>	Operating expense
Total	<u>\$ 1,429,075</u>	<u>\$ -</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.

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.

LODGER'S TAX FUND - To account for a lodger's tax imposed to promote business. Authority is NMSA 1978 3-38-15.

RECYCLABLE MONIES FUND - To account for recycling fees collected pursuant to NMSA 1978 66-6-5 and 66-6-8.

DETENTION CENTER FUND - To account for funds relating to detention facilities. Authority is NMSA 1978 33-3-25.

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, 2013**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,475,056	\$ 242,490	\$ -	\$ 1,717,546
Due from other funds	<u>913,500</u>	<u>10,309</u>	<u>-</u>	<u>923,809</u>
Total assets	<u>\$ 2,388,556</u>	<u>\$ 252,799</u>	<u>\$ -</u>	<u>\$ 2,641,355</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 97,096	\$ -	\$ -	\$ 97,096
Accrued liabilities	<u>22,063</u>	<u>-</u>	<u>-</u>	<u>22,063</u>
Total liabilities	119,159	-	-	119,159
Fund Balance:				
Restricted for capital projects	-	252,799	-	252,799
Restricted for special revenue funds	<u>2,269,397</u>	<u>-</u>	<u>-</u>	<u>2,269,397</u>
Total fund balances	<u>2,269,397</u>	<u>252,799</u>	<u>-</u>	<u>2,522,196</u>
Total liabilities and fund balances	<u>\$ 2,388,556</u>	<u>\$ 252,799</u>	<u>\$ -</u>	<u>\$ 2,641,355</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, 2013

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Funds
REVENUES				
Gross receipts taxes	\$ 306,311	\$ -	\$ -	\$ 306,311
Intergovernmental income	94,663	-	-	94,663
Charges for services	435,885	-	-	435,885
Other income	195,431	29,531	-	224,962
Federal grant	34,000	-	-	34,000
State grant	1,542,976	-	-	1,542,976
	<u>2,609,266</u>	<u>29,531</u>	<u>-</u>	<u>2,638,797</u>
Total revenues				
EXPENDITURES				
Current:				
General government	7,708	-	-	7,708
Public safety	2,912,628	-	-	2,912,628
Health and welfare	612,254	13,000	-	625,254
Debt service				
Interest	-	-	3,015	3,015
Principal	-	-	77,443	77,443
Capital outlay	106,905	-	-	106,905
	<u>3,639,495</u>	<u>13,000</u>	<u>80,458</u>	<u>3,732,953</u>
Total expenditures				
Excess (deficiency) revenues over ex (under) expenditures	<u>(1,030,229)</u>	<u>16,531</u>	<u>(80,458)</u>	<u>(1,094,156)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,125,390	-	80,458	1,205,848
Transfers out	(418,938)	(14,697)	-	(433,635)
	<u>706,452</u>	<u>(14,697)</u>	<u>80,458</u>	<u>772,213</u>
Total other financing sources (uses)				
Net change in fund balance	(323,777)	1,834	-	(321,943)
Fund balance beginning of year	2,593,174	250,965	-	2,844,139
Fund balance end of year	<u>\$ 2,269,397</u>	<u>\$ 252,799</u>	<u>\$ -</u>	<u>\$ 2,522,196</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, 2013

	Clerk's Equipment and Recording	Farm and Range	Property Recreation	C & C Transfer	Grants	Correction Fees	DARE
ASSETS							
Cash and cash equivalents	\$ 22,286	\$ 39,809	\$ 226,876	\$ 76	\$ 247,355	\$ 576,698	\$ 42,958
Due from other funds	-	-	-	-	835,571	-	-
Total assets	<u>\$ 22,286</u>	<u>\$ 39,809</u>	<u>\$ 226,876</u>	<u>\$ 76</u>	<u>\$ 1,082,926</u>	<u>\$ 576,698</u>	<u>\$ 42,958</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 11,118	\$ 85,978	\$ -	\$ -
Accrued liabilities	-	-	-	870	7,676	-	-
Total liabilities	-	-	-	11,988	93,654	-	-
Fund balance							
Restricted for special revenue funds	22,286	39,809	226,876	(11,912)	989,272	576,698	42,958
Total liabilities and fund balance	<u>\$ 22,286</u>	<u>\$ 39,809</u>	<u>\$ 226,876</u>	<u>\$ 76</u>	<u>\$ 1,082,926</u>	<u>\$ 576,698</u>	<u>\$ 42,958</u>

(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, 2013

	Law Enf Protection	Gross Receipts Landfill	Indigent Care	Gross Receipts Env.	EMS Grant	Hidalgo Complex	Lodger's Tax	Recyclable Monies	Detention Center	Total
ASSETS										
Cash and cash equivalents	\$ 9,233	\$ 45,389	\$ 113,619	\$ 72,762	\$ 19,321	\$ 15,253	\$ 5,350	\$ 37,942	\$ 129	\$ 1,475,056
Due from other funds	-	39,500	10,679	5,785	-	-	-	-	21,965	913,500
Total assets	\$ 9,233	\$ 84,889	\$ 124,298	\$ 78,547	\$ 19,321	\$ 15,253	\$ 5,350	\$ 37,942	\$ 22,094	\$ 2,388,556
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,096
Accrued liabilities	-	931	-	-	-	-	-	-	12,586	22,063
Total liabilities	-	931	-	-	-	-	-	-	12,586	119,159
Fund balance										
Restricted for special revenue funds	9,233	83,958	124,298	78,547	19,321	15,253	5,350	37,942	9,508	2,269,397
Total liabilities and fund balance	\$ 9,233	\$ 84,889	\$ 124,298	\$ 78,547	\$ 19,321	\$ 15,253	\$ 5,350	\$ 37,942	\$ 22,094	\$ 2,388,556

(Concluded)

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Clerk's Equipment and Recording	Farm and Range	Property Recreation	C & C Transfer	Grants	Correction Fees	DARE
REVENUES							
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-	-	-	-
Intergovernmental income	-	27,151	-	-	-	-	-
Charges for services	7,958	-	30,844	151,223	-	238,678	-
Other income	-	-	-	-	-	-	3,294
State grants	-	-	-	-	1,542,976	-	-
Federal grants	-	-	-	-	34,000	-	-
Total revenues	<u>7,958</u>	<u>27,151</u>	<u>30,844</u>	<u>151,223</u>	<u>1,576,976</u>	<u>238,678</u>	<u>3,294</u>
EXPENDITURES							
Current:							
General government	4,164	-	3,544	-	-	-	-
Public safety	-	-	-	-	1,669,958	134,622	603
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	29,000	-	344,284	-	-	-
Capital outlay	-	-	18,476	-	88,429	-	-
Total expenditures	<u>4,164</u>	<u>29,000</u>	<u>22,020</u>	<u>344,284</u>	<u>1,758,387</u>	<u>134,622</u>	<u>603</u>
Excess (deficiency) of revenues over (under) expenditures	3,794	(1,849)	8,824	(193,061)	(181,411)	104,056	2,691
OTHER FINANCING SOURCES (USES)							
Operating transfers in	1,552	-	-	176,941	2,200	-	-
Operating transfers out	-	-	-	-	(3,752)	(330,000)	-
Total other financing source (uses)	<u>1,552</u>	<u>-</u>	<u>-</u>	<u>176,941</u>	<u>(1,552)</u>	<u>(330,000)</u>	<u>-</u>
Net change in fund balance	5,346	(1,849)	8,824	(16,120)	(182,963)	(225,944)	2,691
Fund balance, beginning of year	16,940	41,658	218,052	4,208	1,172,235	802,642	40,267
Fund balance, end of year	<u>\$ 22,286</u>	<u>\$ 39,809</u>	<u>\$ 226,876</u>	<u>\$ (11,912)</u>	<u>\$ 989,272</u>	<u>\$ 576,698</u>	<u>\$ 42,958</u>

(Continued)

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Law Enf. Protection	Gross Receipts Landfill	Indigent Care	Gross Receipts Env.	EMS Grant	Hidalgo Complex	Lodgers Tax	Recyclable Monies	Detention Center	Total
REVENUES										
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	145,838	111,959	48,514	-	-	-	-	-	306,311
Intergovernmental income	25,400	-	-	-	42,112	-	-	-	-	94,663
Charges for services	-	-	-	-	-	-	-	7,182	-	435,885
Other income	-	-	-	-	-	19,302	3,089	-	169,746	195,431
State grants	-	-	-	-	-	-	-	-	-	1,542,976
Federal grants	-	-	-	-	-	-	-	-	-	34,000
Total revenues	25,400	145,838	111,959	48,514	42,112	19,302	3,089	7,182	169,746	2,609,266
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	7,708
Public safety	17,159	-	-	-	-	-	-	-	1,090,286	2,912,628
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	103,636	79,103	-	26,402	29,829	-	-	-	612,254
Capital outlay	-	-	-	-	-	-	-	-	-	106,905
Total expenditures	17,159	103,636	79,103	-	26,402	29,829	-	-	1,090,286	3,639,495
Excess (deficiency) of revenues over (under) expenditures	8,241	42,202	32,856	48,514	15,710	(10,527)	3,089	7,182	(920,540)	(1,030,229)
OTHER FINANCING SOURCES (USES)										
Operating transfers in	-	-	-	-	-	14,697	-	-	930,000	1,125,390
Operating transfers out	-	(30,000)	(11,000)	(30,000)	-	-	-	(14,186)	-	(418,938)
Total other financing source (uses)	-	(30,000)	(11,000)	(30,000)	-	14,697	-	(14,186)	930,000	706,452
Net change in fund balance	8,241	12,202	21,856	18,514	15,710	4,170	3,089	(7,004)	9,460	(323,777)
Fund balance, beginning of year	992	71,756	102,442	60,033	3,611	11,083	2,261	44,946	48	2,593,174
Fund balance, end of year	\$ 9,233	\$ 83,958	\$ 124,298	\$ 78,547	\$ 19,321	\$ 15,253	\$ 5,350	\$ 37,942	\$ 9,508	\$ 2,269,397

(Concluded)

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - CLERK'S EQUIPMENT AND RECORDING FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 5,000	\$ 5,000	\$ 7,958	\$ 2,958
Total revenues	5,000	5,000	7,958	2,958
EXPENDITURES:				
Current:				
General government	5,000	5,000	4,164	836
Total expenditures	5,000	5,000	4,164	836
Excess (deficiency) of revenues over expenditures	-	-	3,794	3,794
OTHER FINANCING SOURCES (USES)				
Transfers out	1,552	1,552	1,552	-
Total other financing sources (uses)	1,552	1,552	1,552	-
Net changes in fund balance Non-GAAP basis	1,552	1,552	5,346	3,794
Fund balance - beginning	16,940	16,940	16,940	-
Fund balance - ending	\$ 18,492	\$ 18,492	\$ 22,286	\$ 3,794
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 5,346	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 5,346	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 29,000	\$ 29,000	\$ 27,151	\$ (1,849)
Total revenues	29,000	29,000	27,151	(1,849)
EXPENDITURES:				
Current:				
Health and welfare	29,000	29,000	29,000	-
Total expenditures	29,000	29,000	29,000	-
Excess (deficiency) of revenues over expenditures	-	-	(1,849)	(1,849)
Net changes in fund balance Non-GAAP basis	-	-	(1,849)	(1,849)
Fund balance - beginning	41,658	41,658	41,658	-
Fund balance - ending	\$ 41,658	\$ 41,658	\$ 39,809	\$ (1,849)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (1,849)	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ (1,849)	

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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 20,000	\$ 20,000	\$ 30,844	\$ 10,844
Total revenues	20,000	20,000	30,844	10,844
EXPENDITURES:				
Current:				
General government	38,263	38,263	3,544	34,719
Capital outlay	<u>25,500</u>	<u>25,500</u>	<u>18,476</u>	<u>7,024</u>
Total expenditures	<u>63,763</u>	<u>63,763</u>	<u>22,020</u>	<u>41,743</u>
Excess (deficiency) of revenues over expenditures	<u>(43,763)</u>	<u>(43,763)</u>	<u>8,824</u>	<u>52,587</u>
OTHER FINANCING SOURCES (USES)				
Net changes in fund balance Non-GAAP basis	(43,763)	(43,763)	8,824	52,587
Fund balance - beginning	<u>218,052</u>	<u>218,052</u>	<u>218,052</u>	<u>-</u>
Fund balance - ending	<u>\$ 174,289</u>	<u>\$ 174,289</u>	<u>\$ 226,876</u>	<u>\$ 52,587</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 8,824	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			<u>\$ 8,824</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
 NON-MAJOR SPECIAL REVENUE FUND - C & C TRANSFER
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 162,000	\$ 162,000	\$ 151,223	\$ (10,777)
Total revenues	162,000	162,000	151,223	(10,777)
EXPENDITURES:				
Current				
Health and welfare	338,941	338,941	332,206	6,735
Total expenditures	338,941	338,941	332,206	6,735
Excess (deficiency) of revenues over expenditures	(176,941)	(176,941)	(180,983)	(4,042)
OTHER FINANCING SOURCES (USES)				
Transfers in	169,766	169,766	176,941	7,175
Total other financing sources (uses)	169,766	169,766	176,941	7,175
Net changes in fund balance Non-GAAP basis	(7,175)	(7,175)	(4,042)	3,133
Fund balance - beginning	4,208	4,208	4,208	-
Fund balance - ending	\$ (2,967)	\$ (2,967)	\$ 166	\$ 3,133
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (4,042)	
Revenue accruals		-		
Expenditure accruals		(12,078)	(12,078)	
Excess of revenues over expenditures - GAAP basis			\$ (16,120)	

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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grants	\$ 644,433	\$ 644,433	\$ 1,524,944	\$ 880,511
Federal grants	<u>2,376,575</u>	<u>2,376,575</u>	<u>34,000</u>	<u>(2,342,575)</u>
Total revenues	3,021,008	3,021,008	1,558,944	(1,462,064)
EXPENDITURES:				
Current:				
Public safety	3,335,364	3,335,364	1,583,980	1,751,384
Capital outlay	<u>327,938</u>	<u>327,938</u>	<u>88,429</u>	<u>239,509</u>
Total expenditures	<u>3,663,302</u>	<u>3,663,302</u>	<u>1,672,409</u>	<u>1,990,893</u>
Excess (deficiency) of revenues over expenditures	<u>(642,294)</u>	<u>(642,294)</u>	<u>(113,465)</u>	<u>528,829</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,552)</u>	<u>(1,552)</u>	<u>(1,552)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,552)</u>	<u>348,000</u>	<u>(1,552)</u>	<u>(349,552)</u>
Net changes in fund balance Non-GAAP basis	(643,846)	(294,294)	(115,017)	179,277
Fund balance - beginning	<u>1,245,068</u>	<u>1,245,068</u>	<u>1,245,068</u>	<u>-</u>
Fund balance - ending	<u>\$ 601,222</u>	<u>\$ 950,774</u>	<u>\$ 1,130,051</u>	<u>\$ 179,277</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (115,017)	
Revenue accruals		18,032		
Expenditure accruals		<u>(85,978)</u>	<u>(67,946)</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ (182,963)</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 - CORRECTION FEES FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 210,000	\$ 210,000	\$ 260,025	\$ 50,025
Miscellaneous income	48,740	48,740	20,895	(27,845)
Total revenues	258,740	258,740	280,920	22,180
EXPENDITURES:				
Current:				
Public safety	249,240	249,240	134,622	114,618
Total expenditures	249,240	249,240	134,622	114,618
Excess (deficiency) of revenues over expenditures	9,500	9,500	146,298	136,798
OTHER FINANCING SOURCES (USES)				
Transfers out	(330,000)	(330,000)	(330,000)	-
Total other financing sources (uses)	(330,000)	(330,000)	(330,000)	-
Net changes in fund balance Non-GAAP basis	(320,500)	(320,500)	(183,702)	136,798
Fund balance - beginning	802,642	802,642	802,642	-
Fund balance - ending	\$ 482,142	\$ 482,142	\$ 618,940	\$ 136,798
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (183,702)	
Revenue accruals		(42,242)		
Expenditure accruals		-	(42,242)	
Excess of revenues over expenditures - GAAP basis			\$ (225,944)	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other income	\$ 3,294	\$ 3,294	\$ 3,294	\$ -
Total revenues	3,294	3,294	3,294	-
EXPENDITURES:				
Current:				
Public safety	5,000	5,000	603	4,397
Total expenditures	5,000	5,000	603	4,397
Excess (deficiency) of revenues over expenditures	(1,706)	(1,706)	2,691	4,397
Net changes in fund balance Non-GAAP basis	(1,706)	(1,706)	2,691	4,397
Fund balance - beginning	40,267	40,267	40,267	-
Fund balance - ending	\$ 38,561	\$ 38,561	\$ 42,958	\$ 4,397
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 2,691	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 2,691	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 25,400	\$ 25,400	\$ 25,400	\$ -
Total revenues	25,400	25,400	25,400	-
EXPENDITURES:				
Current				
Public safety	17,159	17,159	17,159	-
Total expenditures	17,159	17,159	17,159	-
Excess (deficiency) of revenues over expenditures	8,241	8,241	8,241	-
Net changes in fund balance Non-GAAP basis	8,241	8,241	8,241	-
Fund balance - beginning	992	992	992	-
Fund balance - ending	\$ 9,233	\$ 9,233	\$ 9,233	\$ -
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 8,241	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 8,241	

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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ 100,000	\$ 100,000	\$ 106,338	\$ 6,338
Total revenues	100,000	100,000	106,338	6,338
EXPENDITURES:				
Current:				
Health and welfare	128,374	128,374	103,365	25,009
Total expenditures	128,374	128,374	103,365	25,009
Excess (deficiency) of revenues over expenditures	(28,374)	(28,374)	2,973	31,347
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	-	-	-	-
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	(58,374)	(58,374)	(27,027)	31,347
Fund balance - beginning	70,219	70,219	70,219	-
Fund balance - ending	\$ 11,845	\$ 11,845	\$ 43,192	\$ 31,347
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (27,027)	
Revenue accruals		39,500		
Expenditure accruals		(271)	39,229	
Excess of revenues over expenditures - GAAP basis			\$ 12,202	

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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ 110,000	\$ 110,000	\$ 101,280	\$ (8,720)
Total revenues	110,000	110,000	101,280	(8,720)
EXPENDITURES:				
Current:				
Health and welfare	149,517	149,517	79,103	70,414
Total expenditures	149,517	149,517	79,103	70,414
Excess (deficiency) of revenues over expenditures	(39,517)	(39,517)	22,177	61,694
OTHER FINANCING SOURCES (USES)				
Transfers out	(11,000)	(11,000)	(11,000)	-
Total other financing sources (uses)	(11,000)	(11,000)	(11,000)	-
Net changes in fund balance Non-GAAP basis	(50,517)	(50,517)	11,177	61,694
Fund balance - beginning	102,442	102,442	102,442	-
Fund balance - ending	\$ 51,925	\$ 51,925	\$ 113,619	\$ 61,694
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 11,177	
Revenue accruals		10,679		
Expenditure accruals		-	10,679	
Excess of revenues over expenditures - GAAP basis			\$ 21,856	

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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts taxes	\$ 36,000	\$ 36,000	\$ 42,729	\$ 6,729
Total revenues	36,000	36,000	42,729	6,729
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	36,000	36,000	42,729	6,729
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	12,729	6,729
Fund balance - beginning	60,033	60,033	60,033	-
Fund balance - ending	\$ 66,033	\$ 66,033	\$ 72,762	\$ 6,729
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 12,729	
Revenue accruals		5,785		
Expenditure accruals		-	5,785	
Excess of revenues over expenditures - GAAP basis			\$ 18,514	

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ 42,833	\$ 42,833	\$ 42,112	\$ (721)
Total revenues	42,833	42,833	42,112	(721)
EXPENDITURES:				
Current:				
Health and welfare	42,833	42,833	26,402	16,431
Total expenditures	42,833	42,833	26,402	16,431
Excess (deficiency) of revenues over expenditures	-	-	15,710	15,710
Net changes in fund balance Non-GAAP basis	-	-	15,710	15,710
Fund balance - beginning	3,611	3,611	3,611	-
Fund balance - ending	\$ 3,611	\$ 3,611	\$ 19,321	\$ 15,710
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 15,710	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 15,710	

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, 2013

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other income	\$ 14,400	\$ 14,400	\$ 19,302	\$ 4,902
Total revenues	14,400	14,400	19,302	4,902
EXPENDITURES:				
Current:				
Health and welfare	31,697	31,697	29,915	1,782
Total expenditures	31,697	31,697	29,915	1,782
Excess (deficiency) of revenues over expenditures	(17,297)	(17,297)	(10,613)	6,684
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	-	-	-	-
Transfers out	14,697	14,697	14,697	-
Total other financing sources (uses)	14,697	14,697	14,697	-
Net changes in fund balance Non-GAAP basis	(2,600)	(2,600)	4,084	6,684
Fund balance - beginning	10,848	10,848	10,848	-
Fund balance - ending	\$ 8,248	\$ 8,248	\$ 14,932	\$ 6,684
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 4,084	
Revenue accruals		-		
Expenditure accruals		86	86	
Excess of revenues over expenditures - GAAP basis			\$ 4,170	

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 - LODGER'S TAX FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Lodger's tax	\$ 1,500	\$ 1,500	\$ 3,089	\$ 1,589
Total revenues	1,500	1,500	3,089	1,589
EXPENDITURES:				
Current:				
Health and welfare	1,000	1,000	-	1,000
Total expenditures	1,000	1,000	-	1,000
Excess (deficiency) of revenues over expenditures	500	500	3,089	2,589
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance Non-GAAP basis	500	500	3,089	2,589
Fund balance - beginning	2,261	2,261	2,261	-
Fund balance - ending	\$ 2,761	\$ 2,761	\$ 5,350	\$ 2,589
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 3,089	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 3,089	

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 - RECYCLABLE MONIES FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other income	\$ 7,182	\$ 7,182	\$ 7,182	\$ -
Total revenues	7,182	7,182	7,182	-
EXPENDITURES:				
Current:				
Health and welfare	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	7,182	7,182	7,182	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(14,186)	(14,186)	(14,186)	-
Total other financing sources (uses)	(14,186)	(14,186)	(14,186)	-
Net changes in fund balance Non-GAAP basis	(7,004)	(7,004)	(7,004)	-
Fund balance - beginning	44,946	44,946	44,946	-
Fund balance - ending	\$ 37,942	\$ 37,942	\$ 37,942	\$ -
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (7,004)	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Excess of revenues over expenditures - GAAP basis			\$ (7,004)	

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 - DETENTION CENTER
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Commissary	\$ 100,000	\$ 100,000	\$ 157,781	\$ 57,781
Total revenues	100,000	100,000	157,781	57,781
EXPENDITURES:				
Current:				
Public safety	<u>1,417,820</u>	<u>1,417,820</u>	<u>1,087,786</u>	<u>330,034</u>
Total expenditures	<u>1,417,820</u>	<u>1,417,820</u>	<u>1,087,786</u>	<u>330,034</u>
Excess (deficiency) of revenues over expenditures	<u>(1,317,820)</u>	<u>(1,317,820)</u>	<u>(930,005)</u>	<u>387,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>1,427,320</u>	<u>1,427,320</u>	<u>930,000</u>	<u>(497,320)</u>
Total other financing sources (uses)	<u>1,427,320</u>	<u>1,427,320</u>	<u>930,000</u>	<u>(497,320)</u>
Net changes in fund balance Non-GAAP basis	109,500	109,500	(5)	(109,505)
Fund balance - beginning	<u>48</u>	<u>48</u>	<u>48</u>	<u>-</u>
Fund balance - ending	<u>\$ 109,548</u>	<u>\$ 109,548</u>	<u>\$ 43</u>	<u>\$ (109,505)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (5)	
Revenue accruals		11,965		
Expenditure accruals		<u>(2,500)</u>	<u>9,465</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 9,460</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, 2013

	<u>Hospital Acquisition</u>	<u>Total</u>
ASSETS		
Cash	\$ 242,490	\$ 242,490
Other receivables	<u>10,309</u>	<u>10,309</u>
Total assets	<u>\$ 252,799</u>	<u>\$ 252,799</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	-	-
Fund balance		
Restricted for capital projects	<u>252,799</u>	<u>252,799</u>
Total liabilities and fund balance	<u>\$ 252,799</u>	<u>\$ 252,799</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, 2013

	<u>Hospital Acquisition</u>	<u>Total</u>
REVENUES		
Other income	\$ 29,531	\$ 29,531
Total revenues	29,531	29,531
EXPENDITURES		
Current:		
Health and welfare	<u>13,000</u>	<u>13,000</u>
Total expenditures	<u>13,000</u>	<u>13,000</u>
Excess (deficiency) of revenues over (under) expenditures	16,531	16,531
OTHER FINANCING SOURCES (USES)		
Operating transfers out	<u>(14,697)</u>	<u>(14,697)</u>
Total other financing source (uses)	<u>(14,697)</u>	<u>(14,697)</u>
Net change in fund balance	1,834	1,834
Fund balance, beginning of year	<u>250,965</u>	<u>250,965</u>
Fund balance, end of year	<u>\$ 252,799</u>	<u>\$ 252,799</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other income	\$ 29,097	\$ 29,097	\$ 29,531	\$ 434
Total revenues	29,097	29,097	29,531	434
EXPENDITURES:				
Current:				
Health and welfare	13,000	13,000	13,000	-
Total expenditures	13,000	13,000	13,000	-
Excess (deficiency) of revenues over expenditures	16,097	16,097	16,531	434
OTHER FINANCING SOURCES (USES)				
Transfers out	(14,697)	(14,697)	(14,697)	-
Total other financing sources (uses)	(14,697)	(14,697)	(14,697)	-
Net changes in fund balance Non-GAAP basis	1,400	1,400	1,834	434
Fund balance - beginning of year	250,965	250,965	250,965	-
Fund balance - end of year	\$ 252,365	\$ 252,365	\$ 252,799	\$ 434
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 1,834	
Revenue accruals		-		
Expenditure accruals		-		
Excess of revenues over expenditures - GAAP basis			\$ 1,834	

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, 2013

	<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>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund balance			
Reserved for debt service	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<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, 2013**

	<u>Detention Center Debt Service</u>	<u>Playas Fire Debt Service</u>	<u>Total</u>
REVENUES			
Intergovernmental income	\$ -	\$ -	\$ -
Total revenues	-	-	-
EXPENDITURES			
Debt service interest	2,418	597	3,015
Debt service principal	<u>57,560</u>	<u>19,883</u>	<u>77,443</u>
Total expenditures	<u>59,978</u>	<u>20,480</u>	<u>80,458</u>
Excess (deficiency) of revenues over (under) expenditures	(59,978)	(20,480)	(80,458)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>59,978</u>	<u>20,480</u>	<u>80,458</u>
Total other financing source (uses)	<u>59,978</u>	<u>20,480</u>	<u>80,458</u>
Net change in fund balance	-	-	\$ -
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<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 - DETENTION CENTER DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Debt service interest	2,418	2,418	2,418	-
Debt service principal	57,560	57,560	57,560	-
Total expenditures	59,978	59,978	59,978	-
Excess (deficiency) of revenues over expenditures	(59,978)	(59,978)	(59,978)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	59,978	59,978	59,978	-
Total other financing sources (uses)	59,978	59,978	59,978	-
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 - PLAYAS FIRE DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Debt service interest	597	597	597	-
Debt service principal	19,883	19,883	19,883	-
Total expenditures	20,480	20,480	20,480	-
Excess (deficiency) of revenues over expenditures	(20,480)	(20,480)	(20,480)	-
OTHER FINANCING SOURCES (USES)				
Transfers out	20,480	20,480	20,480	-
Total other financing sources (uses)	20,480	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, 2013**

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 275,680	\$ 275,680	\$ 293,222	\$ 17,542
Miscellaneous	17,542	17,542	14,627	(2,915)
Total revenues	293,222	293,222	307,849	14,627
EXPENDITURES:				
Operating expenditures	447,541	495,953	475,253	20,700
Total expenditures	447,541	495,953	475,253	20,700
Excess (deficiency) of revenues over expenditures	(154,319)	(202,731)	(167,404)	35,327
OTHER FINANCING SOURCES (USES)				
Transfers in	164,541	164,541	164,541	-
Total other financing sources (uses)	164,541	164,541	164,541	-
Net changes in fund balance Non-GAAP basis	10,222	(38,190)	(2,863)	35,327
Fund balance - beginning	426,010	426,010	426,010	-
Fund balance - ending	\$ 436,232	\$ 387,820	\$ 423,147	\$ 35,327
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (2,863)	
Revenue accruals		2,457		
Expenditure accruals		(1,124)	1,333	
Excess of revenues over expenditures - GAAP basis			\$ (1,530)	

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, 2013**

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, 2013

	<u>Balance</u> <u>6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/13</u>
Taxes collected for others				
ASSETS				
Cash and cash equivalents	\$ 51,619	\$ 1,432,343	\$ 1,483,247	\$ 715
Taxes receivable	<u>-</u>	<u>294,440</u>	<u>-</u>	<u>294,440</u>
Total assets	<u>\$ 51,619</u>	<u>\$ 1,726,783</u>	<u>\$ 1,483,247</u>	<u>\$ 295,155</u>
LIABILITIES				
Taxes paid in advance	\$ 51,619	\$ 1,432,343	\$ 1,483,247	\$ 715
Due to taxing entities	<u>-</u>	<u>294,440</u>	<u>-</u>	<u>294,440</u>
Total liabilities	<u>\$ 51,619</u>	<u>\$ 1,726,783</u>	<u>\$ 1,483,247</u>	<u>\$ 295,155</u>

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO, COUNTY OF HIDALGO

SCHEDULE OF DEPOSITORIES
JUNE 30, 2013

	Type	Amount Per Bank	Plus DIT	Outstanding Checks	Balance Per Books
Western Bank					
Operating	CK	\$ 3,948,137	\$ 154,820	\$ 812,157	\$ 3,290,800
Money market	MM	1,969,351	-	58,851	1,910,500
Payroll Clearing	CK	-	-	-	-
Tax suspense	CK	-	-	-	-
Payroll tax	CK	19,733	-	-	19,733
Sheriff's Bond	CK	2,490	-	-	2,490
Sheriff's Investigation	CK	-	-	-	-
Warrant Account	CK	260,354	-	28	260,326
Time Deposit	CD	500,000	-	-	500,000
Overnight	MM	100,377	-	-	100,377
Western Bank Total		<u>6,800,442</u>	<u>154,820</u>	<u>871,036</u>	<u>6,084,226</u>
Sub-total		6,800,442	154,820	871,036	6,084,226
NM State Investment Pool		100,000	-	-	100,000
Petty Cash		<u>300</u>	<u>-</u>	<u>-</u>	<u>300</u>
Total		<u>\$ 6,900,742</u>	<u>\$ 154,820</u>	<u>\$ 871,036</u>	<u>\$ 6,184,526</u>
Fiduciary Funds		<u>\$ 715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715</u>

Reconciliation to financial statements:

Cash and cash equivalents	\$ 4,633,549
Investments	1,550,262
Agency funds	715
Total Cash and Investments, Primary Government	<u>\$ 6,184,526</u>

Type:

CK = Checking

MM = Money Market

CD = Certificate of Deposit

	<u>Western</u>
Amount held in bank June 30, 2013	6,900,742
Less FDIC Insurance	<u>(250,000)</u>
Uninsured Public Funds	6,650,742
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	3,325,371
Pledged Securities	<u>3,798,311</u>
Over (Under) Collateralized	<u>\$ 472,940</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, 2013**

Description of Pledged Collateral	Amount	Name and Location of Safekeeper
New Mexico issued securities (at face value)		
Carrizozo NM CUSIP#144627CZ7, Maturing 08/1/15	\$ 100,000	Federal Home Loan Bank of Dallas
Dulce NM School CUSIP#264430HJ1, Maturing 3/1/18	400,000	Federal Home Loan Bank of Dallas
Dulce NM School CUSIP#264430JZ3, Maturing 9/1/16	70,000	Federal Home Loan Bank of Dallas
Dulce NM School CUSIP#264430KH1 Maturing 9/1/16	280,000	Federal Home Loan Bank of Dallas
Espanola NM Pub School CUSIP#296628BQ2, Maturing 7/1/17	300,000	Federal Home Loan Bank of Dallas
Gadsden NM School CUSIP#362550KQ7, Maturing 8/15/17	400,000	Federal Home Loan Bank of Dallas
Grant Co NM GO CUSIP#387766BA5, Maturing 09/01/13	250,000	Federal Home Loan Bank of Dallas
Lovington NM Mun CUSIP#547473BF4, Maturing 7/1/13	400,000	Federal Home Loan Bank of Dallas
Lovington NM Mun CUSIP#547473CZ9, Maturing 9/1/21	500,000	Federal Home Loan Bank of Dallas
Santa Fe Cnty NM CUSIP#801889LU8, Maturing 7/1/22	250,000	Federal Home Loan Bank of Dallas
Silver City NM Cons CUSIP#827513EW8, Maturing 9/1/16	370,000	Federal Home Loan Bank of Dallas
Texico NM Mun School CUSIP#883005CA6, Maturing 8/1/14	50,000	Federal Home Loan Bank of Dallas
Torrance County CUSIP#891400JD6, Maturing 7/1/14	<u>310,000</u>	Federal Home Loan Bank of Dallas
Total New Mexico issued securities	\$ 3,680,000	Federal Home Loan Bank of Dallas
Federal securities (at market value)		
FNMA REMIC CUSIP#312906XG0, Maturing 8/15/21	\$ 27,320	Federal Home Loan Bank of Dallas
FNMA CUSIP#31391HGMO, Maturing 9/25/32	<u>90,991</u>	Federal Home Loan Bank of Dallas
Total federal securities	<u>\$ 118,311</u>	Federal Home Loan Bank of Dallas
Total pledged securities	<u>\$ 3,798,311</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, 2013

Property taxes receivable, beginning	\$ 545,073
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	2,939,846
Adjustments:	
Increases in taxes receivables	353,676
Charge off of taxes receivables	<u>(122,921)</u>
Total receivables prior to collections	3,715,674
Collections for fiscal year ended June 30, 2013	<u>(3,086,469)</u>
Property taxes receivable, ending	<u>\$ 629,205</u>

Property taxes receivable by years:

2003	\$ 20,065
2004	1,911
2005	2,429
2006	2,608
2007	41,023
2008	41,804
2009	44,886
2010	60,302
2011	134,395
2012	<u>279,782</u>
	<u>\$ 629,205</u>

Property tax receivables are reported in the financial statements as follows:

Statement of Net Position	\$ 334,765
Statement of Fiduciary Assets and Liabilities - Agency Funds	<u>294,440</u>
	<u>\$ 629,205</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, 2013**

	Taxes Receivable at 7/1/12	Net Taxes Charged to Treasurer	Collections	Taxes Receivable at 6/30/13	Distributions
Municipalities	\$ 26,877	\$ 55,028	\$ 69,955	\$ 11,950	\$ 69,955
Hidalgo County	292,086	1,690,001	1,650,289	331,798	1,650,289
State of New Mexico	19,999	250,479	228,187	42,291	228,187
Schools	206,111	1,175,093	1,138,038	243,166	1,138,038
	<u>\$ 545,073</u>	<u>\$ 3,170,601</u>	<u>\$ 3,086,469</u>	<u>\$ 629,205</u>	<u>\$ 3,086,469</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, 2013

Agency	Property Taxes Levied	Collected in Current Year 6/30/13	Collected To Date	Distributed in Current Year 6/30/13	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Municipalities								
2003 City of Lordsburg	\$ 79,447	\$ -	\$ 78,628	\$ -	\$ 78,628	\$ -	\$ -	\$ 819
2004 City of Lordsburg	59,661	-	60,967	6	61,013	1,393	-	41
2005 City of Lordsburg	58,176	-	59,093	4	59,093	990	22	51
2006 City of Lordsburg	61,707	8	61,300	8	61,300	386	740	53
2007 City of Lordsburg	66,064	20	65,222	20	65,222	387	316	913
2008 City of Lordsburg	70,265	992	69,650	57	69,650	377	283	709
2009 City of Lordsburg	67,391	550	68,183	550	68,183	792	-	-
2010 City of Lordsburg	67,296	1,058	67,019	1,058	67,019	-	-	277
2011 City of Lordsburg	70,884	1,817	68,023	1,817	68,023	-	-	2,861
2012 City of Lordsburg	71,736	65,510	65,510	65,510	65,510	-	-	6,226
Total City of Lordsburg	\$ 672,627	\$ 69,955	\$ 663,595	\$ 69,030	\$ 663,641	\$ 4,325	\$ 1,361	\$ 11,950
Total Municipalities	\$ 672,627	\$ 69,955	\$ 663,595	\$ 69,955	\$ 663,595	\$ 4,325	\$ 1,361	\$ 11,950

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, 2013

Agency	Property Taxes Levied	Collected in Current Year 6/30/13	Collected To Date	Distributed in Current Year 6/30/13	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Hidalgo County								
General ad valorem	\$ 1,159,821	\$ -	\$ 1,147,690	\$ -	\$ 1,147,690	\$ -	\$ -	\$ 12,131
General ad valorem	1,417,653	-	1,448,597	-	1,448,597	33,011	1,103	964
General ad valorem	1,385,870	-	1,407,608	-	1,407,608	23,461	538	1,185
General ad valorem	1,472,494	196	1,462,820	196	1,462,820	9,160	17,541	1,293
General ad valorem	1,586,512	486	1,566,481	486	1,566,481	9,126	7,763	21,394
General ad valorem	1,674,815	1,366	1,660,213	1,366	1,660,213	37,197	29,925	21,874
General ad valorem	1,604,065	13,065	1,622,746	13,065	1,622,746	44,730	2,073	23,976
General ad valorem	1,601,029	25,133	1,594,266	25,133	1,594,266	24,859	974	30,648
General ad valorem	1,699,690	43,918	1,631,373	43,918	1,631,373	1,593	649	69,261
General ad valorem	1,714,468	1,565,642	1,565,642	1,565,642	1,565,642	96	61	148,861
Total General ad valorem	\$ 15,316,417	\$ 1,649,806	\$ 15,107,436	\$ 1,649,806	\$ 15,107,436	\$ 183,233	\$ 60,627	\$ 331,587
Non-rendition fees	\$ 55	\$ -	\$ 67	\$ -	\$ 67	\$ 19	\$ 7	\$ -
Non-rendition fees	74	-	216	-	216	142	-	-
Non-rendition fees	66	-	66	-	66	-	-	-
Non-rendition fees	305	-	516	-	516	266	55	-
Non-rendition fees	575	-	73	-	73	47	549	-
Non-rendition fees	64	-	305	-	305	241	-	-
Non-rendition fees	118	1	136	1	136	18	-	-
Non-rendition fees	693	482	482	482	482	-	-	211
Total Non-rendition fees	\$ 1,950	\$ 483	\$ 1,861	\$ 483	\$ 1,861	\$ 733	\$ 611	\$ 211
Total Hidalgo County	\$ 15,318,367	\$ 1,650,289	\$ 15,109,297	\$ 1,650,289	\$ 15,109,297	\$ 183,966	\$ 61,238	\$ 331,798

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, 2013

Agency	Property Taxes Levied	Collected in Current Year 6/30/13	Collected To Date	Distributed in Current Year 6/30/13	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
State of New Mexico								
Cattle	\$ 16,513	\$ -	\$ 16,230	\$ -	\$ 16,230	\$ 99	\$ 71	\$ 311
Cattle	21,299	-	20,929	-	20,929	21	-	391
Cattle	24,727	-	24,603	-	24,603	27	151	-
Cattle	31,709	-	30,290	-	30,290	4,665	6,084	-
Cattle	32,973	-	34,613	-	34,613	3,985	2,345	-
Cattle	23,451	266	32,980	266	32,980	9,690	88	73
Cattle	23,667	31	23,365	31	23,365	52	50	304
Cattle	27,168	1,031	26,853	1,031	26,853	-	110	205
Cattle	34,023	32,128	32,128	32,128	32,128	-	10	1,885
Total Cattle	\$ 235,530	\$ 33,456	\$ 241,991	\$ 33,456	\$ 241,991	\$ 18,539	\$ 8,909	\$ 3,169
Equines	\$ 1,710	\$ -	\$ 1,681	\$ -	\$ 1,681	\$ -	\$ 3	\$ 26
Equines	1,669	-	1,616	-	1,616	-	28	25
Equines	1,981	-	1,953	-	1,953	-	5	23
Equines	1,634	-	1,615	-	1,615	-	19	-
Equines	-	-	-	-	-	-	-	-
Equines	871	6	855	6	855	-	2	14
Equines	927	40	882	40	882	-	12	33
Equines	909	39	840	39	840	-	14	55
Equines	953	774	774	774	774	-	15	164
Total Equines	\$ 10,654	\$ 859	\$ 10,216	\$ 859	\$ 10,216	\$ -	\$ 98	\$ 340

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, 2013

Agency	Property Taxes Levied	Collected in Current Year 6/30/12	Collected To Date	Distributed in Current Year 6/30/12	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Bison	\$ 150	\$ -	\$ 150	\$ -	150	\$ -	\$ -	\$ -
Bison	140	-	140	-	140	-	-	-
Bison	148	-	148	-	148	-	-	-
Bison	-	-	-	-	-	-	-	-
Bison	-	-	-	-	-	-	-	-
Bison	-	-	-	-	-	-	-	-
Bison	-	-	-	-	-	-	-	-
Bison	243	-	243	-	243	-	-	-
Bison	-	-	-	-	-	-	-	-
Bison	347	347	347	347	347	-	-	-
Total Bison	\$ 1,028	\$ 347	\$ 1,028	\$ 347	1,028	\$ -	\$ -	\$ -
Sheep	\$ 15	\$ -	\$ 15	\$ -	15	\$ -	\$ -	\$ -
Sheep	17	-	17	-	17	-	-	-
Sheep	15	-	15	-	15	-	-	-
Sheep	18	-	18	-	18	-	-	-
Sheep	12	-	12	-	12	-	-	-
Sheep	10	-	10	-	10	-	-	-
Sheep	10	-	10	-	10	-	-	-
Sheep	19	-	19	-	19	-	-	-
Sheep	44	-	44	-	44	-	-	-
Sheep	46	46	46	46	46	-	14	14
Total Sheep	\$ 206	\$ 46	\$ 178	\$ 46	178	\$ -	\$ 14	\$ 14

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, 2013

Agency	Property Taxes Levied	Collected in Current Year 6/30/12	Collected To Date	Distributed in Current Year 6/30/12	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Dairy	\$ 2003	\$ -	\$ -	\$ -	9	\$ -	\$ -	\$ -
Dairy	2004	-	-	-	5	-	-	-
Dairy	2005	-	-	-	2	-	-	-
Dairy	2006	-	-	-	5	-	-	-
Dairy	2007	-	-	-	2	-	-	-
Dairy	2008	-	-	-	2	-	-	-
Dairy	2009	-	-	-	-	-	-	-
Dairy	2010	-	-	-	9	-	-	-
Dairy	2011	-	-	-	9	-	-	-
Dairy	2012	2	2	2	2	-	-	-
Total Dairy	\$ 45	\$ 2	\$ 2	\$ 2	45	\$ -	\$ -	\$ -
Goats (2004 only)	\$ 13	-	\$ -	\$ -	13	\$ -	\$ -	\$ -
Goats (2005 2nd year)	15	-	-	-	15	-	-	-
Goats (2006 3rd year)	28	-	-	-	28	-	-	-
Goats (2007 4th year)	23	-	-	-	23	-	-	-
Goats (2008 5th year)	11	-	-	-	11	-	-	-
Goats (2009 6th year)	21	-	-	-	21	-	-	-
Goats (2010 7th year)	22	-	-	-	22	-	-	-
Goats (2011 8th year)	22	9	9	9	22	-	-	-
Swine/Llama/Alpaca	26	26	26	26	26	-	-	-
Total Goats	\$ 181	\$ 35	\$ 35	\$ 35	181	\$ -	\$ -	\$ -

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, 2013

Agency	Property Taxes Levied	Collected in Current Year 6/30/13	Collected To Date	Distributed in Current Year 6/30/13	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
State Operational	\$ 151,488	\$ -	\$ 149,904	\$ -	\$ 149,904	\$ -	\$ -	\$ 1,584
State Operational	124,229	-	126,913	-	126,913	2,864	-	84
State Operational	144,607	-	146,871	-	146,871	2,443	96	123
State Operational	160,380	21	159,330	21	159,330	998	1,911	137
State Operational	164,186	51	162,120	51	162,120	940	800	2,206
State Operational	176,669	144	175,127	144	175,127	3,924	3,157	2,309
State Operational	155,669	1,268	157,482	1,268	157,482	4,340	201	2,326
State Operational	214,704	3,420	213,688	3,420	213,688	3,263	129	4,150
State Operational	199,943	5,243	191,836	5,243	191,836	183	75	8,215
State Operational	200,925	183,295	183,295	183,295	183,295	11	7	17,634
Total State Operational	\$ 1,692,800	\$ 193,442	\$ 1,666,566	\$ 193,442	\$ 1,666,566	\$ 18,966	\$ 6,432	\$ 38,768
Total State of New Mexico	\$ 1,940,444	\$ 228,187	\$ 1,920,205	\$ 228,187	\$ 1,920,205	\$ 37,505	\$ 15,453	\$ 42,291

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, 2013

Agency	Property Taxes Levied	Collected in Current Year 6/30/12	Collected To Date	Distributed in Current Year 6/30/12	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Schools (SD #1 & SD #6)								
Debt service	\$ 516,890	\$ -	\$ 531,136	\$ -	\$ 531,136	\$ 14,853	\$ 396	\$ 211
Debt service	642,851	-	656,077	-	656,077	13,686	123	337
Debt service	680,373	112	674,611	112	674,611	4,142	9,228	676
Debt service	736,109	289	725,331	289	725,331	2,080	335	12,523
Debt service	776,201	699	766,445	699	766,445	18,910	15,949	12,717
Debt service	736,299	7,075	741,488	7,075	741,488	19,162	376	13,597
Debt service	766,908	13,008	763,952	13,008	763,952	14,164	226	16,894
Debt service	802,860	16,682	766,192	16,682	766,192	706	99	37,275
Debt service	787,884	718,893	718,893	718,893	718,893	55	30	69,016
Total Debt service	\$ 6,446,375	\$ 756,758	\$ 6,344,125	\$ 756,758	\$ 6,344,125	\$ 87,758	\$ 26,762	\$ 163,246
Debt Service	\$ 519,249	\$ -	\$ 513,718	\$ -	\$ 513,718	\$ -	\$ -	\$ 5,531
Debt Service	241,567	-	246,788	-	246,788	5,571	187	163
Debt Service	234,352	-	238,020	-	238,020	3,960	91	201
Debt Service	248,522	33	246,889	33	246,889	1,546	2,960	219
Debt Service	267,155	84	263,782	84	263,782	1,507	1,268	3,612
Debt Service	282,668	231	280,204	231	280,204	6,278	5,051	3,691
Debt Service	270,728	2,205	273,881	2,205	273,881	7,549	350	4,046
Debt Service	270,292	4,240	269,168	4,240	269,168	4,230	161	5,193
Debt Service	288,685	7,457	277,097	7,457	277,097	269	109	11,748
Debt Service	291,047	265,804	265,804	265,804	265,804	16	10	25,249
Total Debt Service	\$ 2,914,265	\$ 280,054	\$ 2,875,351	\$ 280,054	\$ 2,875,351	\$ 30,926	\$ 10,187	\$ 59,653

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, 2013.

Agency	Property Taxes Levied	Collected in Current Year 6/30/12	Collected To Date	Distributed in Current Year 6/30/12	Distributed to Date	Increase in Taxes	Decrease in Taxes	County Receivable at Year End
Capital Imp.	\$ 199,109	\$ -	\$ 197,027	\$ -	\$ 197,027	\$ -	\$ 2,082	\$ -
Capital Imp.	80,626	-	81,587	-	81,587	1,272	200	111
Capital Imp.	79,279	-	79,773	-	79,773	648	38	116
Capital Imp.	81,092	52	81,087	52	81,087	387	185	207
Capital Imp.	87,798	83	87,523	83	87,523	153	53	375
Capital Imp.	100,980	224	100,798	224	100,798	5,588	5,266	504
Capital Imp.	100,399	2,707	99,794	2,707	99,794	299	50	854
Capital Imp.	91,394	4,288	89,343	4,288	89,343	785	33	2,803
Capital Imp.	94,994	5,416	90,259	5,416	90,259	39	13	4,761
Capital Imp.	98,967	88,456	88,456	88,456	88,456	25	-	10,536
Total Capital Imp.	\$ 1,014,638	\$ 101,226	\$ 995,647	\$ 101,226	\$ 995,647	\$ 9,196	\$ 7,920	\$ 20,267
Total Schools	\$ 10,375,278	\$ 1,138,038	\$ 10,215,123	\$ 1,138,038	\$ 10,215,123	\$ 127,880	\$ 44,869	\$ 243,166
Total	\$ 28,306,716	\$ 3,086,469	\$ 27,908,220	\$ 3,086,469	\$ 27,908,220	\$ 353,676	\$ 122,921	\$ 629,205

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

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**JOINT POWERS AGREEMENTS
JUNE 30, 2013**

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, 2012- June 30, 2013
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, 2013**

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, 2012- June 30, 2013
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, 2012 to June 30, 2013
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, 2013

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, 2012 - June 30, 2013
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, 2013**

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	97.067	#07-EPTALA-03-002	\$ 1,061,715	\$ 601,109
US Department of Homeland Security, passed through New Mexico Department of Public Safety	97.042	Safe Border - Emergency Management	\$ 80,000	\$ 80,000
Executive Office of the President - Office of National Drug Control Policy	95.001	HIDTA	\$ 83,049	\$ 65,109
US Department of Housing and Urban Development, passed through NM Department of Finance and Administration	14.218	CDBG	<u>\$ 500,000</u>	<u>\$ 160,713</u>
			<u>\$ 2,149,186</u>	<u>\$ 906,931</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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2013, and have issued our report thereon dated November 6, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that we have not identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

White & Gurnane & Campbell, LLP

El Paso, Texas

November 6, 2013

**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

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Hidalgo's major federal programs based on our audit of the types of compliance requirements referred to above. 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.

Opinion on Each Major Federal Program

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, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance with those requirements.

Report on 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

White & Gormanigo & Campbell, LLP

El Paso, Texas
November 6, 2013

STATE OF NEW MEXICO, COUNTY OF HIDALGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

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: Unmodified

- 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:

CFDA Number

Name of Federal Program or Cluster

97.067

US Department of Homeland Security, Homeland Security Grant Program

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, 2013**

Section II - Financial Statements Findings

PRIOR YEAR FINDINGS

None

Section III - CURRENT YEAR FINDINGS

None

STATE OF NEW MEXICO, COUNTY OF HIDALGO

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2013**

An exit conference was held on November 6, 2013 in a closed meeting with Roxie Samaniego, CPA of White + Samaniego + Campbell, LLP, with the following County officials:

Jose Salazar
Darr Shannon
Tisha Green
Tyler Massey

County Manager
County Commissioner
Assistant County Manager
Treasurer

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.