

STATE OF NEW MEXICO
HIDALGO COUNTY
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016 AND
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO
HIDALGO COUNTY
FOR THE YEAR ENDED JUNE 30, 2016
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STATE OF NEW MEXICO, HIDALGO COUNTY
OFFICIAL ROSTER
JUNE 30, 2016

Elected Officials

Marianne Stewart	Commission Chair
Darr Shannon	Commissioner
Richard Chaires	Commissioner
Tyler Massey	County Treasurer
Carmen Acosta	County Probate Judge
Jody Hatch	County Assessor
Melissa DeLaGarza	County Clerk
Warren Walter	County Sheriff

Administrative Officials

Bob Hill	County Manager
Tisha Green	Assistant to the County Manager
Priscilla Maxwell	County Dispatch Supervisor
Loretta Ward	County Detention Supervisor
Tommy Dimas	County Transfer Station Supervisor
Clarence Rudiger	County Road Supervisor
David Whipple	County Fire Marshall/Ambulance Supervisor
Roland Lassiter	Detention Administrator



Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner
Christine Wright, CPA, Partner
Beth Fant, EA, Partner
Brad Beasley, CPA, Partner

INDEPENDENT AUDITORS' REPORT

Timothy Keller
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, 2016 and the related notes to the financial statements, 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, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, 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.

Auditors' 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 auditors' 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, 2016, 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, 2016, 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 and budgetary comparison on pages 5 through 18, and 91 through 114 and GASB 68 schedules on pages 72 - 79 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 that collectively comprise the Hidalgo County's basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2016 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.

Beasley Mitchell & Co LLP
Beasley, Mitchell & Co., LLP
Las Cruces, New Mexico
November 1, 2016

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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, 2016. 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 \$17,557,324 (*net position*). Of this amount, \$2,652,324 (*unrestricted net position*) may be used to meet the government's ongoing, obligations to citizens and creditors.
- The government's total net position increased by \$213,937 during the fiscal year. The majority of this is due to a prior year adjustment discussed in the notes.
- As of June 30, 2016, the County's governmental funds reported combined ending fund balances of \$7,044,320.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$4,054,040.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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 and C & C Transfer	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.

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Government-wide Statements (Continued)

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*.

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Governmental Funds (Continued)

The County of Hidalgo maintains thirty one 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, Detention Center Fund, and the Grants Fund, all of which are considered to be major funds. Data from the other 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, Detention Center Fund, and the Grants 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 two proprietary funds and no component unit. The proprietary funds are 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. Further, the County has two agency funds that collect money from inmates. One is held until the inmate release, or may be used by the inmate in commissary. The second one holds bonding money.

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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 43 through 72 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 77 through 85 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 \$11,838,805 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 \$11,494,370 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 net investment in its capital assets is reported, 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 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 \$2,652,324 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 increased by \$213,937. These increases are explained in the governmental activities discussion.

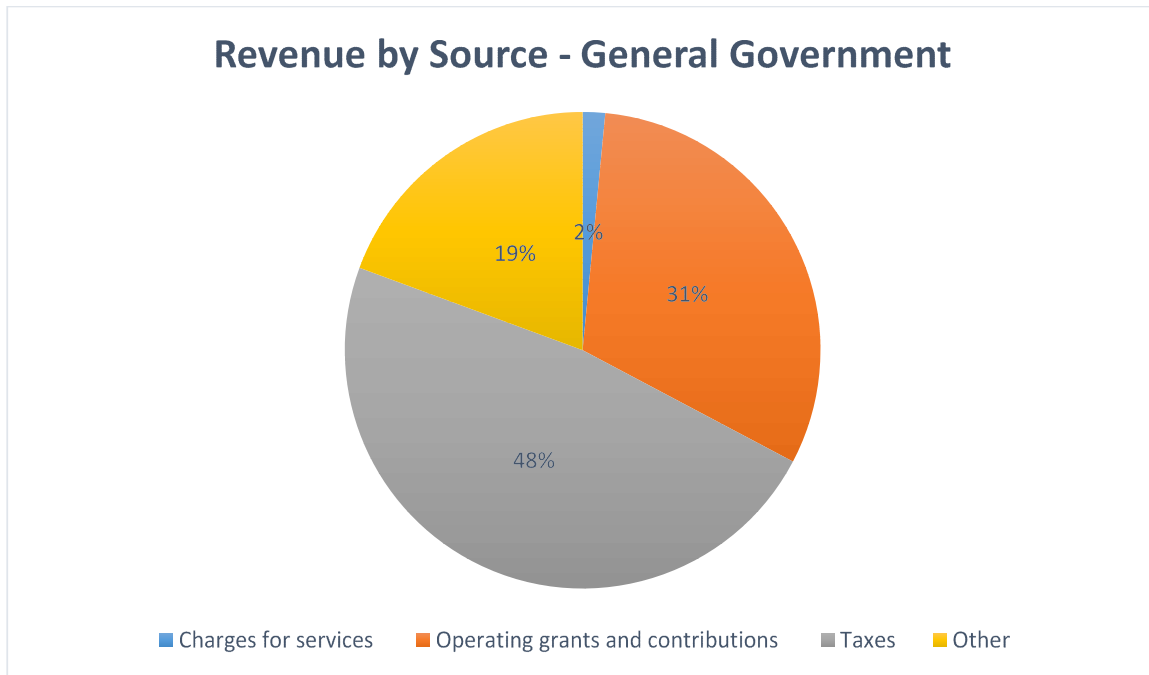
STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Governmental Activities

Governmental activities increased the County of Hidalgo's net position by \$51,177. Property taxes and gross receipts taxes contributed \$3,205,036 for covering the \$6,748,674 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 \$773,716.

Total revenues from governmental activities are summarized below. For fiscal year 2015-2016, Local and State taxes made up 48% of the total general government revenues compared to 46% of the revenues in the prior year.



Business-Type Activities

Business-type activities decreased the County's net position by \$795,152 before transfers of \$530,038 in from the general fund, compared to the prior year's decrease of \$255,579 before transfers of \$423,357 from the general fund. The operating revenue had minor changes when compared to the prior year.

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SUMMARY OF NET POSITION

	Governmental Activities		Business-Type Activities		Totals		Total Percent Change
	2016	2015	2016	2015	2016	2015	2015-2016
ASSETS							
Current and other assets	\$ 7,572,854	\$ 7,389,025	\$ 397,795	\$ 328,878	\$ 7,970,649	\$ 7,717,903	3 %
Capital assets, net of accumulated depreciation	<u>14,701,079</u>	<u>14,722,115</u>	<u>352,367</u>	<u>698,950</u>	<u>15,053,446</u>	<u>15,421,065</u>	<u>(2)%</u>
Total assets	22,273,933	22,111,140	750,162	1,027,828	23,024,095	23,138,968	- %
Deferred outflows							
Deferred outflows	\$ 172,761	\$ 147,082	\$ 29,173	\$ 24,831	\$ 201,934	\$ 171,913	100 %
Deferred outflows - Change in assumption	8,152	-	1,379	-	9,531	-	100 %
Deferred outflows - Differences between expected and actual experience	34,460	-	5,827	-	40,287	-	100 %
Total Deferred Outflows	<u>215,373</u>	<u>147,082</u>	<u>36,379</u>	<u>24,831</u>	<u>251,752</u>	<u>171,913</u>	<u>46 %</u>
Total assets and deferred outflows	<u>\$22,489,306</u>	<u>\$22,258,222</u>	<u>\$ 786,541</u>	<u>\$ 1,052,659</u>	<u>\$ 23,275,847</u>	<u>\$23,310,881</u>	<u>46 %</u>
LIABILITIES							
Current and other liabilities	\$ 309,774	\$ 69,884	\$ 29,211	\$ 20,727	\$ 338,985	\$ 90,611	274 %
Long-term liabilities	<u>4,964,055</u>	<u>4,766,026</u>	<u>323,863</u>	<u>248,319</u>	<u>5,287,918</u>	<u>5,014,345</u>	<u>5 %</u>
Total liabilities	<u>5,273,829</u>	<u>4,835,910</u>	<u>353,074</u>	<u>269,046</u>	<u>5,626,903</u>	<u>5,104,956</u>	<u>10 %</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SUMMARY OF NET POSITION

	Governmental Activities		Business Type Activities		Totals		Total Percent Change
	2016	2015	2016	2015	2016	2015	2015-2016
Deferred Inflows							
Deferred inflows - change in assumption	20,959	30,062	3,535	\$ 5,075	\$ 24,494	\$ 35,137	(30)%
Deferred inflows - Net difference between projected and actual investment earnings	5,944	551,304	857	93,074	6,801	644,378	(99)
Deferred inflows - Differences between expected and actual experience	<u>31,048</u>	<u>-</u>	<u>5,380</u>	<u>-</u>	<u>36,428</u>	<u>-</u>	<u>100 %</u>
Deferred inflows - Change in Proportion	20,552	-	3,345	-	23,897	-	100 %
Total deferred inflows	<u>78,503</u>	<u>581,366</u>	<u>13,117</u>	<u>98,149</u>	<u>91,620</u>	<u>\$ 679,515</u>	<u>(87)%</u>
Total liabilities and deferred inflows	5,352,332	5,417,276	366,191	367,195	5,718,523	5,784,471	(77)%
NET POSITION							
Net investments in capital assets	11,494,370	11,385,979	-	-	11,494,370	11,385,979	1 %
Restricted	2,990,280	2,621,825	420,350	685,464	3,410,630	3,307,289	3 %
Unrestricted	<u>2,652,324</u>	<u>2,833,142</u>	<u>-</u>	<u>-</u>	<u>2,652,324</u>	<u>2,833,142</u>	<u>(6)%</u>
Total net position	<u>17,136,974</u>	<u>16,840,946</u>	<u>420,350</u>	<u>685,464</u>	<u>17,557,324</u>	<u>17,526,410</u>	<u>- %</u>
Total liabilities and net position	<u>\$22,489,306</u>	<u>\$22,258,222</u>	<u>\$ 786,541</u>	<u>\$ 1,052,659</u>	<u>\$23,275,847</u>	<u>\$23,310,881</u>	<u>- %</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Totals		Total Percent Change
	2016	2015	2016	2015	2016	2015	2015-2016
REVENUES							
Program revenues:							
Charges for services	\$ 111,684	\$ 249,308	\$ 361,602	\$ 535,891	\$ 473,286	\$ 785,199	(40)%
Operating grants and contributions	2,288,291	2,978,286	-	-	2,288,291	2,978,286	(23)%
General revenues:							
Taxes	3,509,468	3,758,240	-	-	3,509,468	3,758,240	(7)%
Other income	1,393,464	1,082,090	-	-	1,393,464	1,082,090	29 %
Investment income	26,982	35,681	-	-	26,982	35,681	(24)%
	<u>7,329,889</u>	<u>8,103,605</u>	<u>361,602</u>	<u>535,891</u>	<u>7,691,491</u>	<u>8,639,496</u>	<u>(11)%</u>
EXPENSES							
General government	2,564,887	2,734,021	-	-	2,564,887	2,734,021	(6)%
Public safety	3,532,713	3,966,823	-	-	3,532,713	3,966,823	(11)%
Public works	55,860	85,361	-	-	55,860	85,361	(35)%
Health and welfare	291,796	264,420	-	-	291,796	264,420	10 %
Culture and recreation	170,198	166,878	-	-	170,198	166,878	2 %
Proprietary expenses	-	-	1,156,754	791,470	1,156,754	791,470	46 %
Interest on long-term debt	133,220	136,249	-	-	133,220	136,249	(2)
	<u>6,748,674</u>	<u>7,353,752</u>	<u>1,156,754</u>	<u>791,470</u>	<u>7,905,428</u>	<u>8,145,222</u>	<u>(3)%</u>
Changes in net position before transfers	581,215	749,853	(795,152)	(255,579)	(213,937)	494,274	(143)%

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Totals		Total Percent Change
	2016	2015	2016	2015	2016	2015	2015-2016
Transfers	<u>(530,038)</u>	<u>(423,357)</u>	<u>530,038</u>	<u>423,357</u>	<u>-</u>	<u>-</u>	<u>- %</u>
Change in net position	<u>51,177</u>	<u>326,496</u>	<u>(265,114)</u>	<u>167,778</u>	<u>(213,937)</u>	<u>494,274</u>	<u>(143)%</u>
Net position - beginning	16,840,946	20,614,946	685,464	495,154	17,526,410	21,110,100	(17)%
Restatements	<u>\$ 244,851</u>	<u>\$ (4,100,496)</u>	<u>\$ -</u>	<u>\$ 22,532</u>	<u>\$ 244,851</u>	<u>\$(4,077,964)</u>	<u>\$ -</u>
Net position - beginning as restated	<u>\$17,085,797</u>	<u>\$16,514,450</u>	<u>\$ 685,464</u>	<u>\$ 517,686</u>	<u>\$4,222,771</u>	<u>\$17,032,136</u>	<u>\$ -</u>
Net position - ending	<u>\$17,136,974</u>	<u>\$16,840,946</u>	<u>\$ 420,350</u>	<u>\$ 685,464</u>	<u>\$17,557,324</u>	<u>\$17,526,410</u>	<u>- %</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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 \$7,044,320, a decrease of \$141,950 from change in fund balance and an increase of \$244,851 as a result of prior year adjustment as discussed in the notes. The net change was an increase of \$102,901 in comparison with the prior year. The increase is primarily due to the decrease in charge for services and property tax revenue. Approximately 58% of this total amount, \$4,054,040 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.

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 \$4,054,040.

The Road Fund has a total fund balance of \$452,140, all of which is assigned.

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 \$185,336 and \$235,014 for C & C Transfer. The total decrease in net position for the proprietary fund was \$265,114.

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.

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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.

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, 2016 amount to \$15,053,446 (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 \$603,699 for governmental activities and \$0 for business type. Equipment costing \$603,699 was purchased for the County. There were no disposals in the current year.

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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, 2016**

	Governmental Activities	Business-Type Activities	Totals
Land and Construction in Progress	\$ 9,436,238	\$ -	\$ 9,436,238
Buildings	2,550,667	-	2,550,667
Improvements and Infrastructure	551,101	352,367	903,468
Machinery and Equipment	<u>2,163,073</u>	<u>-</u>	<u>2,163,073</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,701,079</u>	<u>\$ 352,367</u>	<u>\$ 15,053,446</u>

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

The Statement of Net Position shows the Investment in Capital Assets-Governmental Funds in the amount of \$11,494,370. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service.

The County's loans decreased \$129,427 in governmental funds and \$22,773 in business type, 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 2015 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, HIDALGO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business- Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 6,080,713	\$ 335,859	\$ 6,416,572
Accounts receivable	-	61,936	61,936
Taxes receivable	507,415	-	507,415
Other receivables	537,166	-	537,166
Restricted funds	447,560	-	447,560
Total current assets	7,572,854	397,795	7,970,649
NON-CURRENT ASSETS:			
Capital assets	25,752,961	1,474,731	27,227,692
Less: accumulated depreciation	(11,051,882)	(1,122,364)	(12,174,246)
Total non-current assets	14,701,079	352,367	15,053,446
Total assets	22,273,933	750,162	23,024,095
Deferred outflows			
Deferred outflows	172,761	29,173	201,934
Deferred outflows - change in assumption	8,152	1,379	9,531
Deferred outflows - differences between expected and actual experience	34,460	5,827	40,287
Total deferred outflows	215,373	36,379	251,752
Total Assets and Deferred Outflows	\$ 22,489,306	\$ 786,541	\$ 23,275,847

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2016

	Governmental Activities	Business- Type Activities	Total
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
CURRENT LIABILITIES:			
Accounts payable	\$ 84,867	\$ 6,544	\$ 91,411
Accrued salaries	52,373	9,187	61,560
Compensated absences	29,673	13,480	43,153
Total current liabilities	166,913	29,211	196,124
NON-CURRENT LIABILITIES:			
Due within one year	142,861	-	142,861
Due in more than one year	3,063,848	-	3,063,848
Accrued compensated absences	-	2,931	2,931
Net pension liability	1,900,207	320,932	2,221,139
Total non-current liabilities	5,106,916	323,863	5,430,779
Total liabilities	5,273,829	353,074	5,626,903
DEFERRED INFLOWS			
Deferred inflows - change in assumption	20,959	3,535	24,494
Deferred inflows - net difference between projected and actual investment earnings	5,944	857	6,801
Deferred inflows - differences between expected and actual experience	31,048	5,380	36,428
Deferred inflows - change in proportion	20,552	3,345	23,897
Total deferred inflows	78,503	13,117	91,620
Total liabilities and deferred inflows	5,352,332	366,191	5,718,523
NET POSITION			
Net investment in capital assets	11,494,370	-	11,494,370
Restricted for:			
Capital projects	233,361	-	233,361
Special revenue funds	2,756,919	420,350	3,177,269
Unrestricted	2,652,324	-	2,652,324
Total net position	17,136,974	420,350	17,557,324
Total liabilities, deferred inflows and net position	\$ 22,489,306	\$ 786,541	\$ 23,275,847

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program			Net (Expenses) Revenue and changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,564,887	\$ 111,684	\$ 1,685,738	\$ -	\$ (767,465)	\$ -	\$ (767,465)
Public safety	3,532,713	-	466,218	-	(3,066,495)	-	(3,066,495)
Public works	55,860	-	136,335	-	80,475	-	80,475
Health and welfare	291,796	-	-	-	(291,796)	-	(291,796)
Culture and recreation	170,198	-	-	-	(170,198)	-	(170,198)
Interest on long-term debt	<u>133,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(133,220)</u>	<u>-</u>	<u>(133,220)</u>
Total governmental activities	6,748,674	111,684	2,288,291	-	(4,348,699)	-	(4,348,699)
Business-Type activities							
Ambulance service	806,261	138,154	-	-	-	(668,107)	(668,107)
C & C Transfer	<u>350,493</u>	<u>223,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,045)</u>	<u>(127,045)</u>
Total business-type activities	<u>1,156,754</u>	<u>361,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(795,152)</u>	<u>(795,152)</u>
Total primary government	<u>\$ 7,905,428</u>	<u>\$ 473,286</u>	<u>\$ 2,288,291</u>	<u>\$ -</u>	<u>(4,348,699)</u>	<u>(795,152)</u>	<u>(5,143,851)</u>
General revenues:							
Taxes							
Property taxes					2,652,624	-	2,652,624
Motor vehicle taxes					196,492	-	196,492
Gasoline taxes					107,940	-	107,940
Gross receipts taxes					552,412	-	552,412
State shared assistance							
Small counties assistance					548,428	-	548,428
Intergovernmental income					30,234	-	30,234
License and fees					161,378	-	161,378
Investment income					26,982	-	26,982
Miscellaneous					653,424	-	653,424
Transfers					<u>(530,038)</u>	<u>530,038</u>	<u>-</u>
Total general revenues					<u>4,399,876</u>	<u>530,038</u>	<u>4,929,914</u>
Change in net position					51,177	(265,114)	(213,937)
Net position - beginning as previously stated					16,840,946	685,464	17,526,410
Restatement					<u>244,851</u>	<u>-</u>	<u>244,851</u>
Net position beginning as restated					<u>17,085,797</u>	<u>685,464</u>	<u>17,771,261</u>
Net position- ending					<u>\$ 17,136,974</u>	<u>\$ 420,350</u>	<u>\$ 17,557,324</u>

See independent auditors' report and accompanying notes to financial statements

GOVERNMENTAL FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO, HIDALGO COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Road Fund	Grants Fund	Detention Fund	Total Non- Major Funds	Total Funds
ASSETS						
Assets						
Cash and cash equivalents	\$ 4,004,566	\$ 229,095	\$ 457,150	\$ 113,911	\$ 1,275,991	\$ 6,080,713
Taxes receivable	471,783	24,126	-	4,488	7,018	507,415
Other receivables	-	-	265,733	236,784	34,649	537,166
Restricted funds	-	202,709	-	244,851	-	447,560
Total assets	<u>\$ 4,476,349</u>	<u>\$ 455,930</u>	<u>\$ 722,883</u>	<u>\$ 600,034</u>	<u>\$ 1,317,658</u>	<u>\$ 7,572,854</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 529	\$ 68,959	\$ -	\$ 15,379	\$ 84,867
Accrued liabilities	31,016	3,261	-	17,129	968	52,374
Total liabilities	31,016	3,790	68,959	17,129	16,347	137,241
Deferred inflows						
Deferred - property tax	391,293	-	-	-	-	391,293
Total deferred inflows	391,293	-	-	-	-	391,293
Total liabilities and deferred inflows	422,309	3,790	68,959	17,129	16,347	528,534
Fund Balance:						
Restricted for Capital Projects	-	-	-	-	233,361	233,361
Restricted for special revenue funds	-	452,140	653,924	582,905	1,067,950	2,756,919
Unassigned	4,054,040	-	-	-	-	4,054,040
Total fund balances	<u>4,054,040</u>	<u>452,140</u>	<u>653,924</u>	<u>582,905</u>	<u>1,301,311</u>	<u>7,044,320</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,476,349</u>	<u>\$ 455,930</u>	<u>\$ 722,883</u>	<u>\$ 600,034</u>	<u>\$ 1,317,658</u>	<u>\$ 7,572,854</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENT FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balance - governmental funds \$ 7,044,320

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	25,752,961	
Accumulated depreciation	<u>(11,051,882)</u>	14,701,079
Deferred outflows		172,761
Deferred outflows - change in assumption		8,152
Deferred outflows - differences between expected and actual experience		34,460
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Deferred inflows - property tax		391,293
Deferred inflows due to actual non-investment experience that was better than expected and changes in benefits or assumption which result in a decrease to net pension liability:		
Deferred inflows - change in assumption		(20,959)
Deferred inflows - difference between projected and actual investment earnings on pension plan investments		(5,944)
Deferred inflows - difference between expected and actual experience		(31,048)
Deferred inflows - change in proportion		(20,552)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds		
Compensated absences		(29,674)
Net pension liability		(1,900,207)
Notes payable		<u>(3,206,707)</u>
Total net position - governmental activities		<u>\$17,136,974</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Road Fund	Grants Fund	Detention Fund	Total Non- Major Funds	Total Funds
REVENUES						
Property taxes	\$ 2,639,053	\$ -	\$ -	\$ -	\$ -	\$2,639,053
Motor vehicle taxes	17,830	178,662	-	-	-	196,492
Gasoline taxes	-	107,940	-	-	-	107,940
Gross receipts taxes	75,605	-	-	288,411	188,396	552,412
Intergovernmental income	-	-	-	-	30,234	30,234
Charges for services Small counties assistance	63,329 548,428	- -	- -	- -	48,355 -	111,684 548,428
License and fines	161,378	-	-	-	-	161,378
Other income	10,886	4,476	-	455,652	182,410	653,424
Investment income	26,931	51	-	-	-	26,982
Federal grant	-	-	-	-	7,299	7,299
State grant	7,221	136,335	1,678,517	-	458,919	2,280,992
	<u>3,550,661</u>	<u>427,464</u>	<u>1,678,517</u>	<u>744,063</u>	<u>915,613</u>	<u>7,316,318</u>
Total revenues						
EXPENDITURES						
General government	1,152,057	496,331	-	-	66,764	1,715,152
Public safety	1,015,727	-	1,254,963	880,138	740,294	3,891,122
Culture and recreation	163,814	-	-	-	-	163,814
Health and welfare	-	-	-	-	291,796	291,796
Debt service						
Interest	-	-	-	-	133,220	133,220
Principal	-	-	-	-	129,427	129,427
Capital outlay	-	-	-	-	603,699	603,699
	<u>2,331,598</u>	<u>496,331</u>	<u>1,254,963</u>	<u>880,138</u>	<u>1,965,200</u>	<u>6,928,230</u>
Total expenditures						
Excess (deficiency) revenues over (under) expenditures	<u>1,219,063</u>	<u>(68,867)</u>	<u>423,554</u>	<u>(136,075)</u>	<u>(1,049,587)</u>	<u>388,088</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Road Fund	Grants Fund	Detention Fund	Total Non- Major Funds	Total Funds
OTHER FINANCING SOURCES (USES):						
Transfers in	10,535	-	-	461,366	262,647	734,548
Transfers out	<u>(974,145)</u>	<u>-</u>	<u>-</u>	<u>(242,607)</u>	<u>(47,834)</u>	<u>(1,264,586)</u>
Total other financing sources (uses)	<u>(963,610)</u>	<u>-</u>	<u>-</u>	<u>218,759</u>	<u>214,813</u>	<u>(530,038)</u>
Net change in fund balance	255,453	(68,867)	423,554	82,684	(834,774)	(141,950)
Fund balance beginning of year, as previously stated	3,798,587	521,007	230,370	255,370	2,136,085	6,941,419
Restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,851</u>	<u>-</u>	<u>244,851</u>
Fund balance beginning of year, as restated	<u>3,798,587</u>	<u>521,007</u>	<u>230,370</u>	<u>500,221</u>	<u>2,136,085</u>	<u>7,186,270</u>
Fund balance end of year	<u>\$ 4,054,040</u>	<u>\$ 452,140</u>	<u>\$ 653,924</u>	<u>\$ 582,905</u>	<u>\$ 1,301,311</u>	<u>\$ 7,044,320</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2016

Total net change in fund balances - governmental funds \$ (141,950)

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	603,699	
Depreciation expense	<u>(624,735)</u>	(21,036)

Deferred outflows		25,679
Deferred outflows - change in assumption		8,152
Deferred outflows - differences between expected and actual experience		34,460

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

Property taxes- deferred inflows		13,571
Deferred inflows - change in assumption		9,104
Deferred inflows - difference between projected and actual investment earnings on pension plan investments		545,361
Deferred inflows - Difference between expected and actual experience		(31,159)
Deferred inflows- change in proportion		(20,552)

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.

Net pension liability	(473,146)	
Principal payment on debt	129,427	
Compensated absences	<u>(26,734)</u>	<u>(370,453)</u>

Change in net position of governmental activities \$ 51,177

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes	\$ 1,635,174	\$ 1,635,174	\$ 2,550,805	\$ 915,631
Motor vehicle taxes	15,000	15,000	17,830	2,830
Gross receipts taxes	25,000	25,000	75,605	50,605
Licenses & fines	1,500	1,500	161,378	159,878
PILT	720,000	720,000	-	(720,000)
Charges for services	25,000	25,000	63,329	38,329
Miscellaneous revenues	210,000	210,000	10,886	(199,114)
Investment income	1,000	1,000	26,931	25,931
Small counties assistance	365,000	365,000	548,428	183,428
Gas Tax	20,000	20,000	-	(20,000)
State grants	-	-	7,221	7,221
	<u>3,017,674</u>	<u>3,017,674</u>	<u>3,462,413</u>	<u>444,739</u>
EXPENDITURES:				
General government	1,105,165	1,135,565	1,152,057	(16,492)
Public safety	1,307,383	1,316,333	1,015,727	300,606
Culture and recreation	76,058	79,058	163,814	(84,756)
Miscellaneous	292,778	321,849	-	321,849
	<u>2,781,384</u>	<u>2,852,805</u>	<u>2,331,598</u>	<u>521,207</u>
Excess (deficiency) of revenues over expenditures	236,290	164,869	1,130,815	965,946
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,819,005	10,535	(1,808,470)
Transfers out	(781,204)	(961,404)	(974,145)	(12,741)
	<u>(781,204)</u>	<u>857,601</u>	<u>(963,610)</u>	<u>(1,821,211)</u>
Net changes in fund balance Non-GAAP basis	(544,914)	1,022,470	167,205	(855,265)
Fund balance - beginning	3,798,587	3,798,587	3,798,587	-
Fund balance - ending	<u>\$ 3,253,673</u>	<u>\$ 4,821,057</u>	<u>\$ 3,965,792</u>	<u>\$ (855,265)</u>
Reconciliation of Budgetary basis to GAAP basis				
Net change in fund balance - budgetary basis			\$ 167,205	
Revenue accruals		88,248		
Expenditure accruals		<u>-</u>	<u>88,248</u>	
Net change in fund balance- GAAP basis			<u>\$ 255,453</u>	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL ON BUDGETARY BASIS
ROAD FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Motor vehicle taxes	\$ 150,000	\$ 150,000	\$ 177,938	\$ 27,938
Gasoline taxes	120,000	120,000	107,215	(12,785)
State grants	559,659	559,659	136,335	(423,324)
Federal grants	49,000	49,000	-	(49,000)
Investment income	-	-	51	51
Miscellaneous	-	-	4,476	4,476
	<u>878,659</u>	<u>878,659</u>	<u>426,015</u>	<u>(452,644)</u>
EXPENDITURES:				
Current:				
General government	995,198	995,198	496,907	498,291
Total expenditures	<u>995,198</u>	<u>995,198</u>	<u>496,907</u>	<u>498,291</u>
Excess (deficiency) of revenues over expenditures	<u>(116,539)</u>	<u>(116,539)</u>	<u>(70,892)</u>	<u>45,647</u>
Net changes in fund balance Non-GAAP basis	(116,539)	(116,539)	(70,892)	45,647
Fund balance - beginning	469,405	469,405	521,007	(51,602)
Fund balance - ending	<u>\$ 352,866</u>	<u>\$ 352,866</u>	<u>\$ 450,115</u>	<u>\$ 97,249</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (70,892)	
Revenue accruals		1,449		
Expenditure accruals		576	2,025	
Net change in fund balance - GAAP basis			<u>\$ (68,867)</u>	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET
 AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - GRANTS FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grants	\$ 1,760,410	\$ 1,793,540	\$ 1,484,019	\$ (309,521)
Federal grants	<u>931,536</u>	<u>931,536</u>	<u>-</u>	<u>(931,536)</u>
Total revenues	2,691,946	2,725,076	1,484,019	(1,241,057)
EXPENDITURES:				
Current:				
Public safety	<u>2,691,946</u>	<u>2,710,076</u>	<u>1,319,056</u>	<u>1,391,020</u>
Total expenditures	<u>2,691,946</u>	<u>2,710,076</u>	<u>1,319,056</u>	<u>1,391,020</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>15,000</u>	<u>164,963</u>	<u>149,963</u>
Net changes in fund balance Non-GAAP basis	-	15,000	164,963	149,963
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>230,370</u>	<u>230,370</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 395,333</u>	<u>\$ 380,333</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 164,963	
Revenue accruals		194,498		
Expenditure accruals		<u>64,093</u>	<u>258,591</u>	
Net change in fund balance - GAAP basis			<u>\$ 423,554</u>	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET
 AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - DETENTION FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Gross receipts tax	\$ 40,000	\$ 40,000	\$ 146,644	\$ 106,644
Other income	390,000	390,000	455,652	65,652
Total revenues	430,000	430,000	602,296	172,296
EXPENDITURES:				
Current:				
Public safety	911,166	916,366	888,240	28,126
Total expenditures	911,166	916,366	888,240	28,126
Excess (deficiency) of revenues over expenditures	(481,166)	(486,366)	(285,944)	200,422
OTHER FINANCING SOURCES (USES)				
Transfer in	281,166	461,366	461,366	-
Transfers out	-	-	(242,607)	(242,607)
Total other financing sources (uses)	281,166	461,366	218,759	(242,607)
Net changes in fund balance Non-GAAP basis	(200,000)	(25,000)	(67,185)	(42,185)
Fund balance beginning of year, as previously stated	255,370	255,370	255,370	-
Restatement	-	-	244,851	244,851
Fund balance beginning of year, as restated	255,370	255,370	500,221	244,851
Fund balance - ending	\$ 55,370	\$ 230,370	\$ 433,036	\$ 202,666
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (67,185)	
Revenue accruals		141,767		
Expenditure accruals		8,102	149,869	
Net change in Fund balance - GAAP basis			\$ 82,684	

See independent auditors' report and accompanying notes to financial statements

PROPRIETARY FUNDS

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

ASSETS	Ambulance Fund	C & C Fund	Total Proprietary
Current assets:			
Cash and cash equivalents	\$ 84,906	\$ 250,953	\$ 335,859
Accounts receivable, net of allowance for doubtful accounts	<u>46,946</u>	<u>14,990</u>	<u>61,936</u>
Total current assets	131,852	265,943	397,795
Non-current assets:			
Capital assets	1,084,694	390,037	1,474,731
Accumulated depreciation	<u>(807,356)</u>	<u>(315,008)</u>	<u>(1,122,364)</u>
Total non-current assets	<u>277,338</u>	<u>75,029</u>	<u>352,367</u>
Total assets	409,190	340,972	750,162
Deferred Outflows			
Deferred outflows	<u>25,149</u>	<u>11,230</u>	<u>36,379</u>
Total assets and deferred outflows	<u>\$ 434,339</u>	<u>\$ 352,202</u>	<u>\$ 786,541</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

LIABILITIES	Ambulance Fund	C & C Fund	Total Proprietary
Current liabilities:			
Accounts payable	\$ -	\$ 6,544	\$ 6,544
Accrued salaries	6,842	2,345	9,187
Accrued compensated absences	<u>8,244</u>	<u>5,236</u>	<u>13,480</u>
Total current liabilities	15,086	14,125	29,211
Long-term liabilities:			
Accrued compensated absences	2,931	-	2,931
Net Pension Liability	<u>221,918</u>	<u>99,014</u>	<u>320,932</u>
Total Long-term liabilities	<u>224,849</u>	<u>99,014</u>	<u>323,863</u>
Total liabilities	239,935	113,139	353,074
Deferred inflows			
Deferred inflows- change in assumption	2,440	1,095	3,535
Deferred inflows- net difference between projected and actual investment earnings	610	247	857
Deferred inflows - differences between expected and actual experience	3,711	1,669	5,380
Deferred inflows - change in proportion	<u>2,307</u>	<u>1,038</u>	<u>3,345</u>
Total deferred inflows	<u>9,068</u>	<u>4,049</u>	<u>13,117</u>
Total liabilities and deferred inflows	249,003	117,188	366,191
NET POSITION			
Unrestricted	<u>185,336</u>	<u>235,014</u>	<u>420,350</u>
Net position	<u>185,336</u>	<u>235,014</u>	<u>420,350</u>
Total liabilities and net position	<u>\$ 434,339</u>	<u>\$ 352,202</u>	<u>\$ 786,541</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES	Ambulance Fund	C & C Fund	Total Proprietary
Charges for services	\$ 138,154	\$ 223,448	\$ 361,602
Total revenues	138,154	223,448	361,602
OPERATING EXPENSES			
Personnel expenses	331,280	168,148	499,428
Depreciation	334,092	12,491	346,583
Other operating costs	140,889	169,854	310,743
Total operating expenses	806,261	350,493	1,156,754
Operating loss	(668,107)	(127,045)	(795,152)
Transfers in	330,038	200,000	530,038
Total other financing sources (uses)	330,038	200,000	530,038
Change in net position	(338,069)	72,955	(265,114)
Net position, beginning	523,405	162,059	685,464
Net position end of year	\$ 185,336	\$ 235,014	\$ 420,350

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Cash flows from operating activities:	<u>Ambulance</u>	<u>C & C Transfer</u>	<u>Total Proprietary</u>
Cash received from agencies and customers	\$ 534,888	\$ 404,875	\$ 939,763
Cash paid to suppliers for goods and services	(144,418)	(164,869)	(309,287)
Cash payments to employees for services	<u>(333,976)</u>	<u>(167,912)</u>	<u>(501,888)</u>
Net cash provided by (used in) operating activities	<u>56,494</u>	<u>72,094</u>	<u>128,588</u>
Net increase (decrease) in cash and cash equivalents	56,494	72,094	128,588
Cash and cash equivalents - beginning of year	<u>28,412</u>	<u>178,859</u>	<u>207,271</u>
Cash and cash equivalents - end of year	<u>\$ 84,906</u>	<u>\$ 250,953</u>	<u>\$ 335,859</u>
 Reconciliation of operating income to net cash used in operating activities:			
Operating income (loss)	\$ (338,069)	\$ 72,955	\$ (265,114)
Adjustments to reconcile change in net assets to net cash			
Depreciation	334,092	12,491	346,583
Changes in working capital components:			
(Increase) Decrease in:			
Accounts receivables	74,661	(14,990)	59,671
Other assets	<u>(7,965)</u>	<u>(3,583)</u>	<u>(11,548)</u>
Increase (Decrease) in:			
Accounts payable	(3,529)	4,985	1,456
Accrued expenses and other liabilities	<u>(2,696)</u>	<u>236</u>	<u>(2,460)</u>
Net cash provided by (used) in operating activities	<u>\$ 56,494</u>	<u>\$ 72,094</u>	<u>\$ 128,588</u>

See independent auditors' report and accompanying notes to financial statements

AGENCY FUNDS

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016

ASSETS

Current assets:

Cash	\$ 20,298
Taxes receivables	<u>432,184</u>
Total assets	<u>\$ 452,482</u>

LIABILITIES

Current liabilities

Accounts payable	\$ 20,298
Deferred revenue	<u>432,184</u>
Total liabilities	<u>\$ 452,482</u>

See independent auditors' report and accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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 the 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 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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (continued)

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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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.

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 unearned 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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

D. Measurement Focus, Basis of Accounting, and Fund Financial Statements (continued)

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.

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

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

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):

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.

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).

Detention Center Fund - To account for funds relating to detention facilities. Authority is NMSA 1978 33-3-25.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

E. Measurement Focus, Basis of Accounting, and Fund Financial Statements (continued)

Additionally, the government reports the following fund types:

Fiduciary Funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary fund is 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 County'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 and garbage pick up. 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

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

F. Measurement Focus, Basis of Accounting, and Fund Financial Statements (continued)

Proprietary Fund (Continued)

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.

Ambulance Fund - The government reports this proprietary 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.

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.

G. 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.
- c. New Mexico LGIP AAAM Rated \$102,188 [54.6] day WAR(R); [77.7] day WAM (F).

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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

5. Deferred Inflows and Deferred Outflows:

Grant Revenue and Property Tax

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 revenue. In addition, property taxes receivable but uncollected within sixty (60) days of year end are classified as a deferred inflows.

Net Pension Liability

Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability (NPL) of employers. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. Deferred inflows are due to actual non-investment experience that was better than expected and changes to the benefits or assumptions which result in a decrease to the NPL. Deferred outflows are due to actual non-investment experience that was worse than expected, and changes to the benefits or assumptions which result in an increase to the NPL.

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.

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.

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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

9. Fund Balance (Continued):

Restricted (continued)

- b. Imposed by law through constitutional provisions or enabling legislation. 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.

H. Other Significant Accounting Policies

1. 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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

G. Other Significant Accounting Policies (continued)

2. Property Taxes:

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

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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. 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.

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, 2016 are presented.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Implementation of New Accounting Standards

In 2015, GASB issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and amendments to Certain Provisions of GASB Statements 67 and 68. The provisions in statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities or pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information supporting assessments of accountability and interperiod equity, and creating additional transparency. The 2015 is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The 2015 is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Implementation of New Accounting Standards (Continued)

The 2015 is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The 2015 is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, GASB issued GASB Statement No. 78, The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

In 2015, GASB issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Implementation of New Accounting Standards (Continued)

Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

In 2016, GASB issued GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

In 2016, GASB issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

In 2016, GASB issued GASB Statement No. 82, *Pension Issues An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

3. CUSTODIAL CREDIT RISK - DEPOSITS

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

<u>Depository Account</u>	<u>Bank Balance</u>
Collateralized:	
Collateral held by pledging bank's trust not in the county's name	4,012,111
Uninsured and uncollateralized	<u>2,810,846</u>
 Total Cash and Investments, Primary Government	 <u>\$ 6,822,957</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, 2016, \$6,822,957 of the County's bank balance of \$7,072,957 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and uncollateralized	2,810,846
Uninsured and collateralized held by pledging bank's trust department not in County's name	<u>4,012,111</u>
 Total Cash and Investments, Primary Government	 <u>\$ 7,072,957</u>

4. ACCOUNTS RECEIVABLE

The amount shown as accounts receivable represent amounts due from property taxes, oil and gas taxes, motor vehicle taxes, and gross receipts taxes. Accounts receivable as of June 30, 2016, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes receivable:			
Property taxes	\$ 421,643	\$ -	\$ 421,643
Due from other governments:			
Gas taxes	8,776	-	8,776
GRT	60,168	-	60,168
Motor vehicles	16,826	-	16,826
Grants	537,166	-	537,166
Other receivables:			
Fees	-	14,990	14,990
Ambulance charges	-	771,373	771,373
Allowance for doubtful accounts	<u>-</u>	<u>(724,427)</u>	<u>(724,427)</u>
 Net receivables	 <u>\$ 1,044,579</u>	 <u>\$ 61,936</u>	 <u>\$ 1,106,515</u>

An allowance for doubtful accounts for ambulance charges is disclosed in the table above. All other amounts are considered to be collectible.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

5. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2016, 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, 2016 was charged as follows:

General government	\$	375,539
Public safety		186,952
Public works		55,860
Culture and recreation		<u>6,384</u>
 Total depreciation expense	 \$	 <u>624,735</u>

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Government activities:				
Capital assets not being depreciated				
Land	\$ 133,052	\$ -	\$ -	\$ 133,052
Construction in progress	<u>9,303,186</u>	<u>-</u>	<u>-</u>	<u>9,303,186</u>
Total	9,436,238	-	-	9,436,238
Other capital assets being depreciated				
Buildings	7,493,497	-	-	7,493,497
Improvements/infrastructure	736,393	-	-	736,393
Machinery and equipment	<u>7,483,134</u>	<u>603,699</u>	<u>-</u>	<u>8,086,833</u>
Total	<u>15,713,024</u>	<u>603,699</u>	<u>-</u>	<u>16,316,723</u>
Total	25,149,262	603,699	-	25,752,961
Accumulated depreciation:				
Buildings	4,583,093	359,737	-	4,942,830
Improvements/infrastructure	172,011	13,281	-	185,292
Machinery and equipment	<u>5,672,043</u>	<u>251,717</u>	<u>-</u>	<u>5,923,760</u>
Total accumulated depreciation	<u>10,427,147</u>	<u>624,735</u>	<u>-</u>	<u>11,051,882</u>
Net book value	<u>\$ 14,722,115</u>	<u>\$ (21,036)</u>	<u>\$ -</u>	<u>\$ 14,701,079</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

5. CAPITAL ASSETS (continued)

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Business-type activities				
Capital assets being depreciated				
Machinery and equipment	\$ 1,474,731	\$ -	\$ -	\$ 1,474,731
Total	1,474,731	-	-	1,474,731
Accumulated depreciation:				
Machinery and equipment	775,781	346,583	-	1,122,364
Total accumulated depreciation	775,781	346,583	-	1,122,364
Net book value	\$ 698,950	\$ (346,583)	\$ -	\$ 352,367

Depreciation expense relating to business-like activities for the year-ended June 30, 2016 totaled \$346,583.

6. LONG-TERM LIABILITIES

During the year-end June 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance 6/30/15	Additions	Reductions	Balance 6/30/16	Due Within One Year
Governmental Funds					
Detention Center - 2167 revenue	\$ 1,593,004	\$ -	\$ 62,692	\$ 1,530,312	\$ 69,207
Detention Center-2432 revenue	1,629,519	-	49,716	1,579,803	56,277
Hidalgo 8 -2292 NMFA	33,426	-	6,296	27,130	6,482
Hidalgo 11- 2607 NMFA	80,187	-	10,723	69,462	10,895
Compensated absences	31,539	47,280	49,146	29,673	29,673
Total	\$ 3,367,675	\$ 47,280	\$ 178,573	\$ 3,236,380	\$ 172,534

Excess gross receipts taxes collected are applied against principal of the revenue bonds annually. NMFA loans are paid by the Fire Funds. Accrued compensated absences are paid out of various funds, as appropriated.

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

6. LONG-TERM LIABILITIES (continued)

	<u>Balance 6/30/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/16</u>	<u>Due Within One Year</u>
Propriety Fund					
Compensated absences	\$ 20,017	\$ 19,167	\$ 22,773	\$ 16,411	\$ 13,480

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 3.11%. The term of the loan was 25 years. Although payments are deducted monthly, the annual payments of the loan are as follows:

<u>Due in Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt service</u>
2017	\$ 69,207	\$ 46,475	\$ 115,682
2018	71,391	44,292	115,683
2019	73,643	42,039	115,682
2020	75,966	39,716	115,682
2021	78,363	37,320	115,683
2022-2027	524,907	169,187	694,094
2028-2033	632,412	61,657	694,069
2034-2038	4,424	-	4,424
	<u>\$ 1,530,313</u>	<u>\$ 440,686</u>	<u>\$ 1,970,999</u>

NMFA Loan Payable - Detention Center

On July 2010, the County entered into a loan agreement with the New Mexico Finance Authority for construction of the facility. 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 \$1,868,247. Interest on the loan is 4.043%. The term of the loan was 25 years. Although payments are deducted monthly, the annual payments of the loan are as follows:

<u>Due in Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2017	\$ 56,277	\$ 62,661	\$ 118,938
2018	58,595	60,343	118,938
2019	61,009	57,930	118,939
2020	63,522	55,417	118,939
2021	66,138	52,800	118,938
2022-2027	458,125	255,505	713,630
2028-2033	476,309	118,383	594,692
2034-2038	339,829	21,321	361,150
	<u>\$ 1,579,804</u>	<u>\$ 684,360</u>	<u>\$ 2,264,164</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

6. LONG-TERM LIABILITIES (continued)

NMFA Loan Payable - Hidalgo 8

On July 2009, the County entered into a loan agreement with the New Mexico Finance Authority to purchase a fire truck. The County pledged future revenues from the Fire Protection Fund revenue distributions made annually to Hidalgo County Fire. This revenue is subject to an intercept agreement. The original amount of the loan was \$60,900. Interest on the loan is 3%. The term of the loan was eleven years. Although payments are deducted monthly, the annual payments of the loan are as follows:

<u>Due in Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt service</u>
2017	\$ 6,482	\$ 725	\$ 7,207
2018	6,679	528	7,207
2019	6,882	325	7,207
2020	7,086	116	7,202
	<u>\$ 27,129</u>	<u>\$ 1,694</u>	<u>\$ 28,823</u>

NMFA Loan Payable - Hidalgo 11

On February 2011, the County entered into a loan agreement with the New Mexico Finance Authority to purchase a fire truck. The County pledged future revenues from the Fire Protection Fund revenue distributions made annually to Hidalgo County Fire. This revenue is subject to an intercept agreement. The original amount of the loan was \$111,650. Interest on the loan is 2.450%. The term of the loan was 22 years. Although payments are deducted monthly, the annual payments of the loan are as follows:

<u>Due in Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2017	\$ 10,895	\$ 1,582	\$ 12,477
2018	11,165	1,312	12,477
2019	11,442	1,036	12,478
2020	11,725	752	12,477
2021	24,237	626	24,863
	<u>\$ 69,464</u>	<u>\$ 5,308</u>	<u>\$ 74,772</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

7 RISK MANAGEMENT

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

For the policy period of July 1, 2015 through June 30, 2016, the premiums paid by the County were \$96,550. The assumption of risk transfers upon payment of premiums within the policy limits. To minimize the risk of loss for worker's compensation, the County participates in the New Mexico County Insurance Association (a risk pool of counties within the State of New Mexico).

8. PERA PENSION PLAN

GASB 68, *Accounting and Financial Reporting for Pensions*, requires contributing employers of cost-sharing multiple employer defined benefit pension plans to include the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources related to their share of the pension plan in their financial statement presentation. PERA engaged their financial statement auditors to prepare a schedule allocating these obligations to the contributing employers as of the year ended June 30, 2015. As part of adopting GASB 68 during the current year, the County recognized a Net Pension Liability (NPL), which represents the County's share of the underfunded pension obligation at June 30, 2016.

General Information about the Pension Plan - Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

8. PERA PENSION PLAN (CONTINUED)

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 5012.

Benefits provided - For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at: http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Contributions - The contribution requirements of defined benefit plan members and Hidalgo County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf. The PERA coverage options that apply to the County are Municipal General Division and Municipal Police Division. Statutorily required contributions to the pension plan from the County were \$201,934 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

8. PERA PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

members. The County of Hidalgo's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015.

Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts.

In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA at June 30, 2016, the County reported the following liability:

Municipal General Division	\$ 1,644,593
Municipal Police Division	<u>576,546</u>
Total Net Pension Liability	<u>\$ 2,221,139</u>

The amounts are the proportionate share of the net pension liability. At June 30, 2015, the County's proportion noted below was unchanged from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the County recognized the following pension expense:

Municipal General Division	\$ 65,886
Municipal Police Division	<u>30,782</u>
Total pension expense	<u>\$ 96,668</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

8. PERA PENSION PLAN (CONTINUED)

At June 30, 2016, the County reported deferred outflows of resources and deferred inflows or resources related to pensions for Municipal General Division from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
	<u> </u>	<u> </u>
Changes in assumptions	\$ -	\$ 641
Net difference between projected and actual earnings on pension plan investments	-	5,202
Difference between expected and actual experience	-	36,428
County of Hidalgo contributions subsequent to the measurement date	157,639	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>9,531</u>	<u>-</u>
Total	<u>\$ 167,170</u>	<u>\$ 42,271</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

8. PERA PENSION PLAN (CONTINUED)

At June 30, 2016, the County reported deferred outflows of resources and deferred inflows or resources related to pensions for Municipal Police Division from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 40,287	\$ -
Changes in assumptions	-	23,853
Net difference between projected and actual earnings on pension plan investments	-	1,599
Difference between expected and actual experience	-	-
County of Hidalgo contributions subsequent to the measurement date	44,295	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	23,897
Total	\$ 84,582	\$ 49,349

	Liability Proportion
Municipal General Division	0.1613%
Municipal Police Division	0.1199%
Municipal Fire Division	0.0000%

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

8. PERA PENSION PLAN (CONTINUED)

In June 30, 2016 \$201,934, deferred outflows - contributions made after measurement date, will be recognized as a reduction of net pension liability. Other deferred amounts to be recognized in fiscal years following the reporting date are below:

Year Ended June 30:	Municipal General Division	Municipal Police Division
2017	\$ 43,559	\$ 4,909
2018	43,559	4,909
2019	43,559	4,909
2020	88,405	29,562
2021	<u>-</u>	<u>-</u>
Total	<u>\$ 219,082</u>	<u>\$ 44,289</u>

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

8. PERA PENSION PLAN (CONTINUED)

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
- Investment rate of return	7.75% annual rate, net of investment expense
- Projected benefit payment	100 years
-Payroll growth	3.50% annual rate
-Projected salary increases	3.50% to 14.25% annual rate
-Includes inflation at	3.00% annual rate
- Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
Experience Study Dates	July 1, 2008 to June 30, 2013

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

8. PERA PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1 %	5.00 %
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	<u>4.0</u>	4.15
Total	100.0 %	

Discount rate - The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB 67. Therefore, the 7.75 percent assumed long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

8. PERA PENSION PLAN (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of County of Hidalgo, calculated using the discount rate of 7.75 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current 7.75%	1% Increase 8.75%
Municipal General Division	2,800,090	1,644,593	683,876
Municipal Police Division	952,132	576,546	268,439
TOTAL	\$ 3,752,222	\$ 2,221,139	\$ 952,315

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan - Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASB 68, paragraphs 122 and 124. County of Hidalgo had payables of \$0 at June 30, 2016.

9. POST-EMPLOYMENT BENEFITS

The County of Hidalgo did not participate in the Retiree Health Care Act Program during the fiscal year ending June 30, 2016.

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

10. CONTINGENCIES

The County is party to various claims and lawsuits arising in the normal course of business. The County is insured through the New Mexico County Insurance Authority. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the County.

11. FEDERAL AND STATE GRANTS

In the normal course of operations, the County receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

12. INTER-FUND TRANSFERS AND BALANCES

The composition of interfund transfers for Governmental Activities during the year ended June 30, 2016 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ 10,535	\$ 974,145
Detention	461,366	242,607
Debt Service	262,647	-
Reserve	-	1,927
Hidalgo Complex	-	162
Animas Fire	-	7,299
Jail	-	3,196
Fair Account	-	5,250
Gross Receipts Environmental	-	30,000
	<u>734,548</u>	<u>1,264,586</u>
Total Governmental Funds		
Enterprise Funds:		
Ambulance Fund	330,038	-
C&C Transfer	200,000	-
	<u>530,038</u>	<u>-</u>
Total Enterprise Funds		
Total	<u>\$ 1,264,586</u>	<u>\$ 1,264,586</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

13. RESTATEMENT

Two reserve cash balances held by New Mexico Finance Authority (NMFA) have not been reflected in the books of Hidalgo County. The restatement affected at the fund level, and at the government wide level as listed below.

There was a restatement totaling a net of \$244,851 at the governmental funds. Below is the amounts adjusted:

Two reserve cash balances held by New Mexico Finance Authority (NMFA) have not been reflected in the books of Hidalgo County, thus understating the fund balance.	<u>\$ 244,851</u>
Restatement	<u>\$ 244,851</u>

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 1, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
HIDALGO COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2016</u>
The County of Hidalgo's proportion of the net pension liability	\$ 1,245,831	\$ 1,644,593
The County of Hidalgo's proportionate share of the net pension liability	0.1597%	0.1613%
The County of Hidalgo's covered-employee payroll	\$ 1,565,040	\$ 1,151,277
The County of Hidalgo's proportionate share of the net pension liability as a percentage of its covered-employee payroll	79.60 %	142.85 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The County of Hidalgo will present information for those years for which information is available.

STATE OF NEW MEXICO
HIDALGO COUNTY
SCHEDULE OF HIDALGO COUNTY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 118,643	\$ 127,518
Contributions in relation to the contractually required contribution	<u>118,643</u>	<u>127,518</u>
Contribution deficiency (excess)	-	-
The County of Hidalgo's covered-employee payroll	<u>\$ 1,565,040</u>	<u>\$ 1,565,040</u>
Contributions as a percentage of covered-employee payroll	<u>7.58 %</u>	<u>8.15 %</u>

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The County of Hidalgo will present information for those years for which information is available.

STATE OF NEW MEXICO
HIDALGO COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2016</u>
The County of Hidalgo's proportion of the net pension liability	\$ 422,156	\$ 576,546
The County of Hidalgo's proportionate share of the net pension liability	0.1295 %	0.1199 %
The County of Hidalgo's covered-employee payroll	\$ 725,091	\$ 779,541
The County of Hidalgo's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.22 %	73.96 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The County of Hidalgo will present information for those years for which information is available.

STATE OF NEW MEXICO
HIDALGO COUNTY
SCHEDULE OF HIDALGO COUNTY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	2015	2016
Contractually required contribution	\$ 46,154	\$ 44,395
Contributions in relation to the contractually required contribution	46,154	44,395
Contribution deficiency (excess)	-	-
The County of Hidalgo's covered-employee payroll	\$ 725,091	\$ 725,091
Contributions as a percentage of covered-employee payroll	6.37 %	11.76 %

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The County of Hidalgo will present information for those years for which information is available.

STATE OF NEW MEXICO
HIDALGO COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Changes of benefit terms: The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY 14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202014.pdf).

Changes in assumptions: *The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report%20FINAL.pdf). The summary of Key Findings for the PERA Fund (on page 2 of the report states "based on a recent experience study for the five-year period ending June 20, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.*

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Recording/Filing Fund - To account for revenues and expenditures for purchase 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).

Fire Fund - To account for operations and maintenance of six 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.

1. **Fire - Animas** - This fund is a volunteer fire department within the county.
2. **Fire - Rodeo** - This fund is a volunteer fire department within the county.
3. **Fire - Hidalgo** - This fund is a volunteer fire department within the county.
4. **Fire - Playas** - This fund is a volunteer fire department within the county.
5. **Fire - Cotton City** - This fund is a volunteer fire department within the county.
6. **Fire - Gila Neblett** - This fund is a volunteer fire department within the county.

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.

Special Investigations - This fund was created to allow for Hidalgo County to take part in the national asset forfeiture program.

Reserve - This is a fund that was created to allow the Sheriff's office to administer a reserve deputy program. This fund was closed in August of 2015

Jail -This is a fund that was created to allow a previous accounting system to zero out while the detention upgraded to a new accounting system. These funds issued are still outstanding and will be closed this coming year.

Fair Account - This fund is created for the Hidalgo County Fair Association to run and operate the county fair.

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.

DEBT SERVICE FUNDS

Debt Service Fund - To account for funds used to pay off the loans used to finance governmental activities.

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,043,295	\$ 232,696	\$ -	\$ 1,275,991
Taxes receivable	6,353	665	-	7,018
Other receivables	34,649	-	-	34,649
Total assets	\$ 1,084,297	\$ 233,361	\$ -	\$ 1,317,658
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 15,379	\$ -	\$ -	\$ 15,379
Accrued liabilities	968	-	-	968
Total liabilities	16,347	-	-	16,347
FUND BALANCE				
Restricted for capital projects	-	233,361	-	233,361
Restricted for special revenue funds	1,067,950	-	-	1,067,950
Total fund balances	1,067,950	233,361	-	1,301,311
Total liabilities and fund balances	\$ 1,084,297	\$ 233,361	\$ -	\$ 1,317,658

See independent auditors' report

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Funds
REVENUES				
Gross receipts taxes	\$ 188,198	\$ 198	\$ -	\$ 188,396
Intergovernmental income	30,234	-	-	30,234
Charges for services	48,355	-	-	48,355
Other income	175,164	7,246	-	182,410
Federal grant	7,299	-	-	7,299
State grant	458,919	-	-	458,919
	<u>908,169</u>	<u>7,444</u>	<u>-</u>	<u>915,613</u>
Total revenues				
EXPENDITURES				
Current:				
General government	66,764	-	-	66,764
Public safety	740,294	-	-	740,294
Health and welfare	270,593	21,203	-	291,796
Debt service				
Interest	-	-	133,220	133,220
Principal	-	-	129,427	129,427
Capital outlay	603,699	-	-	603,699
	<u>1,681,350</u>	<u>21,203</u>	<u>262,647</u>	<u>1,965,200</u>
Total expenditures				
Excess (deficiency) revenues over ex (under) expenditures	<u>(773,181)</u>	<u>(13,759)</u>	<u>(262,647)</u>	<u>(1,049,587)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	262,647	262,647
Transfers out	(47,834)	-	-	(47,834)
	<u>(47,834)</u>	<u>-</u>	<u>262,647</u>	<u>214,813</u>
Total other financing sources (uses)				
Net change in fund balance	(821,015)	(13,759)	-	(834,774)
Fund balance, beginning	<u>1,888,965</u>	<u>247,120</u>	<u>-</u>	<u>2,136,085</u>
Fund balance, end of year	<u>\$ 1,067,950</u>	<u>\$ 233,361</u>	<u>\$ -</u>	<u>\$ 1,301,311</u>

See independent auditors' report

SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 JUNE 30, 2016

	Recording/ Filing	Farm and Range	Property Valuation	Fire Fund	Cotton City Fire	Correction Fees	DARE	Animas Fire Fund	Hidalgo Fire
ASSETS									
Cash and cash equivalents	\$ 33,162	\$ 25,936	\$ 237,843	\$ 63,720	\$ 122,094	\$ 1,548	\$ 16,205	\$ 6,473	\$ 33,472
Other receivables	-	-	-	-	-	34,649	-	-	-
Total assets	<u>\$ 33,162</u>	<u>\$ 25,936</u>	<u>\$ 237,843</u>	<u>\$ 63,720</u>	<u>\$ 122,094</u>	<u>\$ 36,197</u>	<u>\$ 16,205</u>	<u>\$ 6,473</u>	<u>\$ 33,472</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	-	-	-	-	15,278	-	-	101	-
Total liabilities	-	-	-	-	15,278	-	-	101	-
FUND BALANCE									
Restricted for special revenue funds	<u>33,162</u>	<u>25,936</u>	<u>237,843</u>	<u>63,720</u>	<u>106,816</u>	<u>36,197</u>	<u>16,205</u>	<u>6,372</u>	<u>33,472</u>
Total liabilities and fund balance	<u>\$ 33,162</u>	<u>\$ 25,936</u>	<u>\$ 237,843</u>	<u>\$ 63,720</u>	<u>\$ 122,094</u>	<u>\$ 36,197</u>	<u>\$ 16,205</u>	<u>\$ 6,473</u>	<u>\$ 33,472</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2016

	<u>Law Enf Protection</u>	<u>Gross Receipts Landfill</u>	<u>Indigent Care</u>	<u>Gross Receipts Env.</u>	<u>EMS Grant</u>	<u>Hidalgo Complex</u>	<u>Lodger's Tax</u>	<u>Recyclable Monies</u>	<u>Rodeo Fire</u>
ASSETS									
Cash and cash equivalents	\$ 661	\$ 23,409	\$ 29,888	\$ 75,539	\$ 22,779	\$ -	\$ 9,444	\$ 52,801	\$ 37,097
Taxes receivable	-	-	-	6,353	-	-	-	-	-
Total assets	<u>\$ 661</u>	<u>\$ 23,409</u>	<u>\$ 29,888</u>	<u>\$ 81,892</u>	<u>\$ 22,779</u>	<u>\$ -</u>	<u>\$ 9,444</u>	<u>\$ 52,801</u>	<u>\$ 37,097</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accrued liabilities	\$ -	\$ 968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	968	-	-	-	-	-	-	-
FUND BALANCE									
Restricted for special revenue funds	661	22,441	29,888	81,892	22,779	-	9,444	52,801	37,097
Total liabilities and fund balance	<u>\$ 661</u>	<u>\$ 23,409</u>	<u>\$ 29,888</u>	<u>\$ 81,892</u>	<u>\$ 22,779</u>	<u>\$ -</u>	<u>\$ 9,444</u>	<u>\$ 52,801</u>	<u>\$ 37,097</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2016

	<u>Playas Fire</u>	<u>Gila Neblett</u>	<u>Special Investigations</u>	<u>Reserve</u>	<u>Jail</u>	<u>Fair Account</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 213,942	\$ 13,662	\$ 23,620	\$ -	\$ -	\$ -	\$ 1,043,295
Taxes receivable	-	-	-	-	-	-	6,353
Other receivables	-	-	-	-	-	-	34,649
Total assets	<u>\$ 213,942</u>	<u>\$ 13,662</u>	<u>\$ 23,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,084,297</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,379
Accrued liabilities	-	-	-	-	-	-	968
Total liabilities	-	-	-	-	-	-	16,347
FUND BALANCE							
Restricted for special revenue funds	<u>213,942</u>	<u>13,662</u>	<u>23,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,067,950</u>
Total liabilities and fund balance	<u>\$ 213,942</u>	<u>\$ 13,662</u>	<u>\$ 23,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,084,297</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Recording/Filing	Farm and Range	Property Valuation	Fire Fund	Cotton City Fire	Correction Fees	DARE	Animas Fire Fund	Hidalgo Fire
REVENUES									
Intergovernmental income	\$ -	\$ 30,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	10,198	-	34,077	-	-	-	-	-	-
Other income	-	-	-	-	-	163,999	5,059	-	-
State grants	-	-	-	66,176	49,654	-	-	43,335	136,568
Intercepted Revenue	-	-	-	-	-	-	-	7,299	-
Total revenues	10,198	30,234	34,077	66,176	49,654	163,999	5,059	50,634	136,568
EXPENDITURES									
Current:									
General government	8,679	-	51,925	-	-	-	-	-	-
Public safety	-	-	-	53,439	51,998	396,529	31,526	45,002	33,715
Health and welfare	-	42,474	-	-	-	-	-	-	-
Capital outlay	-	-	-	47,770	193,715	-	-	200,000	100,000
Total expenditures	8,679	42,474	51,925	101,209	245,713	396,529	31,526	245,002	133,715
Excess (deficiency) of revenues over (under) expenditures	1,519	(12,240)	(17,848)	(35,033)	(196,059)	(232,530)	(26,467)	(194,368)	2,853
OTHER FINANCING SOURCES (USES)									
Operating transfers out	-	-	-	-	-	-	-	(7,299)	-
Total other financing source (uses)	-	-	-	-	-	-	-	(7,299)	-
Net change in fund balance	1,519	(12,240)	(17,848)	(35,033)	(196,059)	(232,530)	(26,467)	(201,667)	2,853
Fund balance, beginning	31,643	38,176	255,691	98,753	302,875	268,727	42,672	208,039	30,619
Fund balance, end of year	\$ 33,162	\$ 25,936	\$ 237,843	\$ 63,720	\$ 106,816	\$ 36,197	\$ 16,205	\$ 6,372	\$ 33,472

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2016

	Law Enf. Protection	Gross Receipts Landfill	Indigent Care	Gross Receipts Env.	EMS Grant	Hidalgo Complex	Lodgers Tax	Recyclable Monies	Rodeo Fire
REVENUES									
Gross receipts taxes	\$ -	\$ 78,728	\$ 78,728	\$ 30,742	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	4,080	-
Other income	-	3,360	-	-	-	-	2,746	-	-
State grants	658	-	-	-	35,036	-	-	-	49,576
Total revenues	658	82,088	78,728	30,742	35,036	-	2,746	4,080	49,576
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	6,160	-
Public safety	24,589	-	-	-	-	-	-	-	33,379
Health and welfare	-	90,800	96,274	-	41,045	-	-	-	-
Total expenditures	24,589	90,800	96,274	-	41,045	-	-	6,160	33,379
Excess (deficiency) of revenues over (under) expenditures	(23,931)	(8,712)	(17,546)	30,742	(6,009)	-	2,746	(2,080)	16,197
OTHER FINANCING SOURCES (USES)									
Operating transfers out	-	-	-	(30,000)	-	(162)	-	-	-
Total other financing source (uses)	-	-	-	(30,000)	-	(162)	-	-	-
Net change in fund balance	(23,931)	(8,712)	(17,546)	742	(6,009)	(162)	2,746	(2,080)	16,197
Fund balance, beginning	24,592	31,153	47,434	81,150	28,788	162	6,698	54,881	20,900
Fund balance, end of year	\$ 661	\$ 22,441	\$ 29,888	\$ 81,892	\$ 22,779	\$ -	\$ 9,444	\$ 52,801	\$ 37,097

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2016

	Playas Fire	Gila Neblett	Special Investigations	Reserve	Jail	Fair Account	Total
REVENUES							
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,198
Intergovernmental income	-	-	-	-	-	-	30,234
Charges for services	-	-	-	-	-	-	48,355
Other income	-	-	-	-	-	-	175,164
State grants	77,916	-	-	-	-	-	458,919
Intercepted Revenue	-	-	-	-	-	-	7,299
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	77,916	-	-	-	-	-	908,169
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	66,764
Public safety	62,983	-	7,134	-	-	-	740,294
Health and welfare	-	-	-	-	-	-	270,593
Capital outlay	62,214	-	-	-	-	-	603,699
	<u>62,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>603,699</u>
Total expenditures	125,197	-	7,134	-	-	-	1,681,350
	<u>125,197</u>	<u>-</u>	<u>7,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,681,350</u>
Excess (deficiency) of revenues over (under) expenditures	(47,281)	-	(7,134)	-	-	-	(773,181)
OTHER FINANCING SOURCES (USES)							
Operating transfers out	-	-	-	(1,927)	(3,196)	(5,250)	(47,834)
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,927)</u>	<u>(3,196)</u>	<u>(5,250)</u>	<u>(47,834)</u>
Net change in fund balance	(47,281)	-	(7,134)	(1,927)	(3,196)	(5,250)	(821,015)
Fund balance, beginning	261,223	13,662	30,754	1,927	3,196	5,250	1,888,965
	<u>261,223</u>	<u>13,662</u>	<u>30,754</u>	<u>1,927</u>	<u>3,196</u>	<u>5,250</u>	<u>1,888,965</u>
Fund balance, end of year	\$ 213,942	\$ 13,662	\$ 23,620	\$ -	\$ -	\$ -	\$ 1,067,950
	<u>\$ 213,942</u>	<u>\$ 13,662</u>	<u>\$ 23,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,067,950</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL ON BUDGETARY BASIS
SPECIAL REVENUE FUND - RECORDING/FILING
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Charges for services	\$ 14,000	\$ 14,000	\$ 10,198	\$ (3,802)
Total revenues	14,000	14,000	10,198	(3,802)
EXPENDITURES:				
Current:				
General government	8,700	8,700	8,679	21
Total expenditures	8,700	8,700	8,679	21
Excess (deficiency) of revenues over expenditures	5,300	5,300	1,519	(3,781)
Net changes in fund balance Non-GAAP basis	5,300	5,300	1,519	(3,781)
Fund balance, beginning of year	31,643	31,643	31,643	-
Fund balance - ending	<u>\$ 36,943</u>	<u>\$ 36,943</u>	<u>\$ 33,162</u>	<u>\$ (3,781)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 1,519	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in fund balance- GAAP basis			<u>\$ 1,519</u>	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - FARM AND RANGE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental income	\$ 23,000	\$ 23,000	\$ 30,234	\$ 7,234
Total revenues	23,000	23,000	30,234	7,234
EXPENDITURES:				
Current:				
Health and welfare	30,000	42,475	42,474	1
Total expenditures	30,000	42,475	42,474	1
Excess (deficiency) of revenues over expenditures	(7,000)	(19,475)	(12,240)	7,235
Net changes in fund balance Non-GAAP basis	(7,000)	(19,475)	(12,240)	(64)
Fund balance, beginning of year	38,176	38,176	38,176	-
Fund balance - ending	\$ 31,176	\$ 18,701	\$ 25,936	\$ 7,235
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (12,240)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in fund balance - GAAP basis			\$ (12,240)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL ON BUDGETARY BASIS
SPECIAL REVENUE FUND - PROPERTY VALUATION
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 28,000	\$ 28,000	\$ 34,077	\$ 6,077
Total revenues	28,000	28,000	34,077	6,077
EXPENDITURES:				
Current:				
General government	26,089	66,089	51,925	14,164
Total expenditures	26,089	66,089	51,925	14,164
Excess (deficiency) of revenues over expenditures	1,911	(38,089)	(17,848)	20,241
Net changes in fund balance Non-GAAP basis	1,911	(38,089)	(17,848)	20,241
Fund balance, beginning of year	255,691	255,691	255,691	-
Fund balance - ending	<u>\$ 257,602</u>	<u>\$ 217,602</u>	<u>\$ 237,843</u>	<u>\$ 20,241</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (17,848)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in fund balance - GAAP basis			<u>\$ (17,848)</u>	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - FIRE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grant	\$ 55,652	\$ 55,652	\$ 66,176	\$ 10,524
Other income	-	-	-	-
Total revenues	55,652	55,652	66,176	10,524
EXPENDITURES:				
Current:				
Public safety	220,607	220,607	53,439	167,168
Capital Outlay	-	-	47,770	(47,770)
Total expenditures	220,607	220,607	101,209	119,398
Excess (deficiency) of revenues over expenditures	(164,955)	(164,955)	(35,033)	129,922
Net changes in fund balance Non-GAAP basis	(164,955)	(164,955)	(35,033)	129,922
Fund balance - beginning of year	98,753	98,753	98,753	-
Fund balance - ending	\$ (66,202)	\$ (66,202)	\$ 63,720	\$ 129,922
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (35,033)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in fund balance - GAAP basis		-	\$ (35,033)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - COTTON CITY
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grants	\$ 49,654	\$ 49,654	\$ 49,654	\$ -
Total revenues	49,654	49,654	49,654	-
EXPENDITURES:				
Current:				
Public Safety	51,998	51,998	51,998	-
Capital Outlay	193,715	193,715	178,437	15,278
Total expenditures	245,713	245,713	230,435	15,278
Excess (deficiency) of revenues over expenditures	(196,059)	(196,059)	(180,781)	15,278
Net changes in fund balance Non-GAAP basis	(196,059)	(196,059)	(180,781)	15,278
Fund balance, beginning of year	302,875	302,875	302,875	-
Fund balance - ending	\$ 106,816	\$ 106,816	\$ 122,094	\$ 15,278
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (180,781)	
Revenue accruals		-		
Expenditure accruals		(15,278)	(15,278)	
Net change in fund balance - GAAP basis			\$ (196,059)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - CORRECTION FEES FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ 125,000	\$ 125,000	\$ -	\$ (125,000)
Miscellaneous income	<u>30,000</u>	<u>30,000</u>	<u>163,999</u>	<u>133,999</u>
Total revenues	155,000	155,000	163,999	8,999
EXPENDITURES:				
Current:				
Public safety	<u>381,700</u>	<u>381,700</u>	<u>358,683</u>	<u>23,017</u>
Total expenditures	<u>381,700</u>	<u>381,700</u>	<u>358,683</u>	<u>23,017</u>
Excess (deficiency) of revenues over expenditures	<u>(226,700)</u>	<u>(226,700)</u>	<u>(194,684)</u>	<u>32,016</u>
Net changes in fund balance Non-GAAP basis	(226,700)	(226,700)	(194,684)	32,016
Fund balance, beginning of year	<u>268,727</u>	<u>268,727</u>	<u>268,727</u>	<u>-</u>
Fund balance - ending	<u>\$ 42,027</u>	<u>\$ 42,027</u>	<u>\$ 74,043</u>	<u>\$ 32,016</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (194,684)	
Revenue accruals		-		
Expenditure accruals		<u>(37,846)</u>	<u>(37,846)</u>	
Net change in fund balance - GAAP basis			<u>\$ (232,530)</u>	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - DARE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other Income	\$ 200	\$ 200	\$ 5,059	\$ 4,859
Total revenues	200	200	5,059	4,859
EXPENDITURES:				
Current				
Public Safety	32,295	32,295	31,526	769
Total expenditures	32,295	32,295	31,526	769
Excess (deficiency) of revenues over expenditures	(32,095)	(32,095)	(26,467)	5,628
Net changes in fund balance Non-GAAP basis	(32,095)	(32,095)	(26,467)	5,628
Fund balance, beginning of year	42,672	42,672	42,672	-
Fund balance - ending	\$ 10,577	\$ 10,577	\$ 16,205	\$ 5,628
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (26,467)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in fund balance- GAAP basis			\$ (26,467)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - ANIMAS FIRE
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grant	\$ 43,335	\$ 43,335	\$ 43,335	\$ -
Intercepted Revenue	7,299	7,299	7,299	-
Total revenues	50,634	50,634	50,634	-
EXPENDITURES:				
Current:				
Public Safety	45,002	45,002	45,002	-
Capital Outlay	200,000	200,000	200,000	-
Total expenditures	245,002	245,002	245,002	-
Excess (deficiency) of revenues over expenditures	(194,368)	(194,368)	(194,368)	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(7,299)	(7,299)
Total other financing sources (uses)	-	-	(7,299)	(7,299)
Net changes in fund balance Non-GAAP basis	(194,368)	(194,368)	(201,667)	(7,299)
Fund balance, beginning of year	208,039	208,039	208,039	-
Fund balance - ending	\$ 13,671	\$ 13,671	\$ 6,372	\$ (7,299)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (201,667)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in fund balance - GAAP basis			\$ (201,667)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - HIDALGO FIRE
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State Grants	\$ 136,568	\$ 136,568	\$ 136,568	\$ -
Total revenues	136,568	136,568	136,568	-
EXPENDITURES:				
Current:				
Capital outlay	100,000	100,000	100,000	-
Public safety	33,715	33,715	33,715	-
Total expenditures	133,715	133,715	133,715	-
Excess (deficiency) of revenues over expenditures	2,853	2,853	2,853	-
Net changes in fund balance Non-GAAP basis	2,853	2,853	2,853	-
Fund balance, beginning of year	30,619	30,619	30,619	-
Fund balance - ending	\$ 33,472	\$ 33,472	\$ 33,472	\$ -
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 2,853	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in Fund balance - GAAP basis			\$ 2,853	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - LAW ENFORCEMENT PROTECTION
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grant	\$ 24,200	\$ 24,200	\$ 658	\$ (23,542)
Total revenues	24,200	24,200	658	(23,542)
EXPENDITURES:				
Current:				
Public safety	24,873	24,873	24,589	284
Total expenditures	24,873	24,873	24,589	284
Excess (deficiency) of revenues over expenditures	(673)	(673)	(23,931)	(23,258)
Net changes in fund balance Non-GAAP basis	(673)	(673)	(23,931)	(23,258)
Fund balance, beginning of year	24,592	24,592	24,592	-
Fund balance - ending	\$ 23,919	\$ 23,919	\$ 661	\$ (23,258)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (23,931)	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Net change in Fund balance - GAAP basis			\$ (23,931)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - GROSS RECEIPTS / LANDFILL
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross Receipts Taxes	\$ 78,728	\$ 78,728	\$ 78,728	\$ -
Other income	<u>3,360</u>	<u>3,360</u>	<u>3,360</u>	<u>-</u>
Total revenues	82,088	82,088	82,088	-
EXPENDITURES:				
Current:				
Health and Welfare	<u>89,832</u>	<u>89,832</u>	<u>89,832</u>	<u>-</u>
Total expenditures	<u>89,832</u>	<u>89,832</u>	<u>89,832</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(7,744)</u>	<u>(7,744)</u>	<u>(7,744)</u>	<u>-</u>
Net changes in fund balance Non-GAAP basis	(7,744)	(7,744)	(7,744)	-
Fund balance, beginning of year	<u>31,153</u>	<u>31,153</u>	<u>31,153</u>	<u>-</u>
Fund balance - ending	<u>\$ 23,409</u>	<u>\$ 23,409</u>	<u>\$ 23,409</u>	<u>\$ -</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (7,744)	
Revenue accruals		-		
Expenditure accruals		<u>(968)</u>	<u>(968)</u>	
Net change in Fund balance - GAAP basis			<u>\$ (8,712)</u>	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - INDIGENT CARE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Gross Receipts Taxes	\$ 87,000	\$ 87,000	\$ 78,728	\$ (8,272)
Total revenues	87,000	87,000	78,728	(8,272)
EXPENDITURES:				
Current:				
Health and welfare	125,800	125,800	96,274	29,526
Total expenditures	125,800	125,800	96,274	29,526
Excess (deficiency) of revenues over expenditures	(38,800)	(38,800)	(17,546)	21,254
Net changes in fund balance Non-GAAP basis	(38,800)	(38,800)	(17,546)	21,254
Fund balance, beginning of year	47,434	47,434	47,434	-
Fund balance - ending	\$ 8,634	\$ 8,634	\$ 29,888	\$ 21,254
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (17,546)	
Revenue accruals		-	-	
Expenditure accruals		-	-	
Net change in Fund balance- GAAP basis			\$ (17,546)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - GROSS RECEIPTS / ENVIRONMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Gross receipts taxes	\$ 30,000	\$ 30,000	\$ 28,444	\$ (1,556)
Total revenues	30,000	30,000	28,444	(1,556)
EXPENDITURES:				
Current:				
Operating expenditures	-	-	-	-
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	30,000	30,000	28,444	(1,556)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
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	-	-	(1,556)	(1,556)
Fund balance, beginning of year	81,150	81,150	81,150	-
Fund balance - ending	\$ 81,150	\$ 81,150	\$ 79,594	\$ (1,556)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (1,556)	
Revenue accruals		2,298		
Expenditure accruals		-	2,298	
Net change in Fund balance - GAAP basis			\$ 742	

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STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - EMS GRANT FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grants	\$ 38,852	\$ 35,036	\$ 35,036	\$ -
Total revenues	38,852	35,036	35,036	-
EXPENDITURES:				
Current:				
Health and welfare	38,852	38,852	38,021	831
Total expenditures	38,852	38,852	38,021	831
Excess (deficiency) of revenues over expenditures	-	(3,816)	(2,985)	831
Net changes in fund balance Non-GAAP basis	-	(3,816)	(2,985)	831
Fund balance, beginning of year	28,788	28,788	28,788	-
Fund balance - ending	\$ 28,788	\$ 24,972	\$ 25,803	\$ 831
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (2,985)	
Revenue accruals		-		
Expenditure accruals		(3,024)	(3,024)	
Net change in Fund balance - GAAP basis			\$ (6,009)	

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STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - HIDALGO COMPLEX FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Transfers out	-	-	(162)	(162)
Total other financing sources (uses)	-	-	(162)	(162)
Net changes in fund balance Non-GAAP basis	-	-	(162)	(162)
Fund balance, beginning of year	162	162	162	-
Fund balance - ending	\$ 162	\$ 162	\$ -	\$ (162)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (162)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in fund balance - GAAP basis			\$ (162)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - LODGER'S TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Lodger's tax	\$ 3,100	\$ 3,100	\$ 2,746	\$ (354)
Total revenues	3,100	3,100	2,746	(354)
EXPENDITURES:				
Current:				
Health and welfare	2,000	2,000	-	2,000
Total expenditures	2,000	2,000	-	2,000
Excess (deficiency) of revenues over expenditures	1,100	1,100	2,746	1,646
Net changes in fund balance Non-GAAP basis	1,100	1,100	2,746	1,646
Fund balance, beginning of year	6,698	6,698	6,698	-
Fund balance - ending	\$ 7,798	\$ 7,798	\$ 9,444	\$ 1,646
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 2,746	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in fund balance- GAAP basis			\$ 2,746	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - RECYCLABLE MONIES FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Charges for services	\$ 4,080	\$ 4,080	\$ 4,080	\$ -
Total revenues	4,080	4,080	4,080	-
EXPENDITURES:				
Current:				
General government'	6,160	6,160	6,160	-
Total expenditures	6,160	6,160	6,160	-
Excess (deficiency) of revenues over expenditures	(2,080)	(2,080)	(2,080)	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance Non-GAAP basis	(2,080)	(2,080)	(2,080)	-
Fund balance, beginning of year	54,881	54,881	54,881	-
Fund balance - ending	<u>\$ 52,801</u>	<u>\$ 52,801</u>	<u>\$ 52,801</u>	<u>\$ -</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (2,080)	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Net change in Fund balance - GAAP basis			<u>\$ (2,080)</u>	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - RODEO FIRE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grants	\$ 49,576	\$ 49,576	\$ 49,576	\$ -
Total revenues	49,576	49,576	49,576	-
EXPENDITURES:				
Current:				
Public safety	33,379	33,379	33,379	-
Total expenditures	33,379	33,379	33,379	-
Excess (deficiency) of revenues over expenditures	16,197	16,197	16,197	-
Net changes in fund balance Non-GAAP basis	16,197	16,197	16,197	-
Fund balance, beginning of year	20,900	20,900	20,900	-
Fund balance - ending	\$ 37,097	\$ 37,097	\$ 37,097	\$ -
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 16,197	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in Fund balance - GAAP basis			\$ 16,197	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - PLAYAS FIRE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grant	\$ 77,916	\$ 77,916	\$ 77,916	\$ -
Total revenues	77,916	77,916	77,916	-
EXPENDITURES:				
Current:				
Public Safety	62,983	62,983	62,983	-
Capital Outlay	<u>62,214</u>	<u>62,214</u>	<u>62,214</u>	<u>-</u>
Total expenditures	<u>125,197</u>	<u>125,197</u>	<u>125,197</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(47,281)</u>	<u>(47,281)</u>	<u>(47,281)</u>	<u>-</u>
Net changes in fund balance Non-GAAP basis	(47,281)	(47,281)	(47,281)	-
Fund balance, beginning of year	<u>261,223</u>	<u>261,223</u>	<u>261,223</u>	<u>-</u>
Fund balance - ending	<u>\$ 213,942</u>	<u>\$ 213,942</u>	<u>\$ 213,942</u>	<u>\$ -</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (47,281)	
Revenue accruals		-		
Expenditure accruals		<u>-</u>	<u>-</u>	
Net change in Fund balance - GAAP basis			<u>\$ (47,281)</u>	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - GILA NEBLETT FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance Non-GAAP basis	-	-	-	-
Fund balance, beginning of year	13,662	13,662	13,662	-
Fund balance - ending	\$ 13,662	\$ 13,662	\$ 13,662	\$ -
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ -	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in Fund balance- GAAP basis			\$ -	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - SPECIAL INVESTIGATIONS
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Public Safety	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Operating expenditures	-	-	-	-
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net changes in fund balance Non-GAAP basis	-	-	-	-
Fund balance, beginning of year	30,754	30,754	30,754	-
Fund balance - ending	\$ 30,754	\$ 30,754	\$ 30,754	\$ -
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ -	
Revenue accruals		-		
Expenditure accruals		(7,134)	(7,134)	
Net change in Fund balance - GAAP basis			\$ (7,134)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - RESERVE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Operating expenditures	-	-	-	-
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Transfers out	-	-	(1,927)	(1,927)
Total other financing sources (uses)	-	-	(1,927)	(1,927)
Net changes in fund balance Non-GAAP basis	-	-	(1,927)	(1,927)
Fund balance, beginning of year	1,927	1,927	1,927	-
Fund balance - ending	\$ 1,927	\$ 1,927	\$ -	\$ (1,927)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (1,927)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in Fund balance - GAAP basis			\$ (1,927)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - JAIL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(3,196)	(3,196)
Total other financing sources (uses)	-	-	(3,196)	(3,196)
Net changes in fund balance Non-GAAP basis	-	-	(3,196)	(3,196)
Fund balance, beginning of year	3,196	3,196	3,196	-
Fund balance - ending	\$ 3,196	\$ 3,196	\$ -	\$ (3,196)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (3,196)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in Fund balance - GAAP basis			\$ (3,196)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - FAIR ACCOUNT FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(5,250)	(5,250)
Total other financing sources (uses)	-	-	(5,250)	(5,250)
Net changes in fund balance Non-GAAP basis	-	-	(5,250)	(5,250)
Fund balance, beginning of year	5,250	5,250	5,250	-
Fund balance - ending	\$ 5,250	\$ 5,250	\$ -	\$ (5,250)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (5,250)	
Revenue accruals		-		
Expenditure accruals		-	-	
Net change in Fund balance - GAAP basis			\$ (5,250)	

See independent auditors' report and accompanying notes to financial statements

CAPITAL PROJECTS FUND

STATE OF NEW MEXICO, HIDALGO COUNTY
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 2016

ASSETS

Cash	\$ 232,696
Taxes receivables	<u>665</u>
Total assets	<u>233,361</u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	<u>-</u>
Total liabilities	-
Fund balance	
Restricted for capital projects	<u>233,361</u>
Total liabilities and fund balance	<u>\$ 233,361</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2016

REVENUES	
Gross receipts taxes	\$ 198
Other income	<u>7,246</u>
Total revenues	7,444
 EXPENDITURES	
Current:	
Health and welfare	<u>21,203</u>
Total expenditures	<u>21,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,759)</u>
Net change in fund balance	(13,759)
Fund balance, beginning of year	<u>247,120</u>
Fund balance, end of year	<u>\$ 233,361</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND
ACTUAL ON BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Gross Receipts income	-	-	-	-
Other income	14,400	14,400	7,246	(7,154)
Total revenues	14,400	14,400	7,246	(7,154)
EXPENDITURES:				
Current:				
Health and welfare	76,328	76,328	21,203	55,125
Total expenditures	76,328	76,328	21,203	55,125
Excess (deficiency) of revenues over expenditures	(61,928)	(61,928)	(13,957)	47,971
Net changes in fund balance Non-GAAP basis	(61,928)	(61,928)	(13,957)	47,971
Fund balance - beginning of year	247,120	247,120	247,120	-
Fund balance - end of year	\$ 185,192	\$ 185,192	\$ 233,163	\$ 47,971
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (13,957)	
Revenue accruals		665		
Expenditure accruals		467	198	
Net change in Fund balance - GAAP basis			\$ (13,759)	

See independent auditors' report and accompanying notes to financial statements

DEBT SERVICE FUND

STATE OF NEW MEXICO, HIDALGO COUNTY
COMBINING BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 2016

ASSETS

Cash and cash equivalents	\$ -
	<hr/>
Total assets	-
	<hr/>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	-
	<hr/>
Total liabilities	-
	<hr/>
Fund balance	
Reserved for debt service	-
	<hr/>
Total liabilities and fund balance	\$ -
	<hr/>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING BALANCE SHEET
 DEBT SERVICE FUND
 JUNE 30, 2016

REVENUES	
Intergovernmental income	\$ <u> -</u>
Total revenues	-
EXPENDITURES	
Debt service interest	133,220
Debt service principal	<u>129,427</u>
Total expenditures	<u>262,647</u>
Excess (deficiency) of revenues over (under) expenditures	(262,647)
OTHER FINANCING SOURCES (USES)	
Operating transfers in	<u>262,647</u>
Total other financing source (uses)	<u>262,647</u>
Net change in fund balance	-
Fund balance, beginning of year	<u> -</u>
Fund balance, end of year	<u>\$ <u> -</u></u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND
ACTUAL ON BUDGETARY BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Loan revenue	\$ 308,657	\$ 308,657	\$ -	\$ (308,657)
Total revenues	308,657	308,657	-	(308,657)
EXPENDITURES:				
Debt service interest	133,220	133,220	133,220	-
Debt service principal	175,437	175,437	129,427	46,010
Total expenditures	308,657	308,657	262,647	46,010
Excess (deficiency) of revenues over expenditures	-	-	(262,647)	(262,647)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	262,647	262,647
Total other financing sources (uses)	-	-	262,647	262,647
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		-	-	
Net change in Fund balance - GAAP basis			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements

PROPRIETARY FUND BUDGET

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND
ACTUAL ON BUDGETARY BASIS
PROPRIETARY FUND - AMBULANCE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Charges for services	\$ 208,000	\$ 208,000	\$ 138,154	\$ (69,846)
Total revenues	208,000	208,000	138,154	(69,846)
EXPENDITURES:				
Current:				
Personnel expenses	538,038	538,038	324,438	213,600
Other operating costs	-	-	140,889	(140,889)
Total expenditures	538,038	538,038	465,327	72,711
Excess (deficiency) of revenues over expenditures	(330,038)	(330,038)	(327,173)	2,865
OTHER FINANCING SOURCES (USES)				
Transfer in	330,038	330,038	330,038	-
Total other financing sources (uses)	330,038	330,038	330,038	-
Net changes in fund balance Non-GAAP basis	-	-	2,865	2,865
Fund balance, beginning of year	523,405	523,405	523,405	-
Fund balance - ending	\$ 523,405	\$ 523,405	\$ 526,270	\$ 2,865
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 2,865	
Revenue accruals		-		
Expenditure accruals		(6,842)	-	
Depreciation reconciled out		(334,092)	(340,934)	
Net change in Fund balance- GAAP basis			\$ (338,069)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ON BUDGETARY BASIS
PROPRIETARY FUND - C & C FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Charges for services	\$ 103,832	\$ 190,000	\$ 208,458	\$ 18,458
Gross receipts - dedicated	85,000	85,000	-	(85,000)
Miscellaneous revenue	9,000	9,000	-	(9,000)
Total revenues	197,832	284,000	208,458	(75,542)
EXPENDITURES:				
Current:				
Personnel expenses	413,050	413,050	154,024	259,026
Other operating costs	-	-	169,854	(169,854)
Total expenditures	413,050	413,050	323,878	89,172
Excess (deficiency) of revenues over expenditures	(215,218)	(129,050)	(115,420)	13,630
OTHER FINANCING SOURCES (USES)				
Transfer in	200,000	200,000	200,000	-
Total other financing sources (uses)	200,000	200,000	200,000	-
Net changes in fund balance Non-GAAP basis	(15,218)	70,950	84,580	13,630
Fund balance, beginning of year	162,059	162,059	162,059	-
Fund balance - ending	\$ 146,841	\$ 233,009	\$ 246,639	\$ 13,630
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 84,580	
Revenue accruals		14,990		
Expenditure accruals		(14,124)	-	
Depreciation reconciled out		(12,491)	(11,625)	
Net change in Fund balance - GAAP basis			\$ 72,955	

See independent auditors' report and accompanying notes to financial statements

AGENCY FUND

STATE OF NEW MEXICO, HIDALGO COUNTY
FIDUCIARY - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2016

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, HIDALGO COUNTY
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUNDS
 JUNE 30, 2016

Taxes collected for others	<u>Balance</u> <u>6/30/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/16</u>
ASSETS				
Cash and cash equivalents	\$ 8,670	\$1,511,859	\$ (1,500,231)	\$ 20,298
Taxes receivable	<u>320,691</u>	<u>1,611,675</u>	<u>(1,500,182)</u>	<u>432,184</u>
Total assets	<u>\$ 329,361</u>	<u>\$3,123,534</u>	<u>\$ (3,000,413)</u>	<u>\$ 452,482</u>
LIABILITIES				
Deferred revenue	\$ 320,691	\$1,611,675	\$ (1,500,182)	\$ 432,184
Taxes paid in advance	<u>8,670</u>	<u>1,511,859</u>	<u>(1,500,231)</u>	<u>20,298</u>
Total liabilities	<u>\$ 329,361</u>	<u>\$3,123,534</u>	<u>\$ (3,000,413)</u>	<u>\$ 452,482</u>

The additions and reductions in other agency funds could not be determined. Consequently, a schedule cannot be presented for other agency funds. Ending balances are presented before the notes.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO, HIDALGO COUNTY
SCHEDULE OF DEPOSITORIES
JUNE 30, 2016

	<u>Type</u>	<u>Amount Per Bank</u>	<u>Plus DIT</u>	<u>Outstanding Checks</u>	<u>Balance Per Books</u>
Western Bank					
Operating	CK	\$ 4,457,866	\$ -	\$ 17,080	\$ 4,440,786
Warrant Account	CK	151,211	-	171,447	(20,236)
Payroll Clearing	CK	21,125	-	-	21,125
HCDC	CK	2,036	-	-	2,036
Jail Trust	CK	14,478	-	-	14,478
P Card	CK	3,538	-	-	3,538
Money Market	MM	1,769,606	-	-	1,769,606
Money Market Roads	MM	202,709	-	-	202,709
Overnight	MM	102,510	-	-	102,510
Western Bank Total		<u>6,725,079</u>	<u>-</u>	<u>188,527</u>	<u>6,536,552</u>
Sub-total		6,725,079	-	188,527	6,536,552
NM State Investment Pool		102,427	-	-	102,427
Restricted Cash - NMFA		244,851	-	-	244,851
Petty Cash		<u>600</u>	<u>-</u>	<u>-</u>	<u>600</u>
Total		<u>\$ 7,072,957</u>	<u>\$ -</u>	<u>\$ 188,527</u>	<u>\$ 6,884,430</u>

Reconciliation to financial statements:

Cash and cash equivalents	\$ 6,416,572
Restricted funds	447,560
Agency funds	20,298
Miscellaneous	<u>-</u>

Total Cash and Investments, Primary Government \$ 6,884,430

Type:

CK = Checking

MM = Money Market

CD = Certificate of Deposit

	<u>Western</u>
Amount held in bank June 30, 2016	6,725,079
Less FDIC Insurance	<u>(250,000)</u>
Uninsured Public Funds	6,475,079
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	3,237,540
Pledged Securities	<u>4,012,111</u>
Over (Under) Collateralized	<u>\$ 774,571</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

<u>Description of Pledged Collateral</u>	<u>Amount</u>	<u>Name and Location of Safekeeper</u>
New Mexico issued securities (at face value)		
Clovis NM Muni Sch Dist #1 CUSIP 189414KX2 Maturing 8/1/2027	\$ 725,000	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#264430KH1, Maturing 9/1/16	280,000	Federal Home Loan Bank of Dallas
Espanola NM Pub CUSIP#296628BQ2, Maturing 7/1/2017	300,000	Federal Home Loan Bank of Dallas
Gadsden NM School CUSIP#362550KQ7, Maturing 7/1/17	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 8/1/16	370,000	Federal Home Loan Bank of Dallas
Socorro County CUSIP#833679CD3, Maturing 8/1/26	390,000	Federal Home Loan Bank of Dallas
T or C ETC SD #6 CUSIP#898439DY7, Maturing 8/1/2023	<u>300,000</u>	Federal Home Loan Bank of Dallas
Total New Mexico issued securities	3,915,000	Federal Home Loan Bank of Dallas
Federal securities (at market value)		
FNMA REMIC CUSIP#312906XG0, Maturing 8/15/21	14,738	Federal Home Loan Bank of Dallas
FNMA CUSIP#31391HGMO, Maturing 9/25/32	<u>82,373</u>	Federal Home Loan Bank of Dallas
Total federal securities	<u>97,111</u>	Federal Home Loan Bank of Dallas
Total pledged securities	<u>\$ 4,012,111</u>	Federal Home Loan Bank of Dallas

STATE OF NEW MEXICO, HIDALGO COUNTY
TAX ROLL RECONCILIATION OF CHANGES IN THE COUNTY TREASURER'S PROPERTY TAXES
RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2016

Property taxes receivable, beginning as previously stated	\$ 698,413
Adjustment	<u>-</u>
Property taxes receivable, beginning as adjusted	698,413
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	3,341,648
Adjustments:	
Increases in taxes receivables	1,104,877
Charge off of taxes receivables	<u>(951,873)</u>
Total receivables prior to collections	4,193,065
Collections for fiscal year ended June 30, 2016	<u>(3,339,238)</u>
Property taxes receivable, ending	<u>\$ 853,827</u>

Property taxes receivable by
years:

2006	\$	756
2007		36,936
2008		37,699
2009		38,465
2010		35,611
2011		44,434
2012		150,670
2013		119,877
2014		152,745
2015		<u>236,634</u>
	\$	<u>853,827</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

	Taxes Receivable at 7/1/15 as adjusted	Net Taxes Charged to Treasurer (including adjustments)	Collections	Taxes Receivable at 6/30/16	Distributions
Municipalities	\$ 11,542	\$ 24,955	\$ (6,363)	\$ 30,134	\$ 6,363
Hidalgo County	377,722	1,882,977	(1,839,056)	421,643	1,839,056
State of New Mexico	46,308	277,452	(273,740)	50,020	273,789
Schools	<u>262,841</u>	<u>1,309,268</u>	<u>(1,220,079)</u>	<u>352,030</u>	<u>1,220,079</u>
	<u>\$ 698,413</u>	<u>\$ 3,494,652</u>	<u>\$ (3,339,238)</u>	<u>\$ 853,827</u>	<u>\$ 3,339,287</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/16</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/16</u>	<u>Distributed to Date</u>	<u>Increase in Taxes</u>	<u>Decrease in Taxes</u>	<u>County Receivable at Year End</u>
Municipalities									
City of Lordsburg	2006	\$ 61,707	\$ -	\$ 61,653	\$ -	\$ 61,300	\$ 387	\$ 740	\$ 54
City of Lordsburg	2007	66,064	-	65,161	-	65,222	377	316	903
City of Lordsburg	2008	70,265	-	69,342	-	69,650	1,570	1,262	923
City of Lordsburg	2009	67,391	-	66,382	-	68,183	1,887	86	1,009
City of Lordsburg	2010	67,296	-	66,002	-	67,019	1,057	40	1,294
City of Lordsburg	2011	70,884	-	67,983	-	68,023	67	27	2,901
City of Lordsburg	2012	71,736	-	65,509	-	65,510	4	3	6,227
City of Lordsburg	2013	103,991	2,536	102,005	2,536	99,486	97	80	1,986
City of Lordsburg	2014	105,352	3,827	100,039	3,827	99,967	243	315	5,313
City of Lordsburg	2015	<u>103,954</u>	<u>94,409</u>	<u>94,430</u>	<u>94,409</u>	<u>94,409</u>	<u>7</u>	<u>28</u>	<u>9,524</u>
Total		<u>684,686</u>	<u>6,363</u>	<u>664,076</u>	<u>6,363</u>	<u>664,360</u>	<u>5,689</u>	<u>2,869</u>	<u>30,134</u>
Total Municipalities		<u>\$ 684,686</u>	<u>\$ 6,363</u>	<u>\$ 664,076</u>	<u>\$ 6,363</u>	<u>\$ 664,360</u>	<u>\$ 5,689</u>	<u>\$ 2,869</u>	<u>\$ 30,134</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/16</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/16</u>	<u>Distributed to Date</u>	<u>Increase in Taxes</u>	<u>Decrease in Taxes</u>	<u>County Receivable at Year End</u>
Hidalgo County									
General ad valorem	2006	\$ 1,472,494	\$ 32	\$ 1,472,297	\$ 32	\$ 1,463,843	\$ 9,160	\$ 17,614	\$ 197
General ad valorem	2007	1,586,512	164	1,567,522	164	1,568,839	9,126	7,809	18,990
General ad valorem	2008	1,674,815	209	1,655,498	209	1,662,573	37,197	30,122	19,317
General ad valorem	2009	1,604,065	371	1,584,631	371	1,627,087	44,730	2,274	19,434
General ad valorem	2010	1,601,029	502	1,585,468	502	1,608,948	24,859	1,379	15,561
General ad valorem	2011	1,699,690	1,958	1,683,493	1,958	1,684,529	258,655	257,619	16,197
General ad valorem	2012	1,714,468	8,206	1,646,687	8,206	1,652,342	223,986	218,331	67,781
General ad valorem	2013	1,792,604	19,497	1,730,102	19,497	1,732,991	3,637	748	62,502
General ad valorem	2014	1,844,424	45,368	1,765,864	45,368	1,767,206	3,249	1,907	78,560
General ad valorem	2015	<u>1,882,981</u>	<u>1,761,825</u>	<u>1,759,921</u>	<u>1,761,825</u>	<u>1,761,825</u>	<u>1,904</u>	<u>-</u>	<u>123,060</u>
Total General ad valorem		16,873,082	1,838,132	16,451,483	1,838,132	16,530,183	616,503	537,803	421,599

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/16</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/16</u>	<u>Distributed to Date</u>	<u>Increase in Taxes</u>	<u>Decrease in Taxes</u>	<u>County Receivable at Year End</u>
Hidalgo County (Continued)									
Non-rendition fees	2006	66	-	66	-	66	-	-	-
Non-rendition fees	2007	-	-	-	-	-	-	-	-
Non-rendition fees	2008	305	-	305	-	516	266	55	-
Non-rendition fees	2009	575	-	575	-	73	47	549	-
Non-rendition fees	2010	64	-	64	-	305	241	-	-
Non-rendition fees	2011	118	-	118	-	136	18	-	-
Non-rendition fees	2012	692	-	674	-	668	-	6	18
Non-rendition fees	2013	715	22	661	22	683	-	22	10
Non-rendition fees	2014	380	-	-	-	380	-	-	-
Non-rendition fees	2015	918	902	902	902	902	-	-	16
Total Non-rendition fees		<u>3,833</u>	<u>924</u>	<u>3,365</u>	<u>924</u>	<u>3,729</u>	<u>572</u>	<u>632</u>	<u>44</u>
Total Hidalgo County		<u>\$16,876,915</u>	<u>\$ 1,839,056</u>	<u>\$16,454,848</u>	<u>\$ 1,839,056</u>	<u>\$16,533,912</u>	<u>\$ 617,075</u>	<u>\$ 538,435</u>	<u>\$ 421,643</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/16</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/16</u>	<u>Distributed to Date</u>	<u>Increase in Taxes</u>	<u>Decrease in Taxes</u>	<u>County Receivable at Year End</u>
State of New Mexico									
Cattle	2006	\$ 24,727	\$ -	\$ 24,727	\$ -	\$ 24,603	\$ 27	\$ 151	\$ -
Cattle	2007	31,709	-	31,709	-	30,290	4,665	6,084	-
Cattle	2008	32,973	-	32,973	-	34,613	3,985	2,345	-
Cattle	2009	23,451	-	23,378	-	32,980	9,690	88	73
Cattle	2010	23,667	-	23,617	-	23,487	52	182	50
Cattle	2011	27,168	-	27,115	-	26,857	-	258	53
Cattle	2012	34,023	47	33,841	47	33,714	-	127	182
Cattle	2013	39,165	316	39,088	316	38,937	7	158	77
Cattle	2014	43,008	456	42,931	456	42,664	-	267	77
Cattle	2015	<u>54,608</u>	<u>54,087</u>	<u>54,134</u>	<u>54,087</u>	<u>54,087</u>	<u>-</u>	<u>47</u>	<u>474</u>
Total Cattle		334,499	54,906	333,513	54,906	342,232	18,426	9,707	986
Equines	2006	1,981	23	1,981	-	1,953	-	28	-
Equines	2007	1,635	-	1,635	-	1,615	-	20	-
Equines	2008	-	-	-	-	-	-	-	-
Equines	2009	871	3	866	3	861	-	5	5
Equines	2010	927	-	920	-	898	-	22	7
Equines	2011	909	-	902	-	878	-	24	7
Equines	2012	953	9	939	9	912	-	27	14
Equines	2013	782	68	775	68	761	3	17	7
Equines	2014	716	76	705	76	693	-	12	11
Equines	2015	<u>757</u>	<u>672</u>	<u>680</u>	<u>672</u>	<u>672</u>	<u>-</u>	<u>8</u>	<u>77</u>
Total Equines		9,531	851	9,403	828	9,243	3	163	128

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/16</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/16</u>	<u>Distributed to Date</u>	<u>Increase in Taxes</u>	<u>Decrease in Taxes</u>	<u>County Receivable at Year End</u>
State of New Mexico (continued)									
Bison	2006	-	-	-	-	-	-	-	-
Bison	2007	-	-	-	-	-	-	-	-
Bison	2008	-	-	-	-	-	-	-	-
Bison	2009	-	-	-	-	-	-	-	-
Bison	2010	-	-	-	-	-	-	-	-
Bison	2011	-	-	-	-	-	-	-	-
Bison	2012	347	-	347	-	347	-	-	-
Bison	2013	288	-	288	-	288	-	-	-
Bison	2014	304	-	304	-	304	-	-	-
Bison	2015	353	353	353	353	353	-	-	-
Total Bison		1,292	353	1,292	353	1,292	-	-	-
Sheep	2006	18	-	-	-	18	-	-	-
Sheep	2007	12	-	-	-	12	-	-	-
Sheep	2008	10	-	-	-	10	-	-	-
Sheep	2009	10	-	-	-	10	-	-	-
Sheep	2010	19	-	-	-	12	-	7	-
Sheep	2011	44	-	-	-	17	-	27	-
Sheep	2012	46	-	-	-	26	-	20	-
Sheep	2013	28	-	-	28	28	-	-	-
Sheep	2014	15	1	-	1	14	-	-	1
Sheep	2015	17	14	-	14	14	-	-	3
Total Sheep		219	15	-	43	161	-	54	4

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

<u>Agency</u>	<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/16</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/16</u>	<u>Distributed to Date</u>	<u>Increase in Taxes</u>	<u>Decrease in Taxes</u>	<u>County Receivable at Year End</u>
State of New Mexico (continued)								
Dairy 2006	5	-	5	-	5	-	-	-
Dairy 2007	2	-	2	-	2	-	-	-
Dairy 2008	2	-	2	-	2	-	-	-
Dairy 2009	-	-	-	-	-	-	-	-
Dairy 2010	9	-	9	-	9	-	-	-
Dairy 2011	9	-	9	-	9	-	-	-
Dairy 2012	2	-	2	-	2	-	-	-
Dairy 2013	11	-	11	11	11	-	-	-
Dairy 2014	9	-	9	-	9	-	-	-
Dairy 2015	10	10	10	10	10	-	-	-
Total Dairy	59	10	59	21	59	-	-	-
Goats 2006	15	-	15	-	15	-	-	-
Goats 2007	28	-	28	-	28	-	-	-
Goats 2008	23	-	23	-	23	-	-	-
Goats 2009	11	-	11	-	10	-	1	-
Goats 2010	21	-	21	-	20	-	1	-
Goats 2011	22	-	22	-	22	-	-	-
Goats 2012	26	-	26	-	26	-	-	-
Goats 2013	32	-	32	33	33	1	-	-
Goats 2014	33	-	33	-	33	-	-	-
Goats 2015	37	37	37	37	37	-	-	-
Total Goats	248	37	248	70	247	1	2	-

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/16</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/16</u>	<u>Distributed to Date</u>	<u>Increase in Taxes</u>	<u>Decrease in Taxes</u>	<u>County Receivable at Year End</u>
State of New Mexico (continued)									
Swine	2006	-	-	-	-	-	-	-	-
Swine	2007	9	-	9	-	9	-	-	-
Swine	2008	-	-	-	-	-	-	-	-
Swine	2009	-	-	-	-	-	-	-	-
Swine	2010	-	-	-	-	-	-	-	-
Swine	2011	-	-	-	-	-	-	-	-
Swine	2012	17	-	17	-	17	-	-	-
Swine	2013	14	-	14	-	14	-	-	-
Swine	2014	19	-	19	-	19	-	-	-
Swine	2015	4	4	4	4	4	-	-	-
Total Swine		63	4	63	4	63	-	-	-
State Operational	2006	160,384	4	160,363	4	159,442	998	1,919	21
State Operational	2007	164,186	17	162,230	17	162,365	940	805	1,956
State Operational	2008	176,667	22	174,630	22	175,376	3,924	3,178	2,037
State Operational	2009	155,669	36	153,783	36	157,903	4,341	221	1,886
State Operational	2010	214,704	66	212,644	66	215,724	3,263	183	2,060
State Operational	2011	199,943	243	198,057	243	198,174	29,729	29,612	1,886
State Operational	2012	200,925	984	193,051	984	193,697	25,707	25,061	7,874
State Operational	2013	211,423	2,399	204,203	2,399	204,532	417	88	7,220
State Operational	2014	217,742	5,525	208,496	5,525	208,672	396	220	9,246
State Operational	2015	222,765	208,268	208,049	208,268	208,268	219	-	14,716
Total State Operational		1,924,408	217,564	1,875,506	217,564	1,884,153	69,934	61,287	48,902
Total State of New Mexico		<u>\$ 2,270,319</u>	<u>\$ 273,740</u>	<u>\$ 2,220,084</u>	<u>\$ 273,789</u>	<u>\$ 2,237,450</u>	<u>\$ 88,364</u>	<u>\$ 71,213</u>	<u>\$ 50,020</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/16</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/16</u>	<u>Distributed to Date</u>	<u>Increase in Taxes</u>	<u>Decrease in Taxes</u>	<u>County Receivable at Year End</u>
Schools (SD #1 & SD #6)									
Operational	2006	\$ 680,373	\$ 1	\$ 679,743	\$ 1	\$ 674,654	\$ 4,142	\$ 9,231	\$ 630
Operational	2007	736,109	7	723,688	7	725,431	2,080	337	12,421
Operational	2008	776,201	9	763,591	9	766,545	18,910	15,956	12,610
Operational	2009	736,299	16	722,893	16	741,670	19,162	385	13,406
Operational	2010	766,908	21	750,646	21	764,567	14,164	243	16,262
Operational	2011	802,860	82	767,806	82	768,417	11,552	10,941	35,054
Operational	2012	787,884	343	722,245	343	722,508	9,502	9,239	65,639
Operational	2013	74,749	810	72,117	810	72,239	153	31	2,632
Operational	2014	77,063	1,881	73,760	1,881	73,817	137	80	3,303
Operational	2015	<u>78,101</u>	<u>73,048</u>	<u>72,968</u>	<u>73,048</u>	<u>73,048</u>	<u>80</u>	<u>-</u>	<u>5,133</u>
Total Operational		5,516,547	76,218	5,349,457	76,218	5,382,896	79,882	46,443	167,090
Debt Service	2006	248,522	-	248,876	-	247,444	1,546	2,978	(354)
Debt Service	2007	267,155	68	264,864	68	265,086	1,507	1,285	2,291
Debt Service	2008	282,668	95	280,360	95	281,482	6,278	5,156	2,308
Debt Service	2009	270,728	164	268,930	164	276,023	7,549	456	1,798
Debt Service	2010	270,292	244	272,718	244	276,678	4,230	270	(2,426)
Debt Service	2011	288,685	1,027	305,110	1,027	305,426	150,898	150,582	(16,425)
Debt Service	2012	291,047	4,015	298,648	4,015	302,025	128,229	124,852	(7,601)
Debt Service	2013	826,830	8,612	791,997	8,612	793,645	1,916	268	34,833
Debt Service	2014	852,058	15,932	809,383	15,932	810,249	1,880	1,014	42,675
Debt Service	2015	<u>861,749</u>	<u>800,536</u>	<u>799,492</u>	<u>800,536</u>	<u>800,536</u>	<u>1,044</u>	<u>-</u>	<u>62,257</u>
Total Debt Service		4,459,734	830,693	4,340,378	830,693	4,358,594	305,077	286,861	119,356

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/16</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/16</u>	<u>Distributed to Date</u>	<u>Increase in Taxes</u>	<u>Decrease in Taxes</u>	<u>County Receivable at Year End</u>
Capital Imp.	2006	81,092	-	80,885	-	81,087	387	185	207
Capital Imp.	2007	87,798	-	87,423	-	87,523	153	53	375
Capital Imp.	2008	100,980	-	100,476	-	100,798	5,588	5,266	504
Capital Imp.	2009	100,399	-	99,545	-	99,794	299	50	854
Capital Imp.	2010	91,394	-	88,591	-	89,343	785	33	2,803
Capital Imp.	2011	94,994	-	90,233	-	90,259	39	13	4,761
Capital Imp.	2012	98,967	-	88,431	-	88,456	25	-	10,536
Capital Imp.	2013	309,028	3,501	298,418	3,501	298,903	613	128	10,610
Capital Imp.	2014	318,301	8,046	304,744	8,046	305,000	580	324	13,557
Capital Imp.	2015	<u>322,677</u>	<u>301,621</u>	<u>301,300</u>	<u>301,621</u>	<u>301,621</u>	<u>321</u>	<u>-</u>	<u>21,377</u>
Total Capital Imp.		<u>1,605,630</u>	<u>313,168</u>	<u>1,540,046</u>	<u>313,168</u>	<u>1,542,784</u>	<u>8,790</u>	<u>6,052</u>	<u>65,584</u>
Total Schools		<u>\$11,581,911</u>	<u>\$ 1,220,079</u>	<u>\$11,229,881</u>	<u>\$ 1,220,079</u>	<u>\$11,284,274</u>	<u>\$ 393,749</u>	<u>\$ 339,356</u>	<u>\$ 352,030</u>
Total		<u>\$31,413,831</u>	<u>\$ 3,339,238</u>	<u>\$30,568,889</u>	<u>\$ 3,339,287</u>	<u>\$30,719,996</u>	<u>\$ 1,104,877</u>	<u>\$ 951,873</u>	<u>\$ 853,827</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
JOINT POWERS AGREEMENT
JUNE 30, 2016

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, 2015 - June 30, 2016
Project Costs	\$1,500 per year and anesthesia
County Contribution	\$1,500 per year and anesthesia
Audit responsibility	City of Lordsburg

STATE OF NEW MEXICO, HIDALGO COUNTY
JOINT POWERS AGREEMENT (CONTINUED)
JUNE 30, 2016

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, 2015 - June 30, 2016
Project Costs	City of Lordsburg agrees to pay \$158,992 per year
County Contribution	Undeterminable
Audit responsibility	County of Hidalgo

Inmate Housing - 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, 2015 to June 30, 2016
Project Costs	\$51.63 per day per prisoner
County Contribution	Undeterminable
Audit responsibility	County of Luna

OTHER INFORMATION SECTION

STATE OF NEW MEXICO, HIDALGO COUNTY
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
 JUNE 30, 2016

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
2016-01	Sealed Bid	Smith Ford	\$ 62,214	-	Smith Ford	Yes	N/A	Playas Fire Command Vehicle
N/A	HGAC Govt.	Midwest Fire & Equipment	\$ 231,109	-	Midwest Fire & Equipment 901 Commerce Rd. Luverne, MN 56156	Yes	N/A	Animas fire Tanker/Pumper
N/A	HGAC Govt.	Midwest Fire & Equipment	\$ 116,661	-	Midwest Fire & Equipment 901 Commerce Rd. Luverne, MN 56156	Yes	N/A	Brush Truck - Hidalgo Fire
N/A	HGAC Govt.	Midwest Fire & Equipment	\$ 178,437	-	Midwest Fire & Equipment 901 Commerce Rd. Luverne, MN 56156	Yes	N/A	Brush Truck - Cotton City

COMPLIANCE SECTION



Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner
Christine Wright, CPA, Partner
Beth Fant, EA, Partner
Brad Beasley, CPA, Partner

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 INDEPENDENT AUDITOR'S REPORT

Timothy Keller
New Mexico State Auditor
and the Mayor and the County Commissioners of the
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 the 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, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of the County of Hidalgo, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise County of Hidalgo' basic financial statements, and the combining and individual funds and related budgetary comparisons of the County of Hidalgo presented as supplemental information, and have issued our report thereon dated November 1, 2016.

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 of Hidalgo's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Hidalgo'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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. (2014-001, 2015-015).

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given the limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Hidalgo's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*. (2016-001, 2016-002)

County of Hidalgo's Response to Findings

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

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

Beasley Mitchell & Co LLP

Beasley, Mitchell & Co., LLP

Las Cruces, New Mexico

November 1, 2016

STATE OF NEW MEXICO, HIDALGO COUNTY
 SCHEDULE OF FINDINGS AND RESPONSES
 JUNE 30, 2016

Section II - Financial Statements Findings

PRIOR YEAR FINDINGS

2014-001	Bank Accounts Not Recorded on General Ledger - Significant Deficiency	Repeated and revised
2015-001	Funds Not Reported in the Audit - Material Weakness	Resolved
2015-002	Interest Income is Not Recorded - Material Weakness	Resolved
2015-003	Lack of Internal Controls in Per Diem - Significant Deficiency	Resolved
2015-004	Incorrect Reporting to DFA - Significant Deficiency	Resolved
2015-005	Two Separate sets of Books - Material Weakness	Resolved
2015-006	Lack of Internal Control Over Adjusting Journal Entries - Significant Deficiency	Resolved
2015-007	Funds Not Recorded in the General Ledger - Material Weakness	Resolved
2015-008	Lack of Internal Control Over Fixed Assets - Material Weakness	Resolved
2015-009	Understated Long Term Debt - Material Weakness	Resolved
2015-010	Improper Fund Reporting - Significant Deficiency	Resolved
2015-011	Lack of Internal Control Over Detention Center Cash Receipting - Significant Deficiency	Resolved
2015-012	Lack of Segregation of Duties - Material Weakness	Resolved
2015-013	Cash Register Overage - Other Non-Compliance	Resolved
2015-014	Lack of Internal Controls Over IT - Significant Deficiency	Resolved
2015-015	Budgetary Control - Significant Deficiency	Revised and repeated
2015-016	SEFA - Under/Overstated - Significant Deficiency	Resolved

CURRENT YEAR FINDINGS

2016-001	Inconsistency in Pay Rate Policies - Other Matter
2016-002	Violation of Hidalgo County EMS Policies - Other Matter

STATE OF NEW MEXICO, HIDALGO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
JUNE 30, 2016

(2014-001) Bank Accounts Not Recorded on General Ledger - Significant Deficiency

CONDITION Two reserve cash balances totalling \$244,851 held by New Mexico Finance Authority (NMFA) have not been reflected in the books of the County. As a result, the cash balance has been understated in both the Treasurer's report and the Department of Finance and Administration (DFA) report.

The County properly recorded the six bank accounts in current year financial statements that were not recorded on the financial statements of the County in the FY 2015. The two reserve cash accounts have been added to the County books as of 11/1/2016.

CRITERIA Within Title 2, Chapter 20, Part 5, Public Finance Accounting by Governmental Entities of the New Mexico Administrative Code, The Department of Finance and Administration requires all accounting systems, including subsidiary systems, record transactions timely, completely, and accurately.

CAUSE The County has not recorded these two reserve cash balances since it they received the loan from NMFA. The County was unaware of these cash balances.

EFFECT Cash balances of the County is misstated.

RECOMMENDATION The County should record both of these cash balances into their books.

RESPONSE The County will record both of these cash balances and will ensure cash balances are accurately reflected in both the Treasurer's report and the DFA report.

EXPECTED COMPLETION: 11/01/2016

EMPLOYEE RESPONSIBLE: Treasurer

STATE OF NEW MEXICO, HIDALGO COUNTY
 SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
 JUNE 30, 2016

(2015-015) Legal Compliance with Budget - Significant Deficiency

CONDITION The County did not budget several transfer accounts. The County has set in place procedures to ensure expenses are not over budget, and is currently working on procedures to prevent un-budgeted transfers. The un-budgeted transfers can be found below:

Fund	Reason	Budget Expenses	Actual Expenses	Difference
Fair Account Fund	Transfer out	\$ -	\$ 5,250	\$ (5,250)
Jail Fund	Transfer out	-	3,196	(3,196)
Reserve Fund	Transfer out	-	1,927	(1,927)
Hidalgo Complex Fund	Transfer out	-	162	(162)
Totals		<u>\$ -</u>	<u>\$ 10,535</u>	<u>\$ (10,535)</u>

CRITERIA Section 6-6-6 of the New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payment in excess of the approved budget. The County has the obligation to follow applicable state statutes.

CAUSE Lack of oversight and proper controls.

EFFECT The County is in non compliance with the state, since all funds must be budgeted for. Non-compliance with New Mexico state statutes could subject officials and employees to penalties and fines required by state statutes.

RECOMMENDATION The County should adapt a budget for each fund. We also recommend that management closely monitor expenditures and budget limitations to ensure compliance with budget restrictions.

RESPONSE The County will evaluate the budget process, and ensure that all funds are budgeted for in the future.

EXPECTED COMPLETION: 06/30/2017

EMPLOYEE RESPONSIBLE: Treasurer

STATE OF NEW MEXICO, HIDALGO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
JUNE 30, 2016

(2016-001) Inconsistency in Pay Rate Policies - Other Matter

CONDITION	It was identified that there were two different Emergency Medical Services (EMS) employee pay rate policies kept and followed by EMS department and Hidalgo County Payroll Department. Consequently, there is inconsistency in the policies. Moreover, the County Manager is not sure if the updated EMS employee pay rate policies have been reviewed and approved by the County Commissioners
CRITERIA	It is a good business practice to have one consistent employee pay rate policies.
CAUSE	The County was unaware of the two EMS employee pay rate policies being kept and followed.
EFFECT	The inconsistency in the pay rate policies could result in inaccurate payments to the employees.
RECOMMENDATION	The County Manager should have the updated EMS employee pay rate policies formally reviewed and approved by the authority county deems appropriate. The County should also provide a copy of the approved and adopted policies to the EMS department and all employees of EMS.
RESPONSE	The County will have the updated EMS employee pay rate policies formally reviewed and approved by the Commissioners. Additionally, the County will provide a copy of the approved policies to every employees of EMS department.
EXPECTED COMPLETION: 06/30/2017	EMPLOYEE RESPONSIBLE: County Manager

STATE OF NEW MEXICO, HIDALGO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
JUNE 30, 2016

(2016-002) Violation of Hidalgo County EMS Policies - Other Matter

CONDITION	Hidalgo County has been withholding payroll taxes and also paying employer's portion of the payroll taxes for the EMS volunteers.
CRITERIA	According to Hidalgo County EMS Policies Section 54 Volunteer's/Volunteer Membership 2.2, no volunteer is an employee of the County and 2.5 volunteers are excluded for the county benefits except TORT Insurance and VFIS insurance.
CAUSE	The County was unaware of these policies.
EFFECT	EMS employees are inaccurately paid and their payroll taxes inaccurately withheld.
RECOMMENDATION	The County has already corrected this issue.
RESPONSE	The County changed the status of all the EMS volunteers from 'Volunteer' to 'Transporter' and they are no longer a County Employee. EMS Transporters will be asked to fill out W-9 forms and they will be paid bi-weekly through accounts payable. EMS Transporters will receive a 1099 form at year end and will be responsible for paying applicable taxes accordingly.

EXPECTED COMPLETION: 06/30/2017

EMPLOYEE RESPONSIBLE: County Manager

STATE OF NEW MEXICO, HIDALGO COUNTY
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2016

An entrance conference was held on August 23, 2016 in a closed meeting with Beasley, Mitchell & Co. LLP and the following County officials:

Bob Hill	County Manager
Darr Shannon	County Commissioner Chair
Tyler Massey	County Treasurer
Tisha Green	Assistant to the County Manager

Beasley, Mitchell & Co. LLP

Dahlia Garcia	Audit Senior
Avi Chetry	Audit Staff

An exit conference was held on October 26, 2016 in a closed meeting with Beasley, Mitchell & Co. LLP and the following County officials:

Bob Hill	County Manager
Darr Shannon	County Commission
Tyler Massey	County Treasurer
Tisha Green	Assistant to the County Manager

Beasley, Mitchell & Co. LLP

Avi Chetry	Audit Staff
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The financial statements presented in this report were compiled with the assistance of the auditors, Beasley, Mitchell & Co. However, the contents of the financial statements remain the responsibility of management.