

STATE OF NEW MEXICO
HIDALGO COUNTY
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017 AND
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO
HIDALGO COUNTY
FOR THE YEAR ENDED JUNE 30, 2017
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HIDALGO COUNTY
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HIDALGO COUNTY
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STATE OF NEW MEXICO, HIDALGO COUNTY
OFFICIAL ROSTER
JUNE 30, 2017

Elected Officials

Marianne Stewart	Commission Chair
Darr Shannon	Commissioner
Anthony J. Mora	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
Eddie Aguilera	Maintenance Supervisor



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, 2017 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 combining and individual fund financial statements as presented as supplementary information as of and for the year ended June 30, 2017, 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, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the managements' discussion and analysis on pages 5 through 17 and GASB 68 schedules on pages 70 - 74 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 29, 2017 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 29, 2017

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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, 2017. 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 \$18,296,317 (*net position*). Of this amount, \$3,162,696 (*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 \$212,568 during the fiscal year. The majority of this is due to a prior year adjustment discussed in the notes.
- As of June 30, 2017, the County's governmental funds reported combined ending fund balances of \$7,301,770.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$4,969,429.

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.

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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, 2017

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, 2017

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, 2017

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 39 through 68 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 82 through 96 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 \$11,050,195 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 \$12,225,305 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 \$3,162,696 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 \$212,568. These increases are explained in the governmental activities discussion.

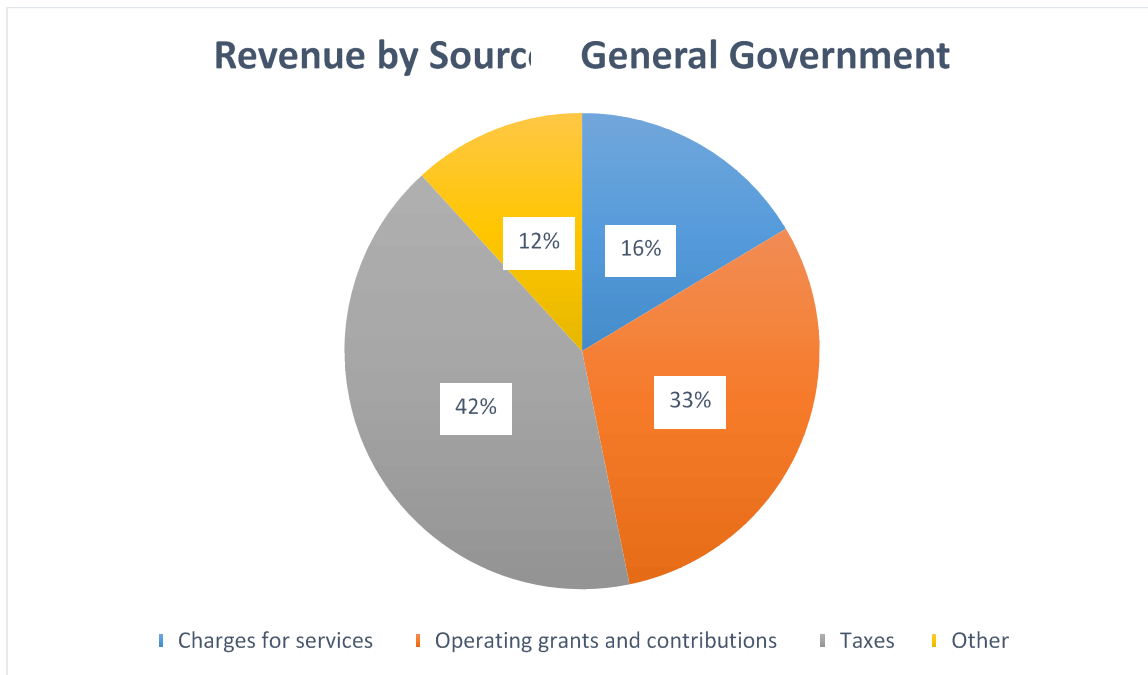
STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Governmental Activities

Governmental activities decreased the County of Hidalgo's net position by \$239,866. Property taxes and gross receipts taxes contributed \$3,278,640 for covering the \$8,385,706 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 increased \$1,315,951.

Total revenues from governmental activities are summarized below. For fiscal year 2016-2017, Local and State taxes made up 42% of the total general government revenues compared to 48% of the revenues in the prior year.



Business-Type Activities

Business-type activities decreased the County's net position by \$472,702 before transfers of \$500,000 in from the general fund, compared to the prior year's decrease of \$795,152 before transfers of \$530,038 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
	2017	2016	2017	2016	2017	2016	2016-2017
ASSETS							
Current and other assets	\$ 7,656,222	\$ 7,572,854	\$ 395,999	\$ 397,795	\$ 8,052,221	\$ 7,970,649	1 %
Capital assets, net of accumulated depreciation	<u>15,375,711</u>	<u>14,701,079</u>	<u>558,779</u>	<u>352,367</u>	<u>15,934,490</u>	<u>15,053,446</u>	<u>6 %</u>
Total assets	23,031,933	22,273,933	954,778	750,162	23,986,711	23,024,095	4 %
Deferred outflows							
Deferred outflows	208,598	172,761	35,073	29,173	243,671	201,934	100 %
Deferred outflows - Change in assumption	204,696	8,152	33,740	1,379	238,436	9,531	100 %
Deferred outflows - net differences between projected and actual investment earnings	603,722	-	99,404	-	703,126	-	100 %
Deferred outflows - Changes in proportion and differences between employer contributions and proportionate share of contributions	214,397	-	35,301	-	249,698	-	100 %
Deferred outflows - Differences between expected and actual experience	<u>187,530</u>	<u>34,460</u>	<u>31,030</u>	<u>5,827</u>	<u>218,560</u>	<u>40,287</u>	<u>100 %</u>
Total deferred outflows	<u>1,418,943</u>	<u>215,373</u>	<u>234,548</u>	<u>36,379</u>	<u>1,653,491</u>	<u>251,752</u>	<u>557 %</u>
Total assets and deferred outflows	<u>\$ 24,450,876</u>	<u>\$ 22,489,306</u>	<u>\$ 1,189,326</u>	<u>\$ 786,541</u>	<u>\$ 25,640,202</u>	<u>\$ 23,275,847</u>	<u>561 %</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
	2017	2016	2017	2016	2017	2016	2016-2017
LIABILITIES							
Current and other liabilities	\$ 283,999	\$ 309,774	\$ 36,095	\$ 29,211	\$ 320,094	\$ 338,985	(6)%
Long-term liabilities	<u>6,386,148</u>	<u>4,964,055</u>	<u>567,121</u>	<u>323,863</u>	<u>6,953,269</u>	<u>5,287,918</u>	<u>31 %</u>
Total liabilities	6,670,147	5,273,829	603,216	353,074	7,273,363	5,626,903	29 %
Deferred Inflows							
Deferred inflows - change in assumption	14,404	20,959	2,456	3,535	16,860	24,494	(31)%
Deferred inflows - Net difference between projected and actual investment earnings	25,365	5,944	4,323	857	29,688	6,801	337
Deferred inflows - Differences between expected and actual experience	-	31,048	-	5,380	-	36,428	100 %
Deferred inflows - Change in Proportion	<u>20,618</u>	<u>20,552</u>	<u>3,356</u>	<u>3,345</u>	<u>23,974</u>	<u>23,897</u>	<u>100 %</u>
Total deferred inflows	<u>60,387</u>	<u>78,503</u>	<u>10,135</u>	<u>13,117</u>	<u>70,522</u>	<u>91,620</u>	<u>(23)%</u>
Total liabilities and deferred inflows	6,730,534	5,352,332	613,351	366,191	7,343,885	5,718,523	6 %
NET POSITION							
Net investments in capital assets	12,225,305	11,494,370	-	-	12,225,305	11,494,370	6 %
Restricted	2,332,341	2,990,280	575,975	420,350	2,908,316	3,410,630	(15)%
Unrestricted	<u>3,162,696</u>	<u>2,652,324</u>	<u>-</u>	<u>-</u>	<u>3,162,696</u>	<u>2,652,324</u>	<u>19 %</u>
Total net position	<u>17,720,342</u>	<u>17,136,974</u>	<u>575,975</u>	<u>420,350</u>	<u>18,296,317</u>	<u>17,557,324</u>	<u>4 %</u>
Total liabilities and net position	<u>\$ 24,450,876</u>	<u>\$ 22,489,306</u>	<u>\$ 1,189,326</u>	<u>\$ 786,541</u>	<u>\$ 25,640,202</u>	<u>\$ 23,275,847</u>	<u>10 %</u>

See independent auditors' report and accompanying notes to financial statements

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

	Governmental Activities		Business-Type Activities		Totals		Total Percent
	2017	2016	2017	2016	2017	2016	Change
							2016-2017
REVENUES							
Program revenues:							
Charges for services	\$ 1,418,922	\$ 111,684	\$ 482,181	\$ 361,602	\$ 1,901,103	\$ 473,286	302 %
Operating grants and contributions	2,627,402	2,288,291	-	-	2,627,402	2,288,291	15 %
General revenues:							
Taxes	3,580,479	3,509,468	-	-	3,580,479	3,509,468	2 %
Other income	966,715	1,393,464	-	-	966,715	1,393,464	(31)%
Investment income	<u>52,322</u>	<u>26,982</u>	<u>-</u>	<u>-</u>	<u>52,322</u>	<u>26,982</u>	<u>94 %</u>
Total revenues	<u>8,645,840</u>	<u>7,329,889</u>	<u>482,181</u>	<u>361,602</u>	<u>9,128,021</u>	<u>7,691,491</u>	<u>19 %</u>
EXPENSES							
General government	2,348,514	2,564,887	-	-	2,348,514	2,564,887	(8)%
Public safety	5,525,079	3,532,713	-	-	5,525,079	3,532,713	56 %
Public works	40,121	55,860	-	-	40,121	55,860	(28)%
Health and welfare	261,744	291,796	-	-	261,744	291,796	(10)%
Culture and recreation	80,441	170,198	-	-	80,441	170,198	(53)%
Proprietary expenses	-	-	954,883	1,156,754	954,883	1,156,754	(17)%
Interest on long-term debt	<u>129,807</u>	<u>133,220</u>	<u>-</u>	<u>-</u>	<u>129,807</u>	<u>133,220</u>	<u>(3)%</u>
Total expenses	<u>8,385,706</u>	<u>6,748,674</u>	<u>954,883</u>	<u>1,156,754</u>	<u>9,340,589</u>	<u>7,905,428</u>	<u>18 %</u>
Changes in net position before transfers	260,134	581,215	(472,702)	(795,152)	(212,568)	(213,937)	(1)%

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

	Governmental Activities		Business-Type Activities		Totals		Total Percent
	2017	2016	2017	2016	2017	2016	Change
Transfers	<u>(500,000)</u>	<u>(530,038)</u>	<u>500,000</u>	<u>530,038</u>	<u>-</u>	<u>-</u>	<u>- %</u>
Change in net position	<u>(239,866)</u>	<u>51,177</u>	<u>27,298</u>	<u>(265,114)</u>	<u>(212,568)</u>	<u>(213,937)</u>	<u>(1)%</u>
Net position - beginning	17,136,974	16,840,946	420,350	685,464	17,557,324	17,526,410	- %
Restatements	<u>\$ 823,234</u>	<u>\$ 244,851</u>	<u>\$ 128,327</u>	<u>\$ -</u>	<u>\$ 951,561</u>	<u>\$ 244,851</u>	<u>\$ -</u>
Net position - beginning as restated	<u>\$17,960,208</u>	<u>\$17,085,797</u>	<u>\$ 548,677</u>	<u>\$ 685,464</u>	<u>\$35,680,550</u>	<u>\$7,771,261</u>	<u>\$ -</u>
Net position - ending	<u>\$17,720,342</u>	<u>\$17,136,974</u>	<u>\$ 575,975</u>	<u>\$ 420,350</u>	<u>\$18,296,317</u>	<u>\$17,557,324</u>	<u>4 %</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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 \$7,301,770, an increase of \$257,450 from change in fund balance. The net change was an increase of \$399,400 in comparison with the prior year. The increase is primarily due to the increase in charge for services and property tax revenue. Approximately 68% of this total amount, \$4,969,429 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 \$4,969,429.

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 \$438,791 and \$137,184 for C & C Transfer. The total increase in net position for the proprietary fund was \$27,298.

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, 2017

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, 2017 amount to \$15,934,490 (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 \$602,811 for governmental activities and \$135,167 for business type. Equipment costing \$281,725 was purchased for the County. There were no disposals in the current year.

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, 2017**

	Governmental Activities	Business-Type Activities	Totals
Land and Construction in Progress	\$ 454,138	\$ -	\$ 454,138
Buildings	2,840,317	-	2,840,317
Improvements and Infrastructure	9,594,110	558,779	10,152,889
Machinery and Equipment	<u>2,487,146</u>	<u>-</u>	<u>2,487,146</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,375,711</u>	<u>\$ 558,779</u>	<u>\$ 15,934,490</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.

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The Statement of Net Position shows the Investment in Capital Assets-Governmental Funds in the amount of \$12,225,305. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service.

The County's loans decreased \$113,886 in governmental funds and \$- 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 2017 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, 2017

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 6,517,975	\$ 365,580	\$ 6,883,555
Accounts receivable	-	30,419	30,419
Taxes receivable	375,267	-	375,267
Other receivables	315,010	-	315,010
Restricted funds	<u>447,970</u>	<u>-</u>	<u>447,970</u>
Total current assets	7,656,222	395,999	8,052,221
NON-CURRENT ASSETS:			
Capital assets	27,265,786	1,727,791	28,993,577
Less: accumulated depreciation	<u>(11,890,075)</u>	<u>(1,169,012)</u>	<u>(13,059,087)</u>
Total non-current assets	<u>15,375,711</u>	<u>558,779</u>	<u>15,934,490</u>
Total assets	23,031,933	954,778	23,986,711
DEFERRED OUTFLOWS			
Deferred outflows	208,598	35,073	243,671
Deferred outflows - change in assumption	204,696	33,740	238,436
Deferred outflows - net differences between projected and actual investment earnings	603,722	99,404	703,126
Deferred outflows - Changes in proportion and differences between employer contributions and proportionate share of contributions	214,397	35,301	249,698
Deferred outflows - differences between expected and actual experience	<u>187,530</u>	<u>31,030</u>	<u>218,560</u>
Total deferred outflows	<u>1,418,943</u>	<u>234,548</u>	<u>1,653,491</u>
Total assets and deferred outflows	<u>\$ 24,450,876</u>	<u>\$ 1,189,326</u>	<u>\$ 25,640,202</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
CURRENT LIABILITIES:			
Accounts payable	\$ 9,832	\$ 9,378	\$ 19,210
Accrued salaries	87,893	14,121	102,014
Compensated absences	<u>38,444</u>	<u>12,596</u>	<u>51,040</u>
Total current liabilities	136,169	36,095	172,264
NON-CURRENT LIABILITIES:			
Due within one year	147,830	-	147,830
Due in more than one year	3,002,576	-	3,002,576
Accrued compensated absences	-	1,949	1,949
Net pension liability	<u>3,383,572</u>	<u>565,172</u>	<u>3,948,744</u>
Total non-current liabilities	<u>6,533,978</u>	<u>567,121</u>	<u>7,101,099</u>
Total liabilities	6,670,147	603,216	7,273,363
DEFERRED INFLOWS			
Deferred inflows - change in assumption	14,404	2,456	16,860
Deferred inflows - net difference between projected and actual investment earnings	25,365	4,323	29,688
Deferred inflows - change in proportion	<u>20,618</u>	<u>3,356</u>	<u>23,974</u>
Total deferred inflows	<u>60,387</u>	<u>10,135</u>	<u>70,522</u>
Total liabilities and deferred inflows	6,730,534	613,351	7,343,885
NET POSITION			
Net investment in capital assets	12,225,305	-	12,225,305
Restricted for:			
Capital projects	2,531	-	2,531
Special revenue funds	2,329,810	575,975	2,905,785
Unrestricted	<u>3,162,696</u>	<u>-</u>	<u>3,162,696</u>
Total net position	<u>17,720,342</u>	<u>575,975</u>	<u>18,296,317</u>
Total liabilities, deferred inflows and net position	<u>\$ 24,450,876</u>	<u>\$ 1,189,326</u>	<u>\$ 25,640,202</u>

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, 2017

FUNCTIONS/PROGRAMS	Net (Expenses) Revenue and changes in Net Position						
	Expenses	Program			Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 2,348,514	\$ 124,384	\$ 620,770	\$ -	\$ (1,603,360)	\$ -	\$ (1,603,360)
Public safety	5,525,079	1,294,538	459,167	-	(3,771,374)	-	(3,771,374)
Public works	40,121	-	1,547,465	-	1,507,344	-	1,507,344
Health and welfare	261,744	-	-	-	(261,744)	-	(261,744)
Culture and recreation	80,441	-	-	-	(80,441)	-	(80,441)
Interest on long-term debt	<u>129,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,807)</u>	<u>-</u>	<u>(129,807)</u>
Total governmental activities	8,385,706	1,418,922	2,627,402	-	(4,339,382)	-	(4,339,382)
Business-Type activities							
Ambulance service	602,338	276,769	-	-	-	(325,569)	(325,569)
C & C Transfer	<u>352,545</u>	<u>205,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(147,133)</u>	<u>(147,133)</u>
Total business-type activities	<u>954,883</u>	<u>482,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(472,702)</u>	<u>(472,702)</u>
Total primary government	<u>\$ 9,340,589</u>	<u>\$ 1,901,103</u>	<u>\$ 2,627,402</u>	<u>\$ -</u>	<u>(4,339,382)</u>	<u>(472,702)</u>	<u>(4,812,084)</u>
General revenues:							
Taxes							
Property taxes					2,723,858	-	2,723,858
Motor vehicle taxes					191,926	-	191,926
Gasoline taxes					109,913	-	109,913
Gross receipts taxes					554,782	-	554,782
State shared assistance							
Small counties assistance					484,754	-	484,754
Intergovernmental income					39,180	-	39,180
License and fees					160,707	-	160,707
Investment income					52,322	-	52,322
Miscellaneous					282,074	-	282,074
Transfers					<u>(500,000)</u>	<u>500,000</u>	<u>-</u>
Total general revenues					<u>4,099,516</u>	<u>500,000</u>	<u>4,599,516</u>
Change in net position					(239,866)	27,298	(212,568)
Net position - beginning as previously stated					17,136,974	420,350	17,557,324
Restatement					<u>823,234</u>	<u>128,327</u>	<u>951,561</u>
Net position - beginning as restated					<u>17,960,208</u>	<u>548,677</u>	<u>18,508,885</u>
Net position- ending					<u>\$ 17,720,342</u>	<u>\$ 575,975</u>	<u>\$ 18,296,317</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, 2017

	General Fund	Grant Fund	Detention Fund	Total Non- Major Funds	Total Funds
ASSETS					
Assets					
Cash and cash equivalents	\$ 4,935,070	\$ 310,697	\$ 77,251	\$1,194,957	\$6,517,975
Taxes receivable	341,304	-	1,894	32,069	375,267
Other receivables	1,575	308,755	4,680	-	315,010
Restricted funds	<u>-</u>	<u>-</u>	<u>245,200</u>	<u>202,770</u>	<u>447,970</u>
Total assets	<u>\$ 5,277,949</u>	<u>\$ 619,452</u>	<u>\$ 329,025</u>	<u>\$1,429,796</u>	<u>\$7,656,222</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 9,832	\$ -	\$ 9,832
Accrued liabilities	<u>51,792</u>	<u>-</u>	<u>25,317</u>	<u>10,783</u>	<u>87,892</u>
Total liabilities	51,792	-	35,149	10,783	97,724
Deferred inflows					
Deferred - property tax	<u>256,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,728</u>
Total deferred inflows	<u>256,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,728</u>
Total liabilities and deferred inflows	308,520	-	35,149	10,783	354,452
Fund Balance:					
Restricted for Capital Projects	-	-	-	2,531	2,531
Restricted for special revenue funds	-	619,452	293,876	1,416,482	2,329,810
Unassigned	<u>4,969,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,969,429</u>
Total fund balances	<u>4,969,429</u>	<u>619,452</u>	<u>293,876</u>	<u>1,419,013</u>	<u>7,301,770</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,277,949</u>	<u>\$ 619,452</u>	<u>\$ 329,025</u>	<u>\$1,429,796</u>	<u>\$7,656,222</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, 2017

Total fund balance - governmental funds \$ 7,301,770

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	27,265,786	
Accumulated depreciation	<u>(11,890,075)</u>	15,375,711
Deferred outflows		208,598
Deferred outflows - change in assumption		204,696
Deferred outflows - differences between expected and actual experience		187,530
Deferred outflows - net differences between projected and actual investment earnings		603,722
Deferred outflows - Changes in proportion and differences between employer contributions and proportionate share of contributions		214,397
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Deferred inflows - property tax		256,728
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		(14,404)
Deferred inflows - difference between projected and actual investment earnings on pension plan investments		(25,595)
Deferred inflows - difference between expected and actual experience		230
Deferred inflows - change in proportion		(20,618)
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		(38,445)
Net pension liability		(3,383,572)
Notes payable		<u>(3,150,406)</u>
Total net position - governmental activities		<u>\$ 17,720,342</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, 2017

	General Fund	Grants Fund	Detention Fund	Total Non- Major Funds	Total Funds
REVENUES					
Property taxes	\$ 2,858,425	\$ -	\$ -	\$ -	\$2,858,425
Motor vehicle taxes	29,775	-	-	162,151	191,926
Gasoline taxes	-	-	-	109,913	109,913
Gross receipts taxes	19,065	-	283,842	251,875	554,782
Intergovernmental income	-	-	-	39,180	39,180
Charges for services	73,771	-	1,294,538	50,613	1,418,922
Small counties assistance	484,754	-	-	-	484,754
License and fines	160,707	-	-	-	160,707
Other income	79,006	-	78,863	124,203	282,072
Investment income	52,322	-	-	-	52,322
Federal grant	-	678,355	-	7,299	685,654
State grant	(57,585)	1,547,465	-	451,868	1,941,748
	<u>3,700,240</u>	<u>2,225,820</u>	<u>1,657,243</u>	<u>1,197,102</u>	<u>8,780,405</u>
Total revenues					
EXPENDITURES					
General government	1,204,729	-	-	412,065	1,616,794
Public safety	1,216,119	1,689,728	1,886,337	489,256	5,281,440
Culture and recreation	74,058	-	-	-	74,058
Health and welfare	-	-	-	261,744	261,744
Debt service					
Interest	-	-	-	129,807	129,807
Principal	31,823	-	-	82,063	113,886
Capital outlay	-	445,564	68,105	89,142	602,811
	<u>2,526,729</u>	<u>2,135,292</u>	<u>1,954,442</u>	<u>1,464,077</u>	<u>8,080,540</u>
Total expenditures					
Excess (deficiency) revenues over (under) expenditures	<u>1,173,511</u>	<u>90,528</u>	<u>(297,199)</u>	<u>(266,975)</u>	<u>699,865</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, 2017

	General Fund	Grants Fund	Detention Fund	Total Non- Major Funds	Total Funds
OTHER FINANCING SOURCES (USES):					
Loan proceeds	57,585	-	-	-	57,585
Transfers in	234,034	-	200,000	211,870	645,904
Transfers out	<u>(549,741)</u>	<u>(125,000)</u>	<u>(191,830)</u>	<u>(279,333)</u>	<u>1,145,904</u>
Total other financing sources (uses)	<u>(258,122)</u>	<u>(125,000)</u>	<u>8,170</u>	<u>(67,463)</u>	<u>(442,415)</u>
Net change in fund balance	915,389	(34,472)	(289,029)	(334,438)	257,450
Fund balance beginning of year	<u>4,054,040</u>	<u>653,924</u>	<u>582,905</u>	<u>1,753,451</u>	<u>7,044,320</u>
Fund balance end of year	<u>\$ 4,969,429</u>	<u>\$ 619,452</u>	<u>\$ 293,876</u>	<u>\$ 1,419,013</u>	<u>\$ 7,301,770</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, 2017

Total net change in fund balances - governmental funds \$ 257,450

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	602,811	
Depreciation expense	<u>(751,413)</u>	(148,602)
Deferred outflows		35,837
Deferred outflows - change in assumption		196,544
Deferred outflows - differences between expected and actual experience		153,070
Deferred outflows - net differences between projected and actual investment earnings		603,722
Deferred outflows - changes in proportion and differences between employer contributions and proportionate share of contributions		214,397
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		(134,565)
Deferred inflows - change in assumption		6,555
Deferred inflows - difference between projected and actual investment earnings on pension plan investments		(19,651)
Deferred inflows - Difference between expected and actual experience		31,278
Deferred inflows- change in proportion		(66)

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.

Net pension liability	(1,483,365)	
Loan Proceeds	(57,585)	
Loan Payment	113,886	
Compensated absences	<u>(8,771)</u>	<u>(1,435,835)</u>
Change in net position of governmental activities		<u>\$ (239,866)</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
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<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	\$ 2,729,521	\$ 1,094,347
Motor vehicle taxes	15,000	15,000	29,775	14,775
Gross receipts taxes	30,000	30,000	19,065	(10,935)
Licenses & fines	1,000	1,000	160,707	159,707
PILT	720,000	760,000	-	(760,000)
Charges for services	25,000	25,000	73,771	48,771
Miscellaneous revenues	210,000	247,000	79,006	(167,994)
Investment income	1,000	1,000	52,322	51,322
County Equalization	63,000	23,860	-	(23,860)
Small counties assistance	425,000	445,000	484,754	39,754
State grants	-	-	(57,585)	(57,585)
	<u>3,125,174</u>	<u>3,183,034</u>	<u>3,571,336</u>	<u>388,302</u>
EXPENDITURES:				
General government	1,181,466	1,225,869	1,225,504	365
Public safety	1,325,482	1,325,482	1,216,119	109,363
Public works	26,000	26,000	-	26,000
Culture and recreation	74,058	74,058	74,058	-
Debt service	31,823	31,823	31,823	-
Miscellaneous	304,015	308,831	-	308,831
	<u>2,942,844</u>	<u>2,992,063</u>	<u>2,547,504</u>	<u>444,559</u>
Excess (deficiency) of revenues over expenditures	182,330	190,971	1,023,832	832,861
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	57,585	57,585
Transfers in	-	234,034	234,034	-
Transfers out	(437,000)	(537,000)	(549,741)	(12,741)
	<u>(437,000)</u>	<u>(302,966)</u>	<u>(258,122)</u>	<u>44,844</u>
Net changes in fund balance Non-GAAP basis	(254,670)	(111,995)	765,710	877,705
Fund balance - beginning	<u>4,054,040</u>	<u>4,054,040</u>	<u>4,054,040</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,799,370</u>	<u>\$ 3,942,045</u>	<u>\$ 4,819,750</u>	<u>\$ 877,705</u>
Reconciliation of Budgetary basis to GAAP basis				
Net change in fund balance - budgetary basis			\$ 765,710	
Revenue accruals		128,904		
Expenditure accruals		<u>20,775</u>	<u>149,679</u>	
Net change in fund balance- GAAP basis			<u>\$ 915,389</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State grants	\$ 1,022,514	\$ 1,036,014	\$ 1,504,443	\$ 468,429
Federal grants	<u>2,092,070</u>	<u>2,092,070</u>	<u>678,355</u>	<u>(1,413,715)</u>
Total revenues	3,114,584	3,128,084	2,182,798	(945,286)
EXPENDITURES:				
Current:				
Public safety	2,811,080	2,811,080	1,620,768	1,190,312
Capital outlay	<u>539,086</u>	<u>539,086</u>	<u>445,564</u>	<u>93,522</u>
Total expenditures	<u>3,350,166</u>	<u>3,350,166</u>	<u>2,066,332</u>	<u>1,283,834</u>
Excess (deficiency) of revenues over expenditures	<u>(235,582)</u>	<u>(222,082)</u>	<u>116,466</u>	<u>338,548</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(125,000)</u>	<u>-</u>	<u>(125,000)</u>	<u>(125,000)</u>
Net changes in fund balance Non-GAAP basis	(360,582)	(222,082)	(8,534)	213,548
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>653,924</u>	<u>653,924</u>
Fund balance - ending	<u>\$ (360,582)</u>	<u>\$ (222,082)</u>	<u>\$ 645,390</u>	<u>\$ 867,472</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (8,534)	
Revenue accruals		43,022		
Expenditure accruals		<u>(68,960)</u>	<u>(25,938)</u>	
Net change in fund balance - GAAP basis			<u>\$ (34,472)</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, 2017

	Original	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Gross receipts tax	\$ 46,000	\$ 46,000	\$ 518,540	\$ 472,540
Charges for services	1,742,000	1,782,000	1,294,538	(487,462)
Other income	4,000	4,000	78,863	74,863
Total revenues	1,792,000	1,832,000	1,891,941	59,941
EXPENDITURES:				
Current:				
Public safety	1,927,523	1,958,037	1,904,356	53,681
Capital outlay	68,105	68,105	68,105	-
Total expenditures	1,995,628	2,026,142	1,972,461	53,681
Excess (deficiency) of revenues over expenditures	(203,628)	(194,142)	(80,520)	113,622
OTHER FINANCING SOURCES (USES)				
Transfer in	100,000	200,000	200,000	-
Transfers out	-	-	(191,830)	(191,830)
Total other financing sources (uses)	100,000	200,000	8,170	(191,830)
Net changes in fund balance Non-GAAP basis	(103,628)	5,858	(72,350)	(78,208)
Fund balance beginning of year	582,905	582,905	582,905	-
Fund balance - ending	\$ 479,277	\$ 588,763	\$ 510,555	\$ (78,208)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (72,350)	
Revenue accruals		(234,698)		
Expenditure accruals		18,019	(216,679)	
Net change in Fund balance - GAAP basis			\$ (289,029)	

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, 2017

ASSETS	Ambulance Fund	C & C Fund	Total Proprietary
Current assets:			
Cash and cash equivalents	\$ 184,267	\$ 181,313	\$ 365,580
Accounts receivable, net of allowance for doubtful accounts	<u>13,909</u>	<u>16,510</u>	<u>30,419</u>
Total current assets	198,176	197,823	395,999
Non-current assets:			
Capital assets	1,337,754	390,037	1,727,791
Accumulated depreciation	<u>(841,316)</u>	<u>(327,696)</u>	<u>(1,169,012)</u>
Total non-current assets	<u>496,438</u>	<u>62,341</u>	<u>558,779</u>
Total assets	694,614	260,164	954,778
Deferred Outflows			
Deferred outflows	<u>167,899</u>	<u>66,649</u>	<u>234,548</u>
Total assets and deferred outflows	<u>\$ 862,513</u>	<u>\$ 326,813</u>	<u>\$ 1,189,326</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, 2017

LIABILITIES	Ambulance Fund	C & C Fund	Total Proprietary
Current liabilities:			
Accounts payable	\$ -	\$ 9,378	\$ 9,378
Accrued salaries	10,877	3,244	14,121
Accrued compensated absences	<u>7,360</u>	<u>5,236</u>	<u>12,596</u>
Total current liabilities	18,237	17,858	36,095
Long-term liabilities:			
Accrued compensated absences	711	1,238	1,949
Net pension liability	<u>397,854</u>	<u>167,318</u>	<u>565,172</u>
Total Long-term liabilities	<u>398,565</u>	<u>168,556</u>	<u>567,121</u>
Total liabilities	416,802	186,414	603,216
Deferred inflows			
Deferred inflows- change in assumption	1,663	793	2,456
Deferred inflows- net difference between projected and actual investment earnings	2,941	1,152	4,093
Deferred inflows - differences between expected and actual experience	1	229	230
Deferred inflows - change in proportion	<u>2,315</u>	<u>1,041</u>	<u>3,356</u>
Total deferred inflows	<u>6,920</u>	<u>3,215</u>	<u>10,135</u>
Total liabilities and deferred inflows	423,722	189,629	613,351
NET POSITION			
Unrestricted	<u>438,791</u>	<u>137,184</u>	<u>575,975</u>
Net position	<u>438,791</u>	<u>137,184</u>	<u>575,975</u>
Total liabilities and net position	<u>\$ 862,513</u>	<u>\$ 326,813</u>	<u>\$ 1,189,326</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, 2017

OPERATING REVENUES	Ambulance Fund	C & C Fund	Total Proprietary
Charges for services	\$ 276,769	\$ 205,412	\$ 482,181
Total revenues	276,769	205,412	482,181
OPERATING EXPENSES			
Personnel expenses	393,536	186,506	580,042
Depreciation	45,091	11,991	57,082
Other operating costs	163,711	154,048	317,759
Total operating expenses	602,338	352,545	954,883
Operating loss	(325,569)	(147,133)	(472,702)
Transfers in	450,000	50,000	500,000
Total other financing sources (uses)	450,000	50,000	500,000
Change in net position	124,431	(97,133)	27,298
Net position, beginning	185,336	235,014	420,350
Restatement	129,024	(697)	128,327
Net position beginning of year, as restated	314,360	234,317	548,677
Net position end of year	\$ 438,791	\$ 137,184	\$ 575,975

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, 2017

Cash flows from operating activities:	<u>Ambulance</u>	<u>C & C Transfer</u>	<u>Total Proprietary</u>
Cash received from agencies and customers	\$ 617,056	\$ 198,473	\$ 815,529
Cash paid to suppliers for goods and services	10,077	(83,744)	(73,667)
Cash payments to employees for services	<u>(392,605)</u>	<u>(184,369)</u>	<u>(576,974)</u>
Net cash provided by (used in) operating activities	<u>234,528</u>	<u>(69,640)</u>	<u>164,888</u>
Cash flows from investing activities			
Acquisition of capital assets	<u>(135,167)</u>	<u>-</u>	<u>(135,167)</u>
Net cash provided by investing activities	<u>(135,167)</u>	<u>-</u>	<u>(135,167)</u>
Net increase (decrease) in cash and cash equivalents	99,361	(69,640)	29,721
Cash and cash equivalents - beginning of year	<u>84,906</u>	<u>250,953</u>	<u>335,859</u>
Cash and cash equivalents - end of year	<u>\$ 184,267</u>	<u>\$ 181,313</u>	<u>\$ 365,580</u>
Reconciliation of operating income to net cash used in operating activities:			
Operating income (loss)	\$ 124,431	\$ (97,133)	\$ 27,298
Adjustments to reconcile change in net assets to net cash			
Depreciation	45,091	11,991	57,082
Changes in working capital components:			
(Increase) Decrease in:			
Accounts receivables	33,037	(1,520)	31,517
Other assets	(142,750)	(55,419)	(198,169)
Increase (Decrease) in:			
Accounts payable	173,788	70,304	244,092
Accrued expenses and other liabilities	<u>931</u>	<u>2,137</u>	<u>3,068</u>
Net cash provided by (used) in operating activities	<u>\$ 234,528</u>	<u>\$ (69,640)</u>	<u>\$ 164,888</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, 2017

ASSETS

Current assets:

Cash	\$ 3,598
Taxes receivables	<u>338,558</u>

Total assets	<u>\$ 342,156</u>
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LIABILITIES

Current liabilities

Accounts payable	\$ 3,598
Deferred revenue	<u>338,558</u>

Total liabilities	<u>\$ 342,156</u>
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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, 2017

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, 2017

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, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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.

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.

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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments:

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition:

- a. State statutes authorize the County to invest in Certificates of Deposit, obligations of the U.S. Government, and fully collateralized repurchase agreements.
- b. Investments for the County are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.
- 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.

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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

D. Assets, Liabilities and Net Position or Equity (continued)

4. Capital Assets (continued):

Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

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

5. Deferred 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

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

D. Assets, Liabilities and Net Position or Equity (continued)

5. Deferred Inflows and Deferred Outflows (continued):

Net Pension Liability (continued)

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.

6. Compensated Absences (continued):

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.

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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

D. Assets, Liabilities and Net Position or Equity (continued)

8. Net Position:

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

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

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

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

9. Fund Balance:

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

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

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

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation. 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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

D. Assets, Liabilities and Net Position or Equity (continued)

9. Fund Balance (continued):

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.

E. 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.

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.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

E. Other Significant Accounting Policies (continued)

2. Property Taxes (continued):

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. Two months prior to June 30th, the County Manager submits to the County Commission a proposed operating budget for the upcoming fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the County Office to obtain taxpayer comments.
3. After the County Commission approves the proposed budget, it is then submitted to the Local Government Division of the State Department of Finance and Administration for review and certification.
4. Upon certification the budget becomes a legally binding document. Total expenditures in any fund may not exceed the amount budgeted.
5. The County Manager is authorized to transfer budgeted amounts among departments within a fund; however, the County Commission and the Local Government Division of the State Department of Finance and Administration must approve these revisions.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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, 2017 are presented.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Implementation of New Accounting Standards

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. 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 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.

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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	3,978,159
Uninsured and uncollateralized	<u>3,405,466</u>
 Total Cash and Investments, Primary Government	 <u>\$ 7,383,625</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, 2017, \$7,383,625 of the County's bank balance of \$7,633,625 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and uncollateralized	3,405,466
Uninsured and collateralized held by pledging bank's trust department not in County's name	<u>3,978,159</u>
 Total Cash and Investments, Primary Government	 <u>\$ 7,633,625</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, 2017, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes receivable:			
Property taxes	\$ 301,978	\$ -	\$ 301,978
Due from other governments:			
Gas taxes	9,613	-	9,613
GRT	46,843	-	46,843
Motor vehicles	16,834	-	16,834
Grants	313,436	-	313,436
Other receivables:			
Fees	1,573	16,510	18,083
Ambulance charges	-	765,864	765,864
Allowance for doubtful accounts	<u>-</u>	<u>(751,955)</u>	<u>(751,955)</u>
 Net receivables	 <u>\$ 690,277</u>	 <u>\$ 30,419</u>	 <u>\$ 720,696</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, 2017

5. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2017, 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, 2017 was charged as follows:

General government	\$	461,270
Public safety		243,639
Public works		40,121
Culture and recreation		<u>6,383</u>
 Total depreciation expense	 \$	 <u>751,413</u>

	Balance June 30, 2016	Restatement	Restated balance June 30, 2016	Additions	Deletions	Transfer	Balance June 30, 2017
Government activities:							
Capital assets not being depreciated							
Land	\$ 133,052	\$ -	\$ 133,052	\$ -	\$ -	\$ -	\$ 133,052
Construction in progress	<u>9,303,186</u>	<u>-</u>	<u>9,303,186</u>	<u>321,086</u>	<u>-</u>	<u>(9,303,186)</u>	<u>321,086</u>
Total	9,436,238	-	9,436,238	321,086	-	(9,303,186)	454,138
Other capital assets being depreciated							
Buildings	7,493,497	870,398	8,363,895	-	-	-	8,363,895
Improvements/infrastructure	736,393	(231,762)	504,631	-	-	9,303,186	9,807,817
Machinery and equipment	<u>8,086,833</u>	<u>271,378</u>	<u>8,358,211</u>	<u>281,725</u>	<u>-</u>	<u>-</u>	<u>8,639,936</u>
Total	<u>16,316,723</u>	<u>910,014</u>	<u>17,226,737</u>	<u>281,725</u>	<u>-</u>	<u>9,303,186</u>	<u>26,811,648</u>
Total	25,752,961	910,014	26,662,975	602,811	-	-	27,265,786
Accumulated depreciation:							
Buildings	4,942,830	135,281	5,078,111	445,467	-	-	5,523,578
Improvements/infrastructure	185,292	15,134	200,426	13,281	-	-	213,707
Machinery and equipment	<u>5,923,760</u>	<u>(63,635)</u>	<u>5,860,125</u>	<u>292,665</u>	<u>-</u>	<u>-</u>	<u>6,152,790</u>
Total accumulated depreciation	<u>11,051,882</u>	<u>86,780</u>	<u>11,138,662</u>	<u>751,413</u>	<u>-</u>	<u>-</u>	<u>11,890,075</u>
Net book value	<u>\$ 14,701,079</u>	<u>\$ 823,234</u>	<u>\$ 15,524,313</u>	<u>\$ (148,602)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,375,711</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

5. CAPITAL ASSETS (continued)

	Balance June 30, 2016	Restatement	Restated balance June 30, 2016	Additions	Deletions	Transfer	Balance June 30, 2017
Business-type activities							
Capital assets being depreciated							
Machinery and equipment	\$ 1,474,731	\$ 117,893	\$ 1,592,624	\$ 135,167	\$ -	\$ -	\$ 1,727,791
Total	1,474,731	117,893	1,592,624	135,167	-	-	1,727,791
Accumulated depreciation:							
Machinery and equipment	1,122,364	(10,434)	1,111,930	57,082	-	-	1,169,012
Total accumulated depreciation	1,122,364	(10,434)	1,111,930	57,082	-	-	1,169,012
Net book value	\$ 352,367	\$ 128,327	\$ 480,694	\$ 78,085	\$ -	\$ -	\$ 558,779

Depreciation expense relating to business-like activities for the year-ended June 30, 2017 totaled \$57,082.

6. LONG-TERM LIABILITIES

During the year-end June 30, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17	Due Within One Year
Governmental Funds					
Detention Center - 2167 revenue	\$ 1,530,312	\$ -	\$ 64,676	\$ 1,465,636	\$ 71,391
Detention Center-2432 revenue	1,579,803	-	-	1,579,803	58,595
Hidalgo 8 -2292 NMFA	27,130	-	6,485	20,645	6,679
Hidalgo 11- 2607 NMFA	69,464	-	10,902	58,562	11,165
Hidalgo 15- 3353 NMFA	-	57,583	31,823	25,760	-
Compensated absences	29,673	63,370	54,599	38,444	38,444
Total	\$ 3,236,382	\$ 120,953	\$ 168,485	\$ 3,188,850	\$ 186,274

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.

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17	Due Within One Year
Proprietary Fund					
Compensated absences	\$ 16,411	\$ 17,339	\$ 19,205	\$ 14,545	\$ 12,596

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

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

6. LONG-TERM LIABILITIES (continued)

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>
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	641,366	61,657	703,023
	<u>\$ 1,465,636</u>	<u>\$ 394,211</u>	<u>\$ 1,859,847</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>
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	<u>396,105</u>	<u>21,321</u>	<u>417,426</u>
	<u>\$ 1,579,803</u>	<u>\$ 621,699</u>	<u>\$ 2,201,502</u>

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:

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

6. LONG-TERM LIABILITIES (continued)

<u>Due in Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt service</u>
2018	6,679	528	7,207
2019	6,882	325	7,207
2020	7,084	116	7,200
	<u>\$ 20,645</u>	<u>\$ 969</u>	<u>\$ 21,614</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>
2018	11,165	1,312	12,477
2019	11,442	1,036	12,478
2020	11,725	752	12,477
2021	24,230	626	24,856
	<u>\$ 58,562</u>	<u>\$ 3,726</u>	<u>\$ 62,288</u>

NMFA Loan Payable - Hidalgo 15

On January 15, 2016, the County entered into a loan agreement with the New Mexico Finance Authority. The original amount of the loan was \$57,583, of which \$28,791 was paid off by the City of Lordsburg. The remaining was granted to the City by the County. Interest on the loan is 0%. The term of the loan was 10 years. 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>
2018	3,031	-	3,031
2019	3,031	-	3,031
2020	3,031	-	3,031
2021	3,031	-	3,031
2022-2027	13,636	-	13,636
	<u>\$ 25,760</u>	<u>\$ -</u>	<u>\$ 25,760</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the premiums paid by the County were \$96,586. 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, 2016. 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, 2017.

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, 2017

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, 2016 available at: <http://s3.amazonaws.com/boardaudio/Final-Version-2016-PERA-GASB-68-Report.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 FY16 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 FY16 annual audit report at <http://s3.amazonaws.com/boardaudio/Final-Version-2016-PERA-GASB-68-Report.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 \$244,558 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2017.

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, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016.

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
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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, 2016.

Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 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, 2017, the County reported the following liability:

Municipal General Division	\$	3,041,951
Municipal Police Division		<u>906,793</u>
Total Net Pension Liability	\$	<u><u>3,948,744</u></u>

The amounts are the proportionate share of the net pension liability. At June 30, 2016, the County's proportion noted below was unchanged from its proportion measured as of June 30, 2015, due to the insignificance of the difference.

For the year ended June 30, 2017, the County recognized the following pension expense:

Municipal General Division	\$	421,384
Municipal Police Division		<u>127,054</u>
Total pension expense	\$	<u><u>548,438</u></u>

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

8. PERA PENSION PLAN (CONTINUED)

At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions for Municipal General Division from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in assumptions	\$ 178,375	\$ 506
Net difference between projected and actual earnings on pension plan investments	559,713	-
Difference between expected and actual experience	151,988	29,688
County of Hidalgo contributions subsequent to the measurement date	181,734	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>239,079</u>	<u>-</u>
Total	<u>\$ 1,310,889</u>	<u>\$ 30,194</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
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8. PERA PENSION PLAN (CONTINUED)

At June 30, 2017, 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
Changes in assumptions	60,061	16,354
Net difference between projected and actual earnings on pension plan investments	143,414	-
Difference between expected and actual experience	66,572	-
County of Hidalgo contributions subsequent to the measurement date	61,937	-
Change in proportion and differences between employer contributions and proportionate share of contributions	10,619	23,974
Total	\$ 342,603	\$ 40,328

	Liability Proportion
Municipal General Division	0.1904%
Municipal Police Division	0.1229%
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, 2017

8. PERA PENSION PLAN (CONTINUED)

In June 30, 2017 \$243,671, 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
2018	\$ 266,011	\$ 53,242
2019	266,011	53,242
2020	418,620	96,852
2021	148,319	37,002
2022	-	-
Total	\$ 1,098,961	\$ 240,338

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, 2016 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, 2016 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, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

8. PERA PENSION PLAN (CONTINUED)

Actuarial valuation date	June 30, 2015
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, 2017

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
Global Equity	43.5 %	7.39 %
Risk Reduction & Mitigation	21.5	1.79
Credit Oriented Fixed Income	15.0	5.77
Risk Assets	<u>20.0</u>	7.35
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, 2017

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	<u>4,535,279</u>	<u>3,041,951</u>	<u>1,803,310</u>
Municipal Police Division	<u>1,334,118</u>	<u>906,793</u>	<u>557,292</u>
TOTAL	<u>\$ 5,869,397</u>	<u>\$ 3,948,744</u>	<u>\$ 2,360,602</u>

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 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, 2017.

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, 2017.

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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, 2017 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ 234,034	\$ (549,741)
Detention	200,000	(191,830)
Environmental GRT	-	(50,000)
Debt Service	211,870	-
Indigent	12,000	-
Road	-	(1,338)
Grant	-	(125,000)
Animas Fire	-	(7,299)
Capital Project	-	(232,696)
Total Governmental Funds	<u>657,904</u>	<u>(1,157,904)</u>
Enterprise Funds:		
Ambulance Fund	450,000	-
C&C Transfer	<u>50,000</u>	<u>-</u>
Total Enterprise Funds	<u>500,000</u>	<u>-</u>
Total	<u>\$ 1,157,904</u>	<u>\$ (1,157,904)</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

13. RESTATEMENT

The capital asset schedule had clerical discrepancies resulting in the inaccurate computation of the value of capital assets for both governmental and business activities. This resulted in a restatement in the FYE 2017 of \$823,233 and \$128,327 for governmental and business activities respectively. The restatement affected at the fund level, and at the government wide level as listed below.

Fixed assets were not included accurately in the schedule of capital assets, thus understating the fund balance for government activities.	\$ 823,233
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Fixed assets were not included accurately in the schedule of capital assets, thus understating the fund balance for business type activities.	<u>\$ 128,327</u>
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Restatement	<u>\$ 951,560</u>
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14. EXCESS EXPENDITURES OVER APPROPRIATIONS

New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. The Village exceeded its authorized budget by \$205,290 as follows:

Fund	Budget Expenses	Actual Expenses	Difference
General Fund - Transfer out	\$ 537,000	\$ 549,741	\$ 12,741
Detention Fund - Transfer out	-	191,830	191,830
Law Enforcement Protection - Public Safety	<u>24,617</u>	<u>25,336</u>	<u>719</u>
Totals	<u>\$ 561,617</u>	<u>\$ 766,907</u>	<u>\$ 205,290</u>

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 29, 2017, 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, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
The County of Hidalgo's proportion of the net pension liability	\$ 1,245,831	\$ 1,644,593	\$ 3,041,951
The County of Hidalgo's proportionate share of the net pension liability	0.1597%	0.1613%	0.1904%
The County of Hidalgo's covered-employee payroll	\$ 1,565,040	\$ 1,151,277	\$ 1,983,479
The County of Hidalgo's proportionate share of the net pension liability as a percentage of its covered-employee payroll	79.60 %	142.85 %	153.36 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %

*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, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 118,643	\$ 127,518	\$ 155,727
Contributions in relation to the contractually required contribution	<u>118,643</u>	<u>127,518</u>	<u>155,727</u>
Contribution deficiency (excess)	-	-	-
The County of Hidalgo's covered-employee payroll	<u>\$ 1,565,040</u>	<u>\$ 1,565,040</u>	<u>\$ 1,983,479</u>
Contributions as a percentage of covered-employee payroll	<u>7.58 %</u>	<u>8.15 %</u>	<u>7.85 %</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, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
The County of Hidalgo's proportion of the net pension liability	\$ 422,156	\$ 576,546	\$ 906,793
The County of Hidalgo's proportionate share of the net pension liability	0.1295 %	0.1199 %	0.1229 %
The County of Hidalgo's covered-employee payroll	\$ 725,091	\$ 779,541	\$ 675,992
The County of Hidalgo's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.22 %	73.96 %	134.14 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %

*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, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 46,154	\$ 44,395	\$ 46,207
Contributions in relation to the contractually required contribution	<u>46,154</u>	<u>44,395</u>	<u>46,207</u>
Contribution deficiency (excess)	-	-	-
The County of Hidalgo's covered-employee payroll	<u>\$ 725,091</u>	<u>\$ 725,091</u>	<u>\$ 675,992</u>
Contributions as a percentage of covered-employee payroll	<u>6.37 %</u>	<u>11.76 %</u>	<u>6.84 %</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
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

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).

Rodeo Fire - This fund is a volunteer fire department within the county issued by the State Fire Marshal under NMSA 59-31-1

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.

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, 2017

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,194,957	\$ -	\$ -	\$ 1,194,957
Taxes receivable	29,538	2,531	-	32,069
Restricted funds	202,770	-	-	202,770
Total assets	\$ 1,427,265	\$ 2,531	\$ -	\$ 1,429,796
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accrued liabilities	10,783	-	-	10,783
Total liabilities	10,783	-	-	10,783
FUND BALANCE				
Restricted for capital projects	-	2,531	-	2,531
Restricted for special revenue funds	1,416,482	-	-	1,416,482
Total fund balances	1,416,482	2,531	-	1,419,013
Total liabilities and fund balances	\$ 1,427,265	\$ 2,531	\$ -	\$ 1,429,796

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, 2017

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Funds
REVENUES				
Motor Vehicle Taxes	\$ 162,151	\$ -	\$ -	\$ 162,151
Gasoline Taxes	109,913	-	-	109,913
Gross receipts taxes	250,009	1,866	-	251,875
Intergovernmental income	39,180	-	-	39,180
Charges for services	50,613	-	-	50,613
Other income	124,203	-	-	124,203
Federal grant	7,299	-	-	7,299
State grant	451,868	-	-	451,868
	<u>1,195,236</u>	<u>1,866</u>	<u>-</u>	<u>1,197,102</u>
Total revenues	1,195,236	1,866	-	1,197,102
EXPENDITURES				
Current:				
General government	412,065	-	-	412,065
Public safety	489,256	-	-	489,256
Health and welfare	261,744	-	-	261,744
Debt service				
Interest	-	-	129,807	129,807
Principal	-	-	82,063	82,063
Capital outlay	89,142	-	-	89,142
	<u>1,252,207</u>	<u>-</u>	<u>211,870</u>	<u>1,464,077</u>
Total expenditures	1,252,207	-	211,870	1,464,077
Excess (deficiency) revenues over ex (under) expenditures	<u>(56,971)</u>	<u>1,866</u>	<u>(211,870)</u>	<u>(266,975)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	211,870	211,870
Transfers out	<u>(46,637)</u>	<u>(232,696)</u>	<u>-</u>	<u>(279,333)</u>
	<u>(46,637)</u>	<u>(232,696)</u>	<u>211,870</u>	<u>(67,463)</u>
Total other financing sources (uses)	(46,637)	(232,696)	211,870	(67,463)
Net change in fund balance	(103,608)	(230,830)	-	(334,438)
Fund balance, beginning	<u>1,520,090</u>	<u>233,361</u>	<u>-</u>	<u>1,753,451</u>
Fund balance, end of year	<u>\$ 1,416,482</u>	<u>\$ 2,531</u>	<u>\$ -</u>	<u>\$ 1,419,013</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, 2017

	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	\$ 30,760	\$ 35,116	\$ 250,872	\$ 56,627	\$ 120,106	\$ 49,528	\$ 18,051	\$ 16,917	\$ 27,875
Other receivables	-	-	-	-	-	-	-	-	-
Total assets	<u>30,760</u>	<u>35,116</u>	<u>250,872</u>	<u>56,627</u>	<u>120,106</u>	<u>49,528</u>	<u>18,051</u>	<u>16,917</u>	<u>27,875</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-
FUND BALANCE									
Restricted for special revenue funds	<u>30,760</u>	<u>35,116</u>	<u>250,872</u>	<u>56,627</u>	<u>120,106</u>	<u>49,528</u>	<u>18,051</u>	<u>16,917</u>	<u>27,875</u>
Total liabilities and fund balance	<u>\$ 30,760</u>	<u>\$ 35,116</u>	<u>\$ 250,872</u>	<u>\$ 56,627</u>	<u>\$ 120,106</u>	<u>\$ 49,528</u>	<u>\$ 18,051</u>	<u>\$ 16,917</u>	<u>\$ 27,875</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, 2017

	<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	\$ -	\$ 44,193	\$ 44,313	\$ 57,684	\$ 26,166	\$ -	\$ 12,005	\$ 58,746	\$ 55,446
Taxes receivable	-	-	-	4,620	-	-	-	-	-
Total assets	<u>-</u>	<u>44,193</u>	<u>44,313</u>	<u>62,304</u>	<u>26,166</u>	<u>-</u>	<u>12,005</u>	<u>58,746</u>	<u>55,446</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accrued liabilities	\$ -	\$ 1,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	1,170	-	-	-	-	-	-	-
FUND BALANCE									
Restricted for special revenue funds	-	43,023	44,313	62,304	26,166	-	12,005	58,746	55,446
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 44,193</u>	<u>\$ 44,313</u>	<u>\$ 62,304</u>	<u>\$ 26,166</u>	<u>\$ -</u>	<u>\$ 12,005</u>	<u>\$ 58,746</u>	<u>\$ 55,446</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, 2017

	<u>Playas Fire</u>	<u>Gila Neblett</u>	<u>Special Investigations</u>	<u>Road Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 120,196	\$ 13,662	\$ 23,518	\$ 133,176	\$ 1,194,957
Restricted Funds	-	-	-	202,770	202,770
Taxes receivable	-	-	-	24,918	29,538
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 120,196</u>	<u>\$ 13,662</u>	<u>\$ 23,518</u>	<u>\$ 360,864</u>	<u>\$ 1,427,265</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued liabilities	-	-	-	9,613	10,783
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	-	-	-	9,613	10,783
FUND BALANCE					
Restricted for special revenue funds	<u>120,196</u>	<u>13,662</u>	<u>23,518</u>	<u>351,251</u>	<u>1,416,482</u>
Total liabilities and fund balance	<u>\$ 120,196</u>	<u>\$ 13,662</u>	<u>\$ 23,518</u>	<u>\$ 360,864</u>	<u>\$ 1,427,265</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, 2017

	Recording/Filing	Farm and Range	Property Valuation	Fire Fund	Cotton City Fire	Correction Fees	DARE	Animas Fire Fund	Hidalgo Fire
REVENUES									
Intergovernmental income	\$ -	\$ 39,180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	5,455	-	39,213	-	-	-	-	-	-
Other income	-	-	-	-	-	115,875	3,049	-	-
State grants	-	-	-	71,685	50,839	-	-	43,571	62,926
Intercepted Revenue	-	-	-	-	-	-	-	7,299	-
Total revenues	5,455	39,180	39,213	71,685	50,839	115,875	3,049	50,870	62,926
EXPENDITURES									
Current:									
General government	7,857	-	26,184	-	-	-	-	-	-
Public safety	-	-	-	49,401	37,549	102,544	1,203	33,026	38,523
Health and welfare	-	30,000	-	-	-	-	-	-	-
Capital outlay	-	-	-	29,377	-	-	-	-	30,000
Total expenditures	7,857	30,000	26,184	78,778	37,549	102,544	1,203	33,026	68,523
Excess (deficiency) of revenues over (under) expenditures	(2,402)	9,180	13,029	(7,093)	13,290	13,331	1,846	17,844	(5,597)
OTHER FINANCING SOURCES (USES)									
Operating transfers out	-	-	-	-	-	-	-	(7,299)	-
Total other financing source (uses)	-	-	-	-	-	-	-	(7,299)	-
Net change in fund balance	(2,402)	9,180	13,029	(7,093)	13,290	13,331	1,846	10,545	(5,597)
Fund balance, beginning	33,162	25,936	237,843	63,720	106,816	36,197	16,205	6,372	33,472
Fund balance, end of year	\$ 30,760	\$ 35,116	\$ 250,872	\$ 56,627	\$ 120,106	\$ 49,528	\$ 18,051	\$ 16,917	\$ 27,875

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, 2017

	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	\$ -	\$ 110,619	\$ 108,978	\$ 30,412	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	5,945	-
Other income	-	1,938	-	-	-	-	2,561	-	-
State grants	<u>24,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,226</u>
Total revenues	24,675	112,557	108,978	30,412	36,603	-	2,561	5,945	76,226
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	25,336	-	-	-	-	-	-	-	32,775
Health and welfare	-	91,975	106,553	-	33,216	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,102</u>
Total expenditures	<u>25,336</u>	<u>91,975</u>	<u>106,553</u>	<u>-</u>	<u>33,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,877</u>
Excess (deficiency) of revenues over (under) expenditures	(661)	20,582	2,425	30,412	3,387	-	2,561	5,945	18,349
OTHER FINANCING SOURCES (USES)									
Operating transfers out	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(661)	20,582	14,425	(19,588)	3,387	-	2,561	5,945	18,349
Fund balance, beginning	<u>661</u>	<u>22,441</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>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 43,023</u>	<u>\$ 44,313</u>	<u>\$ 62,304</u>	<u>\$ 26,166</u>	<u>\$ -</u>	<u>\$ 12,005</u>	<u>\$ 58,746</u>	<u>\$ 55,446</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 (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Playas Fire</u>	<u>Gila Neblett</u>	<u>Special Investigations</u>	<u>Road Fund</u>	<u>Total</u>
REVENUES					
Motor Vehicle Taxes	\$ -	\$ -	\$ -	\$ 162,151	\$ 162,151
Gasoline Taxes	-	-	-	109,913	109,913
Gross receipts taxes	-	-	-	-	250,009
Intergovernmental income	-	-	-	-	39,180
Charges for services	-	-	-	-	50,613
Other income	-	-	-	780	124,203
State grants	79,714	-	-	5,629	451,868
Intercepted Revenue	-	-	-	-	7,299
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,299</u>
Total revenues	79,714	-	-	278,473	1,195,236
EXPENDITURES					
Current:					
General government	-	-	-	378,024	412,065
Public safety	168,797	-	102	-	489,256
Health and welfare	-	-	-	-	261,744
Capital outlay	4,663	-	-	-	89,142
	<u>4,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,142</u>
Total expenditures	173,460	-	102	378,024	1,252,207
Excess (deficiency) of revenues over (under) expenditures	(93,746)	-	(102)	(99,551)	(56,971)
OTHER FINANCING SOURCES (USES)					
Operating transfers out	-	-	-	(1,338)	(46,637)
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,338)</u>	<u>(46,637)</u>
Net change in fund balance	(93,746)	-	(102)	(100,889)	(103,608)
Fund balance, beginning	<u>213,942</u>	<u>13,662</u>	<u>23,620</u>	<u>452,140</u>	<u>1,520,090</u>
Fund balance, end of year	<u>\$ 120,196</u>	<u>\$ 13,662</u>	<u>\$ 23,518</u>	<u>\$ 351,251</u>	<u>\$ 1,416,482</u>

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, 2017

ASSETS

Cash	\$ -
Taxes receivables	<u>2,531</u>
Total assets	<u>2,531</u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	<u>-</u>
Total liabilities	-
Fund balance	
Restricted for capital projects	<u>2,531</u>
Total liabilities and fund balance	<u>\$ 2,531</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, 2017

REVENUES	
Gross receipts taxes	\$ 1,866
Other income	<u>-</u>
Total revenues	1,866
 EXPENDITURES	
Current:	
Total expenditures	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,866</u>
 OTHER FINANCING SOURCES (USES)	
Proceeds from long term debt	-
Operating transfers out	<u>(232,696)</u>
Total other financing source (uses)	<u>(232,696)</u>
Net change in fund balance	(230,830)
Fund balance, beginning of year	<u>233,361</u>
Fund balance, end of year	<u>\$ 2,531</u>

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, 2017

ASSETS

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

LIABILITIES AND FUND BALANCES

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

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING BALANCE SHEET
 DEBT SERVICE FUND
 JUNE 30, 2017

REVENUES	
Intergovernmental income	\$ <u> -</u>
Total revenues	-
EXPENDITURES	
Debt service interest	129,807
Debt service principal	<u>82,063</u>
Total expenditures	<u>211,870</u>
Excess (deficiency) of revenues over (under) expenditures	(211,870)
OTHER FINANCING SOURCES (USES)	
Operating transfers in	<u>211,870</u>
Total other financing source (uses)	<u>211,870</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

AGENCY FUND

STATE OF NEW MEXICO, HIDALGO COUNTY
FIDUCIARY - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017

Taxes collected for others	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/17</u>
ASSETS				
Cash and cash equivalents	\$ 20,298	\$1,847,375	\$ (1,864,075)	\$ 3,598
Taxes receivable	<u>432,184</u>	<u>1,770,377</u>	<u>(1,864,003)</u>	<u>338,558</u>
Total assets	<u>\$ 452,482</u>	<u>\$3,617,752</u>	<u>\$ (3,728,078)</u>	<u>\$ 342,156</u>
LIABILITIES				
Deferred revenue	\$ 432,184	\$1,770,377	\$ (1,864,003)	\$ 338,558
Taxes paid in advance	<u>20,298</u>	<u>1,847,375</u>	<u>(1,864,075)</u>	<u>3,598</u>
Total liabilities	<u>\$ 452,482</u>	<u>\$3,617,752</u>	<u>\$ (3,728,078)</u>	<u>\$ 342,156</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.

See independent auditors' report and accompanying notes to financial statements

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO, HIDALGO COUNTY
SCHEDULE OF DEPOSITORIES
JUNE 30, 2017

	<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	\$ 4,934,792	\$ -	\$ 104,248	\$ 4,830,544
Warrant Account	CK	257,632	-	183,761	73,871
Payroll Clearing	CK	4,987	-	-	4,987
HCDC	CK	2,997	-	-	2,997
Jail Trust	CK	5,379	-	-	5,379
P Card	CK	3,634	90	-	3,724
Money Market	MM	1,770,144	-	-	1,770,144
Money Market Roads	MM	202,770	-	-	202,770
Overnight	MM	102,561	2	-	102,563
Western Bank Total		<u>7,284,896</u>	<u>92</u>	<u>288,009</u>	<u>6,996,979</u>
Sub-total		7,284,896	92	288,009	6,996,979
NM State Investment Pool		102,929	-	-	102,929
Restricted Cash - NMFA		245,200	-	-	245,200
Petty Cash		<u>600</u>	<u>-</u>	<u>-</u>	<u>600</u>
Total		<u>\$ 7,633,625</u>	<u>\$ 92</u>	<u>\$ 288,009</u>	<u>\$ 7,345,708</u>

Reconciliation to financial statements:

Cash and cash equivalents	\$ 6,883,555
Restricted funds	447,970
Agency funds	3,598
Miscellaneous	<u>-</u>

Total Cash and Investments, Primary Government \$ 7,335,123

Type:

CK = Checking

MM = Money Market

CD = Certificate of Deposit

	<u>Western</u>
Amount held in bank June 30, 2017	7,284,896
Less FDIC Insurance	<u>(250,000)</u>
Uninsured Public Funds	7,034,896
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	3,517,448
Pledged Securities	<u>3,978,159</u>
Over (Under) Collateralized	<u>\$ 460,711</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, 2017

<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
Espanola NM Pub CUSIP#296628BQ2, Maturing 7/1/2017	300,000	Federal Home Loan Bank of Dallas
Gadsden NM School CUSIP#362550KQ7, Maturing 08/15/2017	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
Socorro County CUSIP#833679CD3, Maturing 8/1/26	390,000	Federal Home Loan Bank of Dallas
Zuni NM Public School CUSIP#98981RAN7, Maturing 8/1/2024	630,000	Federal Home Loan Bank of Dallas
GRT CO NM Gross Rc, CUSIP#387770BD8, Maturing 07/01/2026	345,000	Federal Home Loan Bank of Dallas
Total New Mexico issued securities	3,940,000	Federal Home Loan Bank of Dallas
Federal securities (at market value)		
FNMA REMIC CUSIP#312906XG0, Maturing 8/15/21	10,373	Federal Home Loan Bank of Dallas
FNMA CUSIP#31391HGMO, Maturing 9/25/32	<u>27,786</u>	Federal Home Loan Bank of Dallas
Total federal securities	<u>38,159</u>	Federal Home Loan Bank of Dallas
Total pledged securities	<u>\$ 3,978,159</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, 2017

Property taxes receivable, beginning as previously stated	\$ 853,827
Adjustment	<u>-</u>
Property taxes receivable, beginning as adjusted	853,827
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	3,567,219
Adjustments:	
Increases in taxes receivables	1,113,082
Charge off of taxes receivables	<u>(933,491)</u>
Total receivables prior to collections	4,600,637
Collections for fiscal year ended June 30, 2017	<u>(3,960,262)</u>
Property taxes receivable, ending	<u>\$ 640,375</u>

Property taxes receivable by
years:

2007	\$ 4,381
2008	4,810
2009	5,765
2010	12,408
2011	20,557
2012	126,227
2013	81,417
2014	87,179
2015	116,402
2016	<u>181,229</u>
	<u>\$ 640,375</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Taxes Receivable at 7/1/16 as adjusted	Net Taxes Charged to Treasurer (including adjustments)	Collections	Taxes Receivable at 6/30/17	Distributions
Municipalities	\$ 30,134	\$ 106,710	\$ (108,469)	\$ 28,375	\$ 108,469
Hidalgo County	421,643	1,976,433	(2,096,259)	301,817	2,096,259
State of New Mexico	50,020	351,166	(362,510)	38,676	362,582
Schools	<u>352,030</u>	<u>1,312,501</u>	<u>(1,393,024)</u>	<u>271,507</u>	<u>1,393,024</u>
	<u>\$ 853,827</u>	<u>\$ 3,746,810</u>	<u>\$ (3,960,262)</u>	<u>\$ 640,375</u>	<u>\$ 3,960,334</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/17</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/17</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	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	1,133	103,127	1,133	103,156	97	68	864
City of Lordsburg	2014	105,352	3,573	103,587	3,573	103,540	273	320	1,765
City of Lordsburg	2015	103,954	5,487	99,969	5,487	99,896	7	80	3,985
City of Lordsburg	2016	<u>106,782</u>	<u>98,276</u>	<u>98,278</u>	<u>98,276</u>	<u>98,276</u>	<u>-</u>	<u>2</u>	<u>8,504</u>
Total		<u>833,715</u>	<u>108,469</u>	<u>805,340</u>	<u>108,469</u>	<u>808,475</u>	<u>5,339</u>	<u>2,204</u>	<u>28,375</u>
Total Municipalities		<u>\$ 833,715</u>	<u>\$ 108,469</u>	<u>\$ 805,340</u>	<u>\$ 108,469</u>	<u>\$ 808,475</u>	<u>\$ 5,339</u>	<u>\$ 2,204</u>	<u>\$ 28,375</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/17</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/17</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	2007	\$ 1,586,512	\$ 18,720	\$ 1,586,279	\$ 18,720	\$ 1,587,559	\$ 9,126	\$ 7,846	\$ 233
General ad valorem	2008	1,674,815	18,896	1,674,431	18,896	1,681,469	37,197	30,159	384
General ad valorem	2009	1,604,065	18,896	1,603,548	18,896	1,645,982	44,730	2,296	517
General ad valorem	2010	1,601,029	13,059	1,598,547	13,059	1,622,007	24,859	1,399	2,482
General ad valorem	2011	1,699,690	13,701	1,697,286	13,701	1,698,230	258,655	257,711	2,404
General ad valorem	2012	1,714,468	14,014	1,660,889	14,014	1,666,355	224,070	218,604	53,579
General ad valorem	2013	1,792,604	19,807	1,749,934	19,807	1,752,797	3,637	774	42,670
General ad valorem	2014	1,844,424	32,858	1,798,726	32,858	1,800,065	3,249	1,910	45,698
General ad valorem	2015	1,882,981	61,858	1,822,102	61,858	1,823,683	2,255	674	60,879
General ad valorem	2016	<u>1,969,995</u>	<u>1,883,868</u>	<u>1,877,208</u>	<u>1,883,868</u>	<u>1,883,868</u>	<u>13,320</u>	<u>6,660</u>	<u>92,787</u>
Total General ad valorem		\$17,370,583	\$ 2,095,677	\$17,068,950	\$ 2,095,677	\$17,162,015	\$ 621,098	\$ 528,033	\$ 301,633

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/17</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/17</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	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	-	692	-	668	10	34	-
Non-rendition fees	2013	715	-	715	-	683	-	32	-
Non-rendition fees	2014	380	-	380	-	380	-	-	-
Non-rendition fees	2015	918	16	918	16	918	-	-	-
Non-rendition fees	<u>2016</u>	<u>691</u>	<u>566</u>	<u>507</u>	<u>566</u>	<u>566</u>	<u>59</u>	<u>-</u>	<u>184</u>
Total Non-rendition fees		<u>4,458</u>	<u>582</u>	<u>4,274</u>	<u>582</u>	<u>4,245</u>	<u>641</u>	<u>670</u>	<u>184</u>
Total Hidalgo County		<u>\$17,375,041</u>	<u>\$ 2,096,259</u>	<u>\$17,073,224</u>	<u>\$ 2,096,259</u>	<u>\$17,166,260</u>	<u>\$ 621,739</u>	<u>\$ 528,703</u>	<u>\$ 301,817</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/17</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/17</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	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	-	27,168	-	26,857	-	311	-
Cattle	2012	34,023	47	33,970	47	33,714	-	256	53
Cattle	2013	39,165	316	39,165	316	38,937	7	235	-
Cattle	2014	43,008	456	43,008	456	42,664	-	344	-
Cattle	2015	54,608	54,087	54,334	54,087	54,200	-	134	274
Cattle	2016	61,182	59,018	59,018	59,018	59,018	-	-	2,164
Total Cattle		\$ 370,954	\$ 113,924	\$ 368,340	\$ 113,924	\$ 376,760	\$ 18,399	\$ 9,979	\$ 2,614
Equines	2007	\$ 1,635	\$ -	\$ 1,635	\$ -	\$ 1,615	\$ -	\$ 20	\$ -
Equines	2008	-	-	-	-	-	-	-	-
Equines	2009	871	-	867	-	861	-	6	4
Equines	2010	927	-	920	-	898	-	22	7
Equines	2011	909	-	909	-	878	-	31	-
Equines	2012	953	-	950	-	912	5	43	3
Equines	2013	782	-	782	-	761	3	24	-
Equines	2014	716	5	716	5	697	-	19	-
Equines	2015	757	16	710	16	688	-	22	47
Equines	2016	679	516	516	516	516	-	-	163
Total Equines		\$ 8,229	\$ 537	\$ 8,005	\$ 537	\$ 7,826	\$ 8	\$ 187	\$ 224

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/17</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/17</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	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	-	-	-
Bison	2016	439	439	439	439	439	-	-	-
Total Bison		\$ 1,731	\$ 792	\$ 1,731	\$ 792	\$ 1,731	\$ -	\$ -	\$ -
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
Sheep	2016	19	17	-	17	17	-	-	2
Total Sheep		\$ 220	\$ 32	\$ -	\$ 60	\$ 160	\$ -	\$ 55	\$ 5

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Agency</u>	<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/17</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/17</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 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	-	-	-
Dairy 2016	16	16	16	16	16	-	-	-
Total Dairy	\$ 70	\$ 26	\$ 70	\$ 37	\$ 70	\$ -	\$ -	\$ -
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	-	-	-
Goats 2016	27	22	22	22	22	-	-	5
Total Goats	\$ 260	\$ 59	\$ 255	\$ 92	\$ 254	\$ 1	\$ 2	\$ 5

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/17</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/17</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	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	-	-	-
Swine	2016	2	2	2	2	2	-	-	-
Total Swine		\$ 65	\$ 6	\$ 65	\$ 6	\$ 65	\$ -	\$ -	\$ -
State Operational	2007	\$ 164,186	\$ 1,929	\$ 164,163	\$ 1,929	\$ 164,294	\$ 940	\$ 809	\$ 23
State Operational	2008	176,667	1,993	176,627	1,993	177,369	3,924	3,182	40
State Operational	2009	155,669	1,834	155,619	1,834	159,737	4,341	223	50
State Operational	2010	214,704	1,716	214,363	1,716	217,440	3,263	186	341
State Operational	2011	199,943	1,578	199,645	1,578	199,752	29,729	29,622	298
State Operational	2012	200,925	1,619	194,682	1,619	195,316	25,717	25,083	6,243
State Operational	2013	211,423	2,311	206,517	2,311	206,843	417	91	4,906
State Operational	2014	217,742	3,949	212,446	3,949	212,620	411	237	5,296
State Operational	2015	222,765	7,459	215,546	7,459	215,727	259	78	7,219
State Operational	2016	233,400	222,746	221,988	222,746	222,746	1,516	758	11,412
Total State Operational		\$ 1,997,424	\$ 247,134	\$ 1,961,596	\$ 247,134	\$ 1,971,844	\$ 70,517	\$ 60,269	\$ 35,828
Total State of New Mexico		\$ 2,378,953	\$ 362,510	\$ 2,340,062	\$ 362,582	\$ 2,358,710	\$ 88,925	\$ 70,492	\$ 38,676

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/17</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/17</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	2007	\$ 736,109	\$ 790	\$ 724,480	\$ 790	\$ 726,221	\$ 2,080	\$ 339	\$ 11,629
Operational	2008	776,201	797	764,390	797	767,342	18,910	15,958	11,811
Operational	2009	736,299	797	723,689	797	742,466	19,162	385	12,610
Operational	2010	766,908	557	751,204	557	765,124	14,164	244	15,704
Operational	2011	802,860	577	768,387	577	768,994	11,552	10,945	34,473
Operational	2012	787,884	591	722,844	591	723,099	9,505	9,250	65,040
Operational	2013	74,749	833	72,951	833	73,072	157	36	1,798
Operational	2014	77,063	1,380	75,141	1,380	75,197	142	86	1,922
Operational	2015	78,101	2,578	75,560	2,578	75,626	95	29	2,541
Operational	2016	<u>80,435</u>	<u>76,897</u>	<u>76,623</u>	<u>76,897</u>	<u>76,897</u>	<u>548</u>	<u>274</u>	<u>3,812</u>
Total Operational		\$ 4,916,609	\$ 85,797	\$ 4,755,269	\$ 85,797	\$ 4,794,038	\$ 76,315	\$ 37,546	\$ 161,340
Debt Service	2007	\$ 267,155	\$ 11,052	\$ 275,937	\$ 11,052	\$ 276,137	\$ 1,507	\$ 1,307	\$ (8,782)
Debt Service	2008	282,668	11,138	291,520	11,138	292,620	6,278	5,178	(8,852)
Debt Service	2009	270,728	11,138	280,080	11,138	287,161	7,549	468	(9,352)
Debt Service	2010	270,292	7,834	280,565	7,834	284,512	4,230	283	(10,273)
Debt Service	2011	288,685	7,842	312,965	7,842	313,268	150,898	150,595	(24,280)
Debt Service	2012	291,047	7,840	306,501	7,840	309,866	128,229	124,864	(15,454)
Debt Service	2013	826,830	10,904	802,862	10,904	804,550	1,997	309	23,968
Debt Service	2014	852,058	18,013	827,336	18,013	828,262	2,001	1,075	24,722
Debt Service	2015	861,749	31,204	830,797	31,204	831,740	1,200	257	<u>30,952</u>
Debt Service	2016	<u>896,225</u>	<u>853,357</u>	<u>850,259</u>	<u>853,357</u>	<u>853,357</u>	<u>6,196</u>	<u>3,098</u>	<u>45,966</u>
Total Debt Service		\$ 5,107,437	\$ 970,322	\$ 5,058,822	\$ 970,322	\$ 5,081,473	\$ 310,085	\$ 287,434	\$ 48,615

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/17</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/17</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.	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	3,394	301,817	3,394	302,297	629	149	7,211
Capital Imp.	2014	318,301	5,784	310,528	5,784	310,784	602	346	7,773
Capital Imp.	2015	322,677	10,820	312,174	10,820	312,441	379	112	10,503
Capital Imp.	2016	<u>332,049</u>	<u>316,907</u>	<u>315,817</u>	<u>316,907</u>	<u>316,907</u>	<u>2,180</u>	<u>1,090</u>	<u>16,232</u>
Total Capital Imp.		<u>\$ 1,856,587</u>	<u>\$ 336,905</u>	<u>\$ 1,795,035</u>	<u>\$ 336,905</u>	<u>\$ 1,798,602</u>	<u>\$ 10,679</u>	<u>\$ 7,112</u>	<u>\$ 61,552</u>
Total Schools		<u>\$11,880,633</u>	<u>\$ 1,393,024</u>	<u>\$11,609,126</u>	<u>\$ 1,393,024</u>	<u>\$11,674,113</u>	<u>\$ 397,079</u>	<u>\$ 332,092</u>	<u>\$ 271,507</u>
Total		<u>\$32,468,342</u>	<u>\$ 3,960,262</u>	<u>\$31,827,752</u>	<u>\$ 3,960,334</u>	<u>\$32,007,558</u>	<u>\$ 1,113,082</u>	<u>\$ 933,491</u>	<u>\$ 640,375</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
JOINT POWERS AGREEMENT
JUNE 30, 2017

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, 2016 - June 30, 2017
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, 2017

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, 2016 - June 30, 2017
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, 2016 to June 30, 2017
Project Costs	\$51.63 per day per prisoner
County Contribution	Undeterminable
Audit responsibility	County of Luna

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

INDEPENDENT AUDITOR'S 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

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, 2017, and the related notes to the financial statements, which collectively comprise County of Hidalgo's basic financial statements, and the combining and individual funds of the County of Hidalgo presented as supplemental information, and have issued our report thereon dated November 29, 2017.

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. (2015-015, 2017-001, 2017-002).

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*.

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
Las Cruces, New Mexico
November 29, 2017

STATE OF NEW MEXICO, HIDALGO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017

Section II - Financial Statements Findings

PRIOR YEAR FINDINGS

2014-001	Bank Accounts Not Recorded on General Ledger - Significant Deficiency	Resolved
2015-015	Budgetary Control - Significant Deficiency	Revised and repeated
2016-001	Inconsistency in Pay Rate Policies - Other Matter	Resolved
2016-002	Violation of Hidalgo County EMS Policies - Other Matter	Resolved

CURRENT YEAR FINDINGS

2017-001	Capital Assets - Significant Deficiency	New
2017-002	Inaccurate DFA Report Submission - Significant Deficiency	New

STATE OF NEW MEXICO, HIDALGO COUNTY
 SCHEDULE OF FINDINGS AND RESPONSES
 JUNE 30, 2017

(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
General Fund	Transfer out	537,000	549,741	(12,741)
Detention Fund	Transfer out	-	191,830	(191,830)
Law Enforcement Protection	Public safety	<u>24,617</u>	<u>25,336</u>	<u>(719)</u>
Totals		<u>\$ 561,617</u>	<u>\$ 766,907</u>	<u>\$ (205,290)</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: 06/30/2018

EMPLOYEE RESPONSIBLE: Treasurer

STATE OF NEW MEXICO, HIDALGO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017

(2017-001) Capital Assets - Significant Deficiency

CONDITION	During the testing for capital assets, it was noted that the capital asset schedule had clerical discrepancies resulting in the inaccurate computation of the value of capital assets for both governmental and business activities. This resulted in a restatement in the FYE 2017 of \$823,233 and \$128,327 for governmental and business activities respectively.
CRITERIA	New Mexico Administrative Code 2.20.1.8 states that "Agencies should implement systematic and well documented methods for accounting for their fixed assets." To be compliant with GASB 34, capital assets must be presented net of accumulated depreciation expense, accumulated and current year depreciation must be identified by each major class of assets.
CAUSE	The clerical discrepancies resulted from an oversight in the preparation and calculation of schedule of capital assets.
EFFECT	In prior years, capital assets were undersated by \$823,233 and \$128,327 for governmental and business activities respectively.
RECOMMENDATION	The County should re-evaluate the internal controls in place over the preparation of the schedule of capital assets to ensure that assets are properly stated.
RESPONSE	The County will institute a policy of annual review of the capital assets schedule by the County Manager to ensure that all fixed assets are added to the schedule.

EXPECTED COMPLETION: 06/30/2018 EMPLOYEE RESPONSIBLE: COUNTY MANAGER

STATE OF NEW MEXICO, HIDALGO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017

(2017-002) Inaccurate DFA report submission - Significant Deficiency

CONDITION	Two reserve cash balances totalling \$245,200 held by New Mexico Finance Authority (NMFA) have not been reflected in the fourth quarter Department of Finance and Administration (DFA) report of fiscal year 2017.
CRITERIA	Per Section 6-6-3 NMSA 1978, every local public body shall: 1)Keep all the books, records, and accounts in their respective offices in the form prescribed by the local government division; 2)Make all reports as may be required by the local government division; and 3)Conform to the rules and regulations adopted by the local government division.
CAUSE	The county was not aware of this requirement
EFFECT	Incorrect reporting was made to the Department of Finance Administration.
RECOMMENDATION	The County needs to ensure that the Treasurer and the County Manager's office agree on the DFA report being submitted.
RESPONSE	The County has taken the proper steps to verify the accuracy of the two reserve cash balances. The Finance department and Treasurer's office will provide checks and balances when reporting to DFA.
EXPECTED COMPLETION: 06/30/2018	EMPLOYEE RESPONSIBLE: COUNTY MANAGER

STATE OF NEW MEXICO, HIDALGO COUNTY
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2017

An entrance conference was held on September 5, 2017 in a closed meeting with Beasley, Mitchell & Co. LLP and the following County officials:

Darr Shannon	County Commissioner
Tyler Massey	County Treasurer
Tisha Green	Assistant to the County Manager
Leslee Rudiger	Deputy Treasurer

Beasley, Mitchell & Co. LLP

Dahlia Garcia, CPA	Audit Supervisor
Avi Chettry	Staff II Auditor

An exit conference was held on November 28, 2017 in a closed meeting with Beasley, Mitchell & Co. LLP and the following County officials:

Darr Shannon	County Commissioner
Tyler Massey	County Treasurer
Tisha Green	County Manager

Beasley, Mitchell & Co. LLP

Avi Chettry	Staff II Auditor
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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.