

STATE OF NEW MEXICO
HIDALGO COUNTY
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018 AND
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO
HIDALGO COUNTY
FOR THE YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS

	Page
OFFICIAL ROSTER	1
INDEPENDENT AUDITORS' REPORT	2 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 17
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	19 - 20
Statement of Activities	21
Fund Financial Statements:	
Major Governmental Funds:	
Balance Sheet - Governmental Funds	23
Reconciliation of the Balance Sheet of Government Funds to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	25 - 26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	27
General Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - General Fund	28
Special Revenue Funds:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Grants Fund	29
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Detention Fund	30
Proprietary Funds:	
Statement of Net Position - Ambulance Fund and C & C fund	32 - 33

STATE OF NEW MEXICO
HIDALGO COUNTY
FOR THE YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS (CONTINUED)

	Page
Statement of Revenues, Expenses, and Changes in Net Position - Ambulance Fund and C & C fund	34
Statement of Cash Flows - Ambulance Fund and C & C fund	35
Agency Funds:	
Statement of Fiduciary Assets and Liabilities	37
NOTES TO BASIC FINANCIAL STATEMENTS	39 - 67
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability - Municipal General Division	69
Schedule of County of Hidalgo's Contributions - Municipal General Division	70
Schedule of Proportionate Share of the Net Pension Liability - Municipal Police Division	71
Schedule of City of Hidalgo's Contributions - Municipal Police Division	72
Notes to the Required Supplementary Information	73
Non Major Governmental Funds	75 - 76
SUPPLEMENTARY INFORMATION	
Non-Major Governmental Funds:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Non-Major Governmental Fund Types	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Fund Types	78
Non-Major Governmental Funds - Special Revenue Funds:	
Combining Balance Sheet	80 - 82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	83 - 85

STATE OF NEW MEXICO
HIDALGO COUNTY
FOR THE YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS (CONTINUED)

Capital Projects Funds:	
Combining Balance Sheet	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88
Non-Major Debt Service Funds:	
Combining Balance Sheet	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	91
Agency Fund	93
SUPPLEMENTAL INFORMATION	
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds	94
SUPPLEMENTAL INFORMATION	
Schedule of Depositories	96
Schedule of Collateral Pledged Depository for Public Funds	97
Tax Roll Reconciliation of Changes in the County Treasurer's Property Taxes Receivable	98
County Treasurer's Property Tax Schedule	99 - 108
Joint Powers Agreements	109 - 110
COMPLIANCE	
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	112 - 113
Schedule of Findings and Responses	114 - 115
Exit Conference	116

STATE OF NEW MEXICO, HIDALGO COUNTY
OFFICIAL ROSTER
JUNE 30, 2018

Elected Officials

Anthony J. Mora	Commission Chair
Darr Shannon	Commissioner
Marianne Stewart	Commissioner
Tyler Massey	County Treasurer
Carmen Acosta	County Probate Judge
Jody Hatch	County Assessor
Melissa DeLaGarza	County Clerk
Warren D.Walter	County Sheriff

Administrative Officials

Tisha Green	County Manager
Priscilla Maxwell	County Dispatch Supervisor
Loretta Ward	County Detention Supervisor
Tommy Dimas	County Transfer Station Supervisor
Joe Guillian	County Road Supervisor
David Whipple	County Fire Marshall/Ambulance Supervisor
Tisha Green	Detention Administrator
Eddie Aguilera	Maintenance Supervisor



INDEPENDENT AUDITORS' REPORT

Wayne Johnson
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, 2018 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, 2018, 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, 2018, 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 68 - 73 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, the combining and individual fund financial statements, and any other schedule required by the Audit Rule that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and any other schedule required by the Audit Rule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and any other schedule required by the Audit Rule 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 30, 2018 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 30, 2018

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018. 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 \$18,178,483 (*net position*). Of this amount, \$3,556,514 (*unrestricted net position*) may be used to meet the government's ongoing, obligations to citizens and creditors.
- The government's total net position decreased by \$117,834 during the fiscal year. The majority of this is due to a prior year adjustment discussed in the notes.
- As of June 30, 2018, the County's governmental funds reported combined ending fund balances of \$7,966,660.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$5,289,697.

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, 2018

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, 2018

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, 2018

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 and the C & C Transfer. The proprietary funds are considered major funds 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, 2018

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 80 through 91 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 and deferred inflows by \$10,431,473 at the close of the current fiscal year.

The largest portion of the County of Hidalgo's net position represent the County's investment of \$11,945,006 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 \$3,556,514 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County of Hidalgo is able to report positive balances in all three categories of net position, for the government as a whole as well as for the business-type activities.

Analysis of Changes in Net Position

During the current fiscal year, the County's net position in governmental and business-type activities decreased by \$117,834. These decreases are explained in the governmental activities discussion.

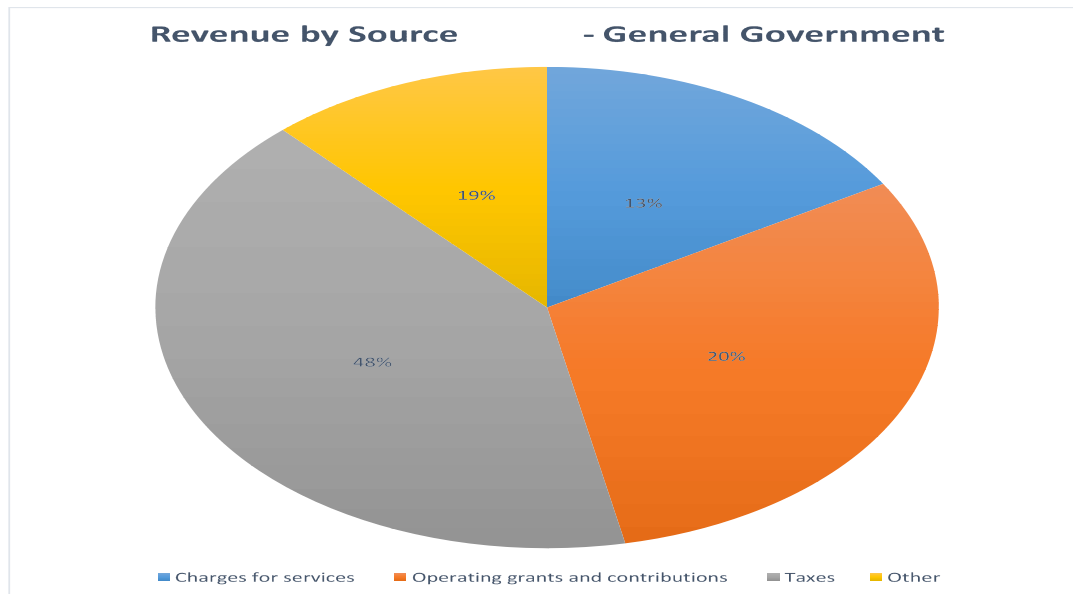
STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Governmental Activities

Governmental activities decreased the County of Hidalgo's net position by \$204,750. Property taxes and gross receipts taxes contributed \$2,875,609 for covering the \$7,219,678 net program expense associated with governmental activities.

Governmental revenues, consisting mostly of taxes and grants, are not directly associated with any government function. The total revenues decreased \$1,325,912.

Total revenues from governmental activities are summarized below. For fiscal year 2017-2018, Local and State taxes made up 48% of the total general government revenues compared to 42% of the revenues in the prior year.



Business-Type Activities

Business-type activities decreased the County's net position by \$218,084 before transfers of \$305,000 in from the general fund, compared to the prior year's decrease of \$472,702 before transfers of \$500,000 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
	2018	2017	2018	2017	2018	2017	2017-2018
ASSETS							
Current and other assets	\$ 8,253,329	\$ 7,656,222	\$ 713,762	\$ 395,999	\$ 8,967,091	\$ 8,052,221	11 %
Capital assets, net of accumulated depreciation	<u>14,905,000</u>	<u>15,375,711</u>	<u>505,445</u>	<u>558,779</u>	<u>15,410,445</u>	<u>15,934,490</u>	(3)%
Total assets	23,158,329	23,031,933	1,219,207	954,778	24,377,536	23,986,711	2 %
Deferred outflows							
Deferred outflows	190,075	208,598	32,141	35,073	222,216	243,671	100 %
Deferred outflows - Change in assumption	168,319	204,696	27,983	33,740	196,302	238,436	100 %
Deferred outflows - net differences between projected and actual investment earnings	280,274	603,722	48,215	99,404	328,489	703,126	100 %
Deferred outflows - Changes in proportion and differences between employer contributions and proportionate share of contributions	538,809	214,397	86,642	35,301	625,451	249,698	100 %
Deferred outflows - Differences between expected and actual experience	<u>150,352</u>	<u>187,530</u>	<u>25,147</u>	<u>31,030</u>	<u>175,499</u>	<u>218,560</u>	100 %
Total deferred outflows	<u>1,327,829</u>	<u>1,418,943</u>	<u>220,128</u>	<u>234,548</u>	<u>1,547,957</u>	<u>1,653,491</u>	(6)%
Total assets and deferred outflows	<u>\$ 24,486,158</u>	<u>\$ 24,450,876</u>	<u>\$ 1,439,335</u>	<u>\$ 1,189,326</u>	<u>\$ 25,925,493</u>	<u>\$ 25,640,202</u>	(4)%

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

	Governmental Activities		Business Type Activities		Totals		Total Percent Change
	2018	2017	2018	2017	2018	2017	2018-2017
LIABILITIES							
Current and other liabilities	\$ 392,800	\$ 283,999	\$ 144,154	\$ 36,095	\$ 536,954	\$ 320,094	68 %
Long-term liabilities	<u>6,248,117</u>	<u>6,386,148</u>	<u>579,542</u>	<u>567,121</u>	<u>6,827,659</u>	<u>6,953,269</u>	(2)%
Total liabilities	6,640,917	6,670,147	723,696	603,216	7,364,613	7,273,363	1 %
Deferred Inflows							
Deferred inflows - change in assumption	44,623	14,404	7,274	2,456	51,897	16,860	208 %
Deferred inflows - Net difference between projected and actual investment earnings	273,688	25,365	43,357	4,323	317,045	29,688	968
Deferred inflows - Differences between expected and actual experience	-	-	229	-	229	-	100 %
Deferred inflows - Change in Proportion	<u>11,338</u>	<u>20,618</u>	<u>1,888</u>	<u>3,356</u>	<u>13,226</u>	<u>23,974</u>	100 %
Total deferred inflows	<u>329,649</u>	<u>60,387</u>	<u>52,748</u>	<u>10,135</u>	<u>382,397</u>	<u>70,522</u>	442 %
Total liabilities and deferred inflows	6,970,566	6,730,534	776,444	613,351	7,747,010	7,343,885	443 %
NET POSITION							
Net investments in capital assets	11,945,006	12,225,305	-	-	11,945,006	12,225,305	(2)%
Restricted	2,676,963	2,332,341	-	575,975	2,676,963	2,908,316	(8)%
Unrestricted	<u>2,893,623</u>	<u>3,162,696</u>	<u>662,891</u>	<u>-</u>	<u>3,556,514</u>	<u>3,162,696</u>	12 %
Total net position	<u>17,515,592</u>	<u>17,720,342</u>	<u>662,891</u>	<u>575,975</u>	<u>18,178,483</u>	<u>18,296,317</u>	(1)%
Total liabilities and net position	<u>\$ 24,486,158</u>	<u>\$ 24,450,876</u>	<u>\$ 1,439,335</u>	<u>\$ 1,189,326</u>	<u>\$ 25,925,493</u>	<u>\$ 25,640,202</u>	1 %

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>		<u>Total Percent</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
REVENUES							
Program revenues:							
Charges for services	\$ 962,589	\$ 1,418,922	\$ 728,145	\$ 482,181	\$ 1,690,734	\$ 1,901,103	(11)%
Operating grants and contributions	1,456,394	2,627,402	-	-	1,456,394	2,627,402	(45)%
General revenues:							
Taxes	3,187,344	3,580,479	-	-	3,187,344	3,580,479	(11)%
Other income	1,683,881	966,715	-	-	1,683,881	966,715	74 %
Investment income	<u>29,720</u>	<u>52,322</u>	<u>-</u>	<u>-</u>	<u>29,720</u>	<u>52,322</u>	<u>(43)%</u>
Total revenues	<u>7,319,928</u>	<u>8,645,840</u>	<u>728,145</u>	<u>482,181</u>	<u>8,048,073</u>	<u>9,128,021</u>	<u>(12)%</u>
EXPENSES							
General government	2,526,380	2,348,514	-	-	2,526,380	2,348,514	8 %
Public safety	4,178,602	5,525,079	-	-	4,178,602	5,525,079	(24)%
Public works	32,758	40,121	-	-	32,758	40,121	(18)%
Health and welfare	288,516	261,744	-	-	288,516	261,744	10 %
Culture and recreation	67,382	80,441	-	-	67,382	80,441	(16)%
Proprietary expenses	-	-	946,229	954,883	946,229	954,883	(1)%
Interest on long-term debt	<u>126,040</u>	<u>129,807</u>	<u>-</u>	<u>-</u>	<u>126,040</u>	<u>129,807</u>	<u>(3)%</u>
Total expenses	<u>7,219,678</u>	<u>8,385,706</u>	<u>946,229</u>	<u>954,883</u>	<u>8,165,907</u>	<u>9,340,589</u>	<u>(13)%</u>
Changes in net position before transfers	100,250	260,134	(218,084)	(472,702)	(117,834)	(212,568)	(45)%

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

	Governmental Activities		Business-Type Activities		Totals		Total Percent
	2018	2017	2018	2017	2018	2017	Change
Transfers	<u>(305,000)</u>	<u>(500,000)</u>	<u>305,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>- %</u>
Change in net position	<u>(204,750)</u>	<u>(239,866)</u>	<u>86,916</u>	<u>27,298</u>	<u>(117,834)</u>	<u>(212,568)</u>	<u>(45)%</u>
Net position - beginning	17,720,342	17,136,974	575,975	420,350	18,296,317	17,557,324	4 %
Restatements	<u>-</u>	<u>823,234</u>	<u>-</u>	<u>128,327</u>	<u>-</u>	<u>951,561</u>	<u>-</u>
Net position - beginning as restated	<u>17,720,342</u>	<u>17,960,208</u>	<u>575,975</u>	<u>548,677</u>	<u>18,296,317</u>	<u>18,508,885</u>	<u>-</u>
Net position - ending	<u>\$17,515,592</u>	<u>\$17,720,342</u>	<u>\$ 662,891</u>	<u>\$ 575,975</u>	<u>\$18,178,483</u>	<u>\$18,296,317</u>	<u>(1)%</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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 \$7,966,660, an increase of \$664,890 from change in fund balance. The net change was an increase of \$407,440 in comparison with the prior year. The increase is primarily due to the increase in charge for services and property tax revenue. Approximately 66% of this total amount, \$5,289,697 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 \$5,289,697.

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 \$651,110 and \$11,781 for C & C Transfer. The total increase in net position for the proprietary fund was \$86,916.

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, 2018

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, 2018 amount to \$15,410,445 (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 \$290,144 for governmental activities and \$0 for business type. Equipment costing \$215,229 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, 2018**

	Governmental Activities	Business-Type Activities	Totals
Land and Construction in Progress	\$ 529,051	\$ -	\$ 529,051
Buildings	2,392,672	-	2,392,672
Improvements and Infrastructure	9,580,829	505,445	10,086,274
Machinery and Equipment	2,402,448	-	2,402,448
Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,905,000</u>	<u>\$ 505,445</u>	<u>\$ 15,410,445</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, 2018

The Statement of Net Position shows the Investment in Capital Assets-Governmental Funds in the amount of \$11,945,006. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service.

The County's loans decreased \$190,412 in governmental funds through principal payments. There are no loans in the business type funds. 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 2018 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, 305 Pyramid Street, Lordsburg, New Mexico, 88045.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business- Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 7,226,215	\$ 541,782	\$ 7,767,997
Accounts receivable	-	155,933	155,933
Taxes receivable	205,673	16,047	221,720
Other receivables	474,628	-	474,628
Restricted cash	346,813	-	346,813
Total current assets	8,253,329	713,762	8,967,091
NON-CURRENT ASSETS:			
Capital assets	27,555,928	1,727,791	29,283,719
Less: accumulated depreciation	(12,650,928)	(1,222,346)	(13,873,274)
Total non-current assets	14,905,000	505,445	15,410,445
Total assets	23,158,329	1,219,207	24,377,536
DEFERRED OUTFLOWS			
Deferred outflows	190,075	32,141	222,216
Deferred outflows - change in assumption	168,319	27,983	196,302
Deferred outflows - net differences between projected and actual investment earnings	280,274	48,215	328,489
Deferred outflows - Changes in proportion and differences between employer contributions and proportionate share of contributions	538,809	86,642	625,451
Deferred outflows - differences between expected and actual experience	150,352	25,147	175,499
Total deferred outflows	1,327,829	220,128	1,547,957
Total assets and deferred outflows	\$ 24,486,158	\$ 1,439,335	\$ 25,925,493

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
CURRENT LIABILITIES:			
Accounts payable	\$ 124,365	\$ 117,641	\$ 242,006
Accrued salaries	84,112	14,811	98,923
Compensated absences	<u>28,317</u>	<u>11,702</u>	<u>40,019</u>
Total current liabilities	236,794	144,154	380,948
NON-CURRENT LIABILITIES:			
Due within one year	156,006	-	156,006
Due in more than one year	2,803,988	-	2,803,988
Accrued compensated absences	-	4,787	4,787
Net pension liability	<u>3,444,129</u>	<u>574,755</u>	<u>4,018,884</u>
Total non-current liabilities	<u>6,404,123</u>	<u>579,542</u>	<u>6,983,665</u>
Total liabilities	6,640,917	723,696	7,364,613
DEFERRED INFLOWS			
Deferred inflows - change in assumption	44,623	7,274	51,897
Deferred inflows - net difference between projected and actual investment earnings	273,688	43,357	317,045
Deferred inflows - differences between expected and actual experience	-	229	229
Deferred inflows - change in proportion	<u>11,338</u>	<u>1,888</u>	<u>13,226</u>
Total deferred inflows	<u>329,649</u>	<u>52,748</u>	<u>382,397</u>
Total liabilities and deferred inflows	6,970,566	776,444	7,747,010
NET POSITION			
Net investment in capital assets	11,945,006	-	11,945,006
Restricted for:			
Special revenue funds	2,676,963	-	2,676,963
Unrestricted	<u>2,893,623</u>	<u>662,891</u>	<u>3,556,514</u>
Total net position	<u>17,515,592</u>	<u>662,891</u>	<u>18,178,483</u>
Total liabilities, deferred inflows and net position	<u>\$ 24,486,158</u>	<u>\$ 1,439,335</u>	<u>\$ 25,925,493</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, 2018

FUNCTIONS/PROGRAMS	Expenses	Program				Net (Expenses) Revenue and changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities		
Governmental activities:								
General government	\$ 2,526,380	\$ 129,114	\$ 648,772	\$ -	\$ (1,748,494)	\$ -	\$ (1,748,494)	
Public safety	4,178,602	833,475	461,608	-	(2,883,519)	-	(2,883,519)	
Public works	32,758	-	346,014	-	313,256	-	313,256	
Health and welfare	288,516	-	-	-	(288,516)	-	(288,516)	
Culture and recreation	67,382	-	-	-	(67,382)	-	(67,382)	
Interest on long-term debt	<u>126,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(126,040)</u>	<u>-</u>	<u>(126,040)</u>	
Total governmental activities	7,219,678	962,589	1,456,394	-	(4,800,695)	-	(4,800,695)	
Business-Type activities								
Ambulance service	598,409	540,728	-	-	-	(57,681)	(57,681)	
C & C Transfer	<u>347,820</u>	<u>187,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(160,403)</u>	<u>(160,403)</u>	
Total business-type activities	<u>946,229</u>	<u>728,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(218,084)</u>	<u>(218,084)</u>	
Total primary government	<u>\$ 8,165,907</u>	<u>\$ 1,690,734</u>	<u>\$ 1,456,394</u>	<u>\$ -</u>	(4,800,695)	(218,084)	(5,018,779)	
General revenues:								
Taxes								
Property taxes					2,516,501	-	2,516,501	
Motor vehicle taxes					194,162	-	194,162	
Gasoline taxes					117,573	-	117,573	
Gross receipts taxes					359,108	-	359,108	
State shared assistance								
Small counties assistance					485,969	-	485,969	
Intergovernmental income					351,775	-	351,775	
License and fees					79,028	-	79,028	
Investment income					29,720	-	29,720	
Miscellaneous					767,109	-	767,109	
Transfers					<u>(305,000)</u>	<u>305,000</u>	<u>-</u>	
Total general revenues					<u>4,595,945</u>	<u>305,000</u>	<u>4,900,945</u>	
Change in net position					(204,750)	86,916	(117,834)	
Net position - beginning					<u>17,720,342</u>	<u>575,975</u>	<u>18,296,317</u>	
Net position- ending					<u>\$ 17,515,592</u>	<u>\$ 662,891</u>	<u>\$ 18,178,483</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, 2018

	General Fund	Grant Fund	Detention Fund	Total Non- Major Funds	Total Funds
ASSETS					
Assets					
Cash and cash equivalents	\$ 5,361,074	\$ 290,910	\$ 109,281	\$ 1,464,950	\$ 7,226,215
Taxes receivable	170,600	-	3,984	31,089	205,673
Other receivables	7,476	299,517	167,635	-	474,628
Restricted funds	<u>-</u>	<u>-</u>	<u>243,975</u>	<u>102,838</u>	<u>346,813</u>
Total assets	<u>\$ 5,539,150</u>	<u>\$ 590,427</u>	<u>\$ 524,875</u>	<u>\$ 1,598,877</u>	<u>\$ 8,253,329</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 117,641	\$ -	\$ 6,724	\$ -	\$ 124,365
Accrued liabilities	<u>53,620</u>	<u>-</u>	<u>24,071</u>	<u>6,421</u>	<u>84,112</u>
Total liabilities	171,261	-	30,795	6,421	208,477
Deferred inflows					
Deferred - property tax	<u>78,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,192</u>
Total deferred inflows	<u>78,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,192</u>
Total liabilities and deferred inflows	249,453	-	30,795	6,421	286,669
Fund Balance:					
Restricted for special revenue funds	-	590,427	494,080	1,592,456	2,676,963
Unassigned	<u>5,289,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,289,697</u>
Total fund balances	<u>5,289,697</u>	<u>590,427</u>	<u>494,080</u>	<u>1,592,456</u>	<u>7,966,660</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,539,150</u>	<u>\$ 590,427</u>	<u>\$ 524,875</u>	<u>\$ 1,598,877</u>	<u>\$ 8,253,329</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, 2018

Total fund balance - governmental funds \$ 7,966,660

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	27,555,928	
Accumulated depreciation	<u>(12,650,928)</u>	14,905,000
Deferred outflows		190,075
Deferred outflows - change in assumption		168,319
Deferred outflows - differences between expected and actual experience		150,352
Deferred outflows - net differences between projected and actual investment earnings		280,274
Deferred outflows - Changes in proportion and differences between employer contributions and proportionate share of contributions		538,809
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Deferred inflows - property tax		78,192
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		(44,623)
Deferred inflows - difference between projected and actual investment earnings on pension plan investments		(273,688)
Deferred inflows - change in proportion		(11,338)
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		(28,317)
Net pension liability		(3,444,129)
Notes payable		<u>(2,959,994)</u>
Total net position - governmental activities		<u>\$ 17,515,592</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, 2018

	General Fund	Grants Fund	Detention Fund	Total Non- Major Funds	Total Funds
REVENUES					
Property taxes	\$ 2,595,039	\$ -	\$ -	\$ 100,000	\$ 2,695,039
Motor vehicle taxes	42,025	-	-	152,137	194,162
Gasoline taxes	-	-	-	117,573	117,573
Gross receipts taxes	120,428	-	39,206	199,474	359,108
Intergovernmental income	-	-	-	351,775	351,775
Charges for services	75,919	-	833,475	53,195	962,589
Small counties assistance	485,969	-	-	-	485,969
License and fines	79,028	-	-	-	79,028
Other income	11,852	-	505,415	249,841	767,108
Investment income	29,720	-	-	-	29,720
Federal grant	-	648,772	-	-	648,772
State grant	-	346,014	-	461,608	807,622
	<u>-</u>	<u>346,014</u>	<u>-</u>	<u>461,608</u>	<u>807,622</u>
Total revenues	3,439,980	994,786	1,378,096	1,685,603	7,498,465
EXPENDITURES					
General government	1,147,956	-	-	500,954	1,648,910
Public safety	1,223,627	787,635	1,577,892	329,399	3,918,553
Culture and recreation	66,000	-	-	-	66,000
Health and welfare	-	-	-	288,516	288,516
Debt service					
Interest	-	-	-	126,040	126,040
Principal	3,031	-	-	187,381	190,412
Capital outlay	10,628	237,176	-	42,340	290,144
	<u>2,451,242</u>	<u>1,024,811</u>	<u>1,577,892</u>	<u>1,474,630</u>	<u>6,528,575</u>
Total expenditures	2,451,242	1,024,811	1,577,892	1,474,630	6,528,575
Excess (deficiency) revenues over (under) expenditures	<u>988,738</u>	<u>(30,025)</u>	<u>(199,796)</u>	<u>210,973</u>	<u>969,890</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, 2018

	General Fund	Grants Fund	Detention Fund	Total Non- Major Funds	Total Funds
OTHER FINANCING SOURCES (USES):					
Transfers in	2,530	1,000	400,000	-	403,530
Transfers out	<u>(671,000)</u>	<u>-</u>	<u>-</u>	<u>(37,530)</u>	<u>(708,530)</u>
Total other financing sources (uses)	<u>(668,470)</u>	<u>1,000</u>	<u>400,000</u>	<u>(37,530)</u>	<u>(305,000)</u>
Net change in fund balance	320,268	(29,025)	200,204	173,443	664,890
Fund balance beginning 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>
Fund balance end of year	<u>\$ 5,289,697</u>	<u>\$ 590,427</u>	<u>\$ 494,080</u>	<u>\$ 1,592,456</u>	<u>\$ 7,966,660</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, 2018

Total net change in fund balances - governmental funds \$ 664,890

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	290,144	
Depreciation expense	<u>(760,853)</u>	(470,709)
Deferred outflows		(18,523)
Deferred outflows - change in assumption		(36,377)
Deferred outflows - differences between expected and actual experience		(37,178)
Deferred outflows - net differences between projected and actual investment earnings		(323,448)
Deferred outflows - changes in proportion and differences between employer contributions and proportionate share of contributions		324,412
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		(178,536)
Deferred inflows - change in assumption		(30,219)
Deferred inflows - difference between projected and actual investment earnings on pension plan investments		(248,093)
Deferred inflows - Difference between expected and actual experience		(230)
Deferred inflows- change in proportion		9,280

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	(60,558)	
Loan payment	190,412	
Compensated absences	<u>10,127</u>	<u>139,981</u>
Change in net position of governmental activities		<u>\$ (204,750)</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Property taxes	\$ 1,768,134	\$ 1,768,134	\$ 2,416,963	\$ 648,829
Motor vehicle taxes	19,000	19,000	42,025	23,025
Gross receipts taxes	98,000	289,750	120,428	(169,322)
Licenses & fines	1,000	1,000	79,028	78,028
Charges for services	25,000	25,000	75,919	50,919
Miscellaneous revenues	1,084,000	1,084,000	11,852	(1,072,148)
Investment income	-	-	29,720	29,720
Small counties assistance	445,000	445,000	485,969	40,969
	<u>3,440,134</u>	<u>3,631,884</u>	<u>3,261,904</u>	<u>(369,980)</u>
Total revenues				
EXPENDITURES:				
General government	1,445,199	1,445,199	972,914	472,285
Public safety	1,398,247	1,398,247	1,223,627	174,620
Culture and recreation	66,000	66,000	66,000	-
Debt service	14,481	14,481	13,659	822
	<u>2,923,927</u>	<u>2,923,927</u>	<u>2,276,200</u>	<u>647,727</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	516,207	707,957	985,704	277,747
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,530	2,530
Transfers out	(671,000)	(671,000)	(671,000)	-
	<u>(671,000)</u>	<u>(671,000)</u>	<u>(668,470)</u>	<u>2,530</u>
Total other financing sources (uses)				
Net changes in fund balance Non-GAAP basis	(154,793)	36,957	317,234	280,277
Fund balance - beginning	<u>4,969,429</u>	<u>4,969,429</u>	<u>4,969,429</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,814,636</u>	<u>\$ 5,006,386</u>	<u>\$ 5,286,663</u>	<u>\$ 280,277</u>
Reconciliation of Budgetary basis to GAAP basis				
Net change in fund balance - budgetary basis			\$ 317,234	
Revenue accruals		178,076		
Expenditure accruals		<u>(175,042)</u>	<u>3,034</u>	
Net change in fund balance- GAAP basis			<u>\$ 320,268</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, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grants	\$ 411,847	\$ 425,026	\$ 346,014	\$ (79,012)
Federal grants	1,012,775	1,012,775	349,255	(663,520)
Total revenues	1,424,622	1,437,801	695,269	(742,532)
EXPENDITURES:				
Current:				
Public safety	1,355,390	1,355,390	787,635	567,755
Capital outlay	284,053	284,053	237,176	46,877
Total expenditures	1,639,443	1,639,443	1,024,811	614,632
Excess (deficiency) of revenues over expenditures	(214,821)	(201,642)	(329,542)	(127,900)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	1,000	1,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,000	1,000
Net changes in fund balance Non-GAAP basis	(214,821)	(201,642)	(328,542)	(126,900)
Fund balance - beginning	619,452	619,452	619,452	-
Fund balance - ending	\$ 404,631	\$ 417,810	\$ 290,910	\$ (126,900)
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (328,542)	
Revenue accruals		299,517		
Expenditure accruals		-	299,517	
Net change in fund balance - GAAP basis			\$ (29,025)	

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, 2018

	Original	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Gross receipts tax	\$ 110,000	\$ 110,000	\$ (132,413)	\$ (242,413)
Charges for services	60,000	60,000	833,475	773,475
Other income	1,413,500	1,413,500	505,415	(908,085)
Total revenues	1,583,500	1,583,500	1,206,477	(377,023)
EXPENDITURES:				
Current:				
Public safety	1,713,312	1,713,312	1,547,097	166,215
Capital outlay	-	-	-	-
Total expenditures	1,713,312	1,713,312	1,547,097	166,215
Excess (deficiency) of revenues over expenditures	(129,812)	(129,812)	(340,620)	(210,808)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	400,000	400,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	400,000	400,000
Net changes in fund balance Non-GAAP basis	(129,812)	(129,812)	59,380	189,192
Fund balance beginning of year	293,876	293,876	293,876	-
Fund balance - ending	\$ 164,064	\$ 164,064	\$ 353,256	\$ 189,192
Reconciliation of Budgetary Basis to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 59,380	
Revenue accruals		171,619		
Expenditure accruals		(30,795)	140,824	
Net change in Fund balance - GAAP basis			\$ 200,204	

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, 2018

ASSETS	Ambulance Fund	C & C Fund	Total Proprietary
Current assets:			
Cash and cash equivalents	\$ 452,357	\$ 89,425	\$ 541,782
Accounts receivable, net of allowance for doubtful accounts	<u>171,980</u>	<u>-</u>	<u>171,980</u>
Total current assets	624,337	89,425	713,762
Non-current assets:			
Capital assets	1,337,754	390,037	1,727,791
Accumulated depreciation	<u>(884,380)</u>	<u>(337,966)</u>	<u>(1,222,346)</u>
Total non-current assets	<u>453,374</u>	<u>52,071</u>	<u>505,445</u>
Total assets	1,077,711	141,496	1,219,207
Deferred Outflows			
Deferred outflows	<u>156,553</u>	<u>63,575</u>	<u>220,128</u>
Total assets and deferred outflows	<u>\$ 1,234,264</u>	<u>\$ 205,071</u>	<u>\$ 1,439,335</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, 2018

LIABILITIES	Ambulance Fund	C & C Fund	Total Proprietary
Current liabilities:			
Accounts payable	\$ 117,641	\$ -	\$ 117,641
Accrued salaries	10,599	4,212	14,811
Accrued compensated absences	<u>6,466</u>	<u>5,236</u>	<u>11,702</u>
Total current liabilities	134,706	9,448	144,154
Long-term liabilities:			
Accrued compensated absences	2,607	2,180	4,787
Net pension liability	<u>405,394</u>	<u>169,361</u>	<u>574,755</u>
Total Long-term liabilities	<u>408,001</u>	<u>171,541</u>	<u>579,542</u>
Total liabilities	542,707	180,989	723,696
Deferred inflows			
Deferred inflows- change in assumption	5,454	1,820	7,274
Deferred inflows- net difference between projected and actual investment earnings	33,834	9,523	43,357
Deferred inflows - differences between expected and actual experience	-	229	229
Deferred inflows - change in proportion	<u>1,159</u>	<u>729</u>	<u>1,888</u>
Total deferred inflows	<u>40,447</u>	<u>12,301</u>	<u>52,748</u>
Total liabilities and deferred inflows	583,154	193,290	776,444
NET POSITION			
Unrestricted	<u>651,110</u>	<u>11,781</u>	<u>662,891</u>
Net position	<u>651,110</u>	<u>11,781</u>	<u>662,891</u>
Total liabilities and net position	<u>\$ 1,234,264</u>	<u>\$ 205,071</u>	<u>\$ 1,439,335</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, 2018

OPERATING REVENUES	Ambulance Fund	C & C Fund	Total Proprietary
Charges for services	\$ 540,728	\$ 187,417	\$ 728,145
Total revenues	540,728	187,417	728,145
OPERATING EXPENSES			
Personnel expenses	425,905	167,540	593,445
Depreciation	43,064	10,270	53,334
Other operating costs	129,440	170,010	299,450
Total operating expenses	598,409	347,820	946,229
Operating loss	(57,681)	(160,403)	(218,084)
Transfers in	270,000	35,000	305,000
Total other financing sources (uses)	270,000	35,000	305,000
Change in net position	212,319	(125,403)	86,916
Net position beginnig of year	438,791	137,184	575,975
Net position end of year	\$ 651,110	\$ 11,781	\$ 662,891

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, 2018

Cash flows from operating activities:	<u>Ambulance</u>	<u>C & C Transfer</u>	<u>Total Proprietary</u>
Cash received from agencies and customers	\$ 664,003	\$ 242,001	\$ 906,004
Cash paid to suppliers for goods and services	29,268	(168,259)	(138,991)
Cash payments to employees for services	<u>(425,181)</u>	<u>(165,630)</u>	<u>(590,811)</u>
Net cash provided by (used in) operating activities	<u>268,090</u>	<u>(91,888)</u>	<u>176,202</u>
 Cash flows from investing activities			
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	268,090	(91,888)	176,202
Cash and cash equivalents - beginning of year	<u>184,267</u>	<u>181,313</u>	<u>365,580</u>
Cash and cash equivalents - end of year	<u>\$ 452,357</u>	<u>\$ 89,425</u>	<u>\$ 541,782</u>
 Reconciliation of operating income to net cash used in operating activities:			
Operating income (loss)	\$ 212,319	\$ (125,403)	\$ 86,916
Adjustments to reconcile change in net assets to net cash			
Depreciation	43,064	10,270	53,334
Changes in working capital components:			
(Increase) Decrease in:			
Accounts receivables	(158,071)	16,510	(141,561)
Other assets	11,346	3,074	14,420
Increase (Decrease) in:			
Accounts payable	158,708	1,751	160,459
Accrued expenses and other liabilities	<u>724</u>	<u>1,910</u>	<u>2,634</u>
Net cash provided by (used) in operating activities	<u>\$ 268,090</u>	<u>\$ (91,888)</u>	<u>\$ 176,202</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, 2018

ASSETS

Current assets:

Cash	\$ 15,234
Taxes receivables	<u>531,003</u>

Total assets	<u>\$ 546,237</u>
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LIABILITIES

Current liabilities

Accounts payable	\$ 15,234
Deferred revenue	<u>531,003</u>

Total liabilities	<u>\$ 546,237</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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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 Rated AAAM [49] days WAR(R); [107] days 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, 2018

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, 2018

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.

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018 are presented.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Implementation of New Accounting Standards

In June 2017, GASB Statement No. 87 Leases, was issued. Effective date: The provisions of this Statement are effective for financial statements for the objective of this Statement is to improve accounting and financial reporting for periods beginning after December 15, 2019. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, was issued. Effective date: The provisions of this Statement are effective for financial statements for the objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements related to debt for periods beginning after June 15, 2018. Furthermore, GASB No. 88 clarifies which liabilities governments should include when disclosing information. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, was issued. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The County is still evaluating how this pronouncement will affect the financial statements.

In December 2018, GASB No. 90, Majority Equity Interests, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Implementation of New Accounting Standards (Continued)

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The County is still evaluating how this pronouncement will affect the financial statements.

3. CUSTODIAL CREDIT RISK - DEPOSITS

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

<u>Depository Account</u>	<u>Bank Balance</u>
Collateralized:	
Collateral held by pledging bank's trust not in the county's name	\$ 4,455,962
Uninsured and uncollateralized	<u>3,652,718</u>
 Total Cash and Investments, Primary Government	 \$ <u>8,108,680</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, 2018, \$8,108,680 of the County's bank balance of \$8,358,680 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and uncollateralized	3,652,718
Uninsured and collateralized held by pledging bank's trust department not in County's name	<u>4,455,962</u>
 Total Cash and Investments, Primary Government	 \$ <u>8,358,680</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes receivable:			
Property taxes	\$ 106,449	\$ -	\$ 106,449
Due from other governments:			
Gas taxes	9,524	-	9,524
GRT	72,559	16,047	88,606
Motor vehicles	17,141	-	17,141
Grants	474,628	-	474,628
Other receivables:			
Ambulance charges	-	205,253	205,253
Allowance for doubtful accounts	-	(49,320)	(49,320)
Net receivables	<u>\$ 680,301</u>	<u>\$ 171,980</u>	<u>\$ 852,281</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, 2018

5. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2018, 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, 2018 was charged as follows:

General government	\$	466,664
Public safety		260,049
Public works		32,758
Culture and recreation		<u>1,382</u>
 Total depreciation expense	 \$	 <u>760,853</u>

	Balance June 30, 2017	Additions	Deletions	Transfer	Balance June 30, 2018
Government activities:					
Capital assets not being depreciated					
Land	\$ 133,052	\$ -	\$ -	\$ -	\$ 133,052
Construction in progress	<u>321,085</u>	<u>74,914</u>	<u>-</u>	<u>-</u>	<u>395,999</u>
Total	454,137	74,914	-	-	529,051
Other capital assets being depreciated					
Buildings	8,363,895	-	-	-	8,363,895
Improvements/infrastructure	9,807,817	-	-	-	9,807,817
Machinery and equipment	<u>8,639,936</u>	<u>215,229</u>	<u>-</u>	<u>-</u>	<u>8,855,165</u>
Total	<u>26,811,648</u>	<u>215,229</u>	<u>-</u>	<u>-</u>	<u>27,026,877</u>
Total	27,265,785	290,144	-	-	27,555,928
Accumulated depreciation:					
Buildings	5,523,578	447,645	-	-	5,971,223
Improvements/infrastructure	213,707	13,281	-	-	226,988
Machinery and equipment	<u>6,152,790</u>	<u>299,927</u>	<u>-</u>	<u>-</u>	<u>6,452,717</u>
Total accumulated depreciation	<u>11,890,075</u>	<u>760,853</u>	<u>-</u>	<u>-</u>	<u>12,650,928</u>
Net book value	<u>\$ 15,375,710</u>	<u>\$ (470,709)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,905,000</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

5. CAPITAL ASSETS (continued)

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer</u>	<u>Balance June 30, 2018</u>
Business-type activities					
Capital assets being depreciated					
Machinery and equipment	\$ 1,727,791	\$ -	\$ -	\$ -	\$ 1,727,791
Total	1,727,791	-	-	-	1,727,791
Accumulated depreciation:					
Machinery and equipment	1,169,012	53,334	-	-	1,222,346
Total accumulated depreciation	1,169,012	53,334	-	-	1,222,346
Net book value	\$ 558,779	\$ (53,334)	\$ -	\$ -	\$ 505,445

Depreciation expense relating to business-like activities for the year-ended June 30, 2018 totaled \$53,334.

6. LONG-TERM LIABILITIES

During the year-end June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance 6/30/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/18</u>	<u>Due Within One Year</u>
Governmental Funds					
Detention Center - 2167 revenue	\$ 1,465,636	\$ -	\$ 66,812	\$ 1,398,824	\$ 73,643
Detention Center-2432 revenue	1,579,803	-	102,771	1,477,032	61,008
Hidalgo 8 -2292 NMFA	20,645	-	6,679	13,966	6,883
Hidalgo 11- 2607 NMFA	58,562	-	11,119	47,443	11,441
Hidalgo 15- 3353 NMFA	25,760	-	3,031	22,729	3,031
Compensated absences	38,444	47,815	57,942	28,317	28,317
Total	\$ 3,188,850	\$ 47,815	\$ 248,354	\$ 2,988,311	\$ 184,323

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.

	<u>Balance 6/30/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/18</u>	<u>Due Within One Year</u>
Proprietary Fund					
Compensated absences	\$ 14,545	\$ 19,156	\$ 17,212	\$ 16,489	\$ 11,702

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, 2018

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>
2019	\$ 73,643	\$ 42,039	\$ 115,682
2020	75,966	39,716	115,682
2021	78,363	37,320	115,683
2022	80,835	34,848	115,683
2023	83,385	32,298	115,683
2024-2029	458,082	120,330	578,412
2030-2035	548,551	43,369	591,920
	<u>\$ 1,398,825</u>	<u>\$ 349,920</u>	<u>\$ 1,748,745</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>
2019	\$ 61,008	\$ 57,930	\$ 118,938
2020	63,522	55,417	118,939
2021	66,138	52,800	118,938
2022	68,862	50,076	118,938
2023	71,698	47,240	118,938
2024-2029	405,296	189,396	594,692
2030-2035	607,697	105,933	713,630
2036-2038	132,811	2,564	135,375
	<u>\$ 1,477,032</u>	<u>\$ 561,356</u>	<u>\$ 2,038,388</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, 2018

6. LONG-TERM LIABILITIES (continued)

<u>Due in Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt service</u>
2019	\$ 6,883	\$ 325	\$ 7,208
2020	7,083	116	7,199
	<u>\$ 13,966</u>	<u>\$ 441</u>	<u>\$ 14,407</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>
2019	\$ 11,441	\$ 1,036	\$ 12,477
2020	11,725	752	12,477
2021	12,016	462	12,478
2022	12,261	164	12,425
	<u>\$ 47,443</u>	<u>\$ 2,414</u>	<u>\$ 49,857</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>
2019	\$ 3,031	\$ -	\$ 3,031
2020	3,031	-	3,031
2021	3,031	-	3,031
2022	3,031	-	3,031
2023	3,031	-	3,031
2024-2029	7,574	-	7,574
	<u>\$ 22,729</u>	<u>\$ -</u>	<u>\$ 22,729</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2017 through June 30, 2018, the premiums paid by the County were \$101,137. 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, 2017. 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, 2018.

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, 2018

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, 2017 available at: <http://www.nmpera.org/assets/uploads/downloads/Schedule-of-Employer-Allocation-for-report-FY17-Edited.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 FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 27 through 29 of the PERA FY17 annual audit report at <http://www.nmpera.org/assets/uploads/downloads/Schedule-of-Employer-Allocation-for-report-FY17-Edited.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 \$221,081 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2018.

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, 2017. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

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 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, 2018.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

8. PERA PENSION PLAN (CONTINUED)

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

Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2018 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, 2018, the County reported the following liability:

Municipal General Division	\$ 3,198,869
Municipal Police Division	<u>820,015</u>
Total Net Pension Liability	<u>\$ 4,018,884</u>

The amounts are the proportionate share of the net pension liability. At June 30, 2018, the County's proportion noted below was unchanged from its proportion measured as of June 30, 2017, due to the insignificance of the difference.

For the year ended June 30, 2018, the County recognized the following pension expense:

Municipal General Division	\$ 591,454
Municipal Police Division	<u>127,410</u>
Total pension expense	<u>\$ 718,864</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

8. PERA PENSION PLAN (CONTINUED)

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows or resources related to pensions for Municipal General Division from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
	<u> </u>	<u> </u>
Changes in assumptions	\$ 147,514	\$ 33,056
Net difference between projected and actual earnings on pension plan investments	262,448	-
Difference between expected and actual experience	125,695	163,837
County of Hidalgo contributions subsequent to the measurement date	161,776	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>520,927</u>	<u>-</u>
Total	<u>\$ 1,218,360</u>	<u>\$ 196,893</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

8. PERA PENSION PLAN (CONTINUED)

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows or resources related to pensions for Municipal Police Division from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	
Changes in assumptions	\$ 48,788	\$ 19,068	
Net difference between projected and actual earnings on pension plan investments	66,041	-	
Difference between expected and actual experience	49,804	153,212	
County of Hidalgo contributions subsequent to the measurement date	60,440	-	
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>104,524</u>	<u>13,224</u>	
Total	<u>\$ 329,597</u>	<u>\$ 185,504</u>	

<u>Liability Proportion</u>	
Municipal General Division	0.2328%
Municipal Police Division	0.1476%
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, 2018

8. PERA PENSION PLAN (CONTINUED)

In June 30, 2017 \$222,216, 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:	<u>Municipal General Division</u>	<u>Municipal Police Division</u>
2019	\$ 295,107	\$ 23,448
2020	482,406	74,159
2021	158,878	5,356
2022	(76,700)	(19,310)
2023	<u>-</u>	<u>-</u>
Total	<u>\$ 859,691</u>	<u>\$ 83,653</u>

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2017 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, 2017 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, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation.

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018

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 7.51 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.

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 7.51 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 (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

	1% Decrease 6.51%	Current 7.51%	1% Increase 8.51%
Municipal General Division	5,013,684	3,198,869	1,689,597
Municipal Police Division	<u>1,307,696</u>	<u>820,015</u>	<u>419,801</u>
TOTAL	<u>\$ 6,321,380</u>	<u>\$ 4,018,884</u>	<u>\$ 2,109,398</u>

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued FY17 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

STATE OF NEW MEXICO, HIDALGO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018.

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, 2018.

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, 2018 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ 2,530	\$ (671,000)
Detention	400,000	-
Environmental GRT	-	(35,000)
Grant	1,000	-
Capital Project	-	(2,530)
Total Governmental Funds	<u>403,530</u>	<u>(708,530)</u>
Enterprise Funds:		
Ambulance Fund	270,000	-
C&C Transfer	<u>35,000</u>	<u>-</u>
Total Enterprise Funds	<u>305,000</u>	<u>-</u>
Total	<u>\$ 708,530</u>	<u>\$ (708,530)</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

13. EXCESS EXPENDITURES OVER APPROPRIATIONS

New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. The County exceeded its authorized budget by \$126,040 as follows:

Fund	Budget Expenses	Actual Expenses	Difference
Debt Service Fund - Interest expense	\$ -	\$ 126,040	\$ 126,040
Totals	\$ -	\$ 126,040	\$ 126,040

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2018, the date the financial statements were available to be issued.

16. OVERPAYMENT OF GROSS RECEIPTS TAX

During FY 2018, New Mexico Taxation and Revenue Department overpaid \$235,282.73 to Hidalgo County for Emergency and Medical Services GRT. An agreement was entered into on July 31, 2018 between the New Mexico Taxation and Revenue Department and Hidalgo County to repay this revenue distribution to the County in the amount of \$235,282.73. The County will pay a total of 2 monthly installments in December 2018 and May 2019 of \$117,641.37 and 117,641.36 respectively.

A liability totaling \$235,282.73 has been recorded by Hidalgo County in FY 2018.

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, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
The County of Hidalgo's proportion of the net pension liability	\$ 1,245,831	\$ 1,644,593	\$ 3,041,951	\$ 3,198,869
The County of Hidalgo's proportionate share of the net pension liability	0.1597%	0.1613%	0.1904%	0.2328%
The County of Hidalgo's covered-employee payroll	\$ 1,565,040	\$ 1,151,277	\$ 1,983,479	\$ 2,132,943
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 %	149.97 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %	73.74 %

*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, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 118,643	\$ 127,518	\$ 155,727	\$ 195,253
Contributions in relation to the contractually required contribution	<u>118,643</u>	<u>127,518</u>	<u>155,727</u>	<u>195,253</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>	<u>\$ 2,132,943</u>
Contributions as a percentage of covered-employee payroll	<u>7.58 %</u>	<u>8.15 %</u>	<u>7.85 %</u>	<u>9.15 %</u>

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

STATE OF NEW MEXICO
HIDALGO COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
The County of Hidalgo's proportion of the net pension liability	\$ 422,156	\$ 576,546	\$ 906,793	\$ 820,015
The County of Hidalgo's proportionate share of the net pension liability	0.1295 %	0.1199 %	0.1229 %	0.1476 %
The County of Hidalgo's covered-employee payroll	\$ 725,091	\$ 779,541	\$ 675,992	\$ 796,874
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 %	102.90 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %	73.74 %

*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, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 46,154	\$ 44,395	\$ 46,207	\$ 57,497
Contributions in relation to the contractually required contribution	<u>46,154</u>	<u>44,395</u>	<u>46,207</u>	<u>57,497</u>
Contribution deficiency (excess)	-	-	-	-
The County of Hidalgo's covered-employee payroll	<u>\$ 725,091</u>	<u>\$ 725,091</u>	<u>\$ 675,992</u>	<u>\$ 796,874</u>
Contributions as a percentage of covered-employee payroll	<u>6.37 %</u>	<u>11.76 %</u>	<u>6.84 %</u>	<u>7.22 %</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, 2018

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 the County audit available at <http://www.nmpera.org/assets/uploads/downloads/Schedule-of-Employer-Allocation-for-report-FY17-Edited.pdf>

Changes in assumptions - *The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at <http://www.nmpera.org/assets/uploads/downloads/Schedule-of-Employer-Allocation-for-report-FY17-Edited.pdf>*

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Recording/Filing Fund - To account for revenues and expenditures for purchase of equipment. The fees collected are restricted in that they may only be used for the purchase of equipment associated with the recording, filing, maintaining, or reproducing of documents in the Office of the County Clerk. This fund was created by authority of state statute (see section 14-8-2.2, NMSA 1978 Compilation).

Farm And Range Fund - To account for the operations and maintenance of County roads and predatory animal control. Financing is provided by the County's share of grazing fees. Such fees provide for payment of all current operating costs and may be used only for that purpose. Authority is NMSA 6-11-6.

Property Valuation Fund - To account for funds used to provide valuation services to the County and other local entities. This fund was created by authority of state statute (see Section 7-38-38.1, NMSA 1978 Compilation).

Fire Fund - To account for operations and maintenance of six fire districts in the County. Financing is provided from the County's share of a fire allotment issued by the State Fire Marshal under NMSA 59-31-1. Such revenue provides for all current operating costs and some payments on capital purchases.

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

Correction Fees Fund - To account for correction fees authorized by Section 35-14-11, NMSA, 1978. Such revenues are used to supplement general funds for the care of prisoners.

DARE (Drug Control And Systems Improvement Formula) Grant Fund - To account for grant funds to help students recognize and resist pressure that influence them to experiment with alcohol, drugs or tobacco. Funding is provided by the United States Department of Justice pursuant Anti-Drug Abuse Act of 1988, Public Law 100-690, Title VI, Subtitle C.

Law Enforcement Protection Fund - To account for revenues and expenditures for maintaining and improving the County's law enforcement department in order to enhance its efficiency and effectiveness. Funding is from the State appropriation authorized by Section 29-13-3F, NMSA.

Gross Receipts Landfill Fund - To account for a gross receipts tax imposed to fund environmental activities, mainly sanitary landfill closure and disposal of solid waste. Authority is NMSA 1978 7-20E-17.

Indigent Care Fund - To account for revenues received from state shared gross receipts taxes for hospital service for indigent citizens of the County. The fund was created by authority of state statute (see section 7-20OE-9, NMSA 1978 compilation).

Gross Receipts Environmental Fund - To account for a gross receipts tax dedicated for acquisition, construction operation and maintenance of water facilities, wastewater facilities, sewer systems and related facilities. Authority is local ordinance authorized by NMSA 1978 7-19D-10.

EMS Grant Fund - To account for grant monies restricted to expenditures for improvement and operations of emergency medical services. Sources of funds are the State of New Mexico Health and Environment Department, Emergency Medical Services Bureau. Expenditures are subject to approval of County commission and the state Agency. NMSA 24-10A to 24-10A-10.

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.

Road Fund - To account for the distribution of gasoline taxes and motor vehicles registration fees to the County and the expenditure for construction, reconstruction, resurfacing or other improvement or maintenance of public roads as authorized by NMSA 1978 Section 7-24A-5.

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, 2018

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,464,950	\$ -	\$ -	\$ 1,464,950
Taxes receivable	31,089	-	-	31,089
Restricted funds	102,838	-	-	102,838
Total assets	\$ 1,598,877	\$ -	\$ -	\$ 1,598,877
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accrued liabilities	6,421	-	-	6,421
Total liabilities	6,421	-	-	6,421
FUND BALANCE				
Restricted for capital projects	-	-	-	-
Restricted for special revenue funds	1,592,456	-	-	1,592,456
Total fund balances	1,592,456	-	-	1,592,456
Total liabilities and fund balances	\$ 1,598,877	\$ -	\$ -	\$ 1,598,877

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, 2018

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Funds
REVENUES				
Property Tax	\$ 100,000	\$ -	\$ -	\$ 100,000
Motor Vehicle Taxes	152,137	-	-	152,137
Gasoline Taxes	117,573	-	-	117,573
Gross receipts taxes	199,474	-	-	199,474
Intergovernmental income	38,354	-	313,421	351,775
Charges for services	53,195	-	-	53,195
Other income	249,841	-	-	249,841
State grant	461,608	-	-	461,608
	<u>1,372,182</u>	<u>-</u>	<u>313,421</u>	<u>1,685,603</u>
Total revenues	1,372,182	-	313,421	1,685,603
EXPENDITURES				
Current:				
General government	500,953	1	-	500,954
Public safety	329,399	-	-	329,399
Health and welfare	288,516	-	-	288,516
Debt service				
Interest	-	-	126,040	126,040
Principal	-	-	187,381	187,381
Capital outlay	42,340	-	-	42,340
	<u>1,161,208</u>	<u>1</u>	<u>313,421</u>	<u>1,474,630</u>
Total expenditures	1,161,208	1	313,421	1,474,630
Excess (deficiency) revenues over ex (under) expenditures	<u>210,974</u>	<u>(1)</u>	<u>-</u>	<u>210,973</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>(35,000)</u>	<u>(2,530)</u>	<u>-</u>	<u>(37,530)</u>
	<u>(35,000)</u>	<u>(2,530)</u>	<u>-</u>	<u>(37,530)</u>
Total other financing sources (uses)	(35,000)	(2,530)	-	(37,530)
Net change in fund balance	175,974	(2,531)	-	173,443
Fund balance, beginning	<u>1,416,482</u>	<u>2,531</u>	<u>-</u>	<u>1,419,013</u>
Fund balance, end of year	<u>\$ 1,592,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,592,456</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, 2018

	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	\$ 29,976	\$ 43,470	\$ 266,087	\$ 87,720	\$ 155,662	\$ 76,670	\$ 20,643	\$ 58,005	\$ 51,887
Other receivables	-	-	-	-	-	-	-	-	-
Total assets	<u>29,976</u>	<u>43,470</u>	<u>266,087</u>	<u>87,720</u>	<u>155,662</u>	<u>76,670</u>	<u>20,643</u>	<u>58,005</u>	<u>51,887</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-
FUND BALANCE									
Restricted for special revenue funds	<u>29,976</u>	<u>43,470</u>	<u>266,087</u>	<u>87,720</u>	<u>155,662</u>	<u>76,670</u>	<u>20,643</u>	<u>58,005</u>	<u>51,887</u>
Total liabilities and fund balance	<u>\$ 29,976</u>	<u>\$ 43,470</u>	<u>\$ 266,087</u>	<u>\$ 87,720</u>	<u>\$ 155,662</u>	<u>\$ 76,670</u>	<u>\$ 20,643</u>	<u>\$ 58,005</u>	<u>\$ 51,887</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, 2018

	<u>Law Enf Protection</u>	<u>Gross Receipts Landfill</u>	<u>Indigent Care</u>	<u>Gross Receipts Env.</u>	<u>EMS Grant</u>	<u>Lodger's Complex</u>	<u>Recyclable Monies</u>	<u>Rodeo Fire</u>
ASSETS								
Cash and cash equivalents	\$ -	\$ 30,472	\$ 8,854	\$ 48,827	\$ 25,569	\$ 13,710	\$ 64,923	\$ 81,326
Taxes receivable	-	-	-	5,968	-	-	-	-
Total assets	<u>-</u>	<u>30,472</u>	<u>8,854</u>	<u>54,795</u>	<u>25,569</u>	<u>13,710</u>	<u>64,923</u>	<u>81,326</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accrued liabilities	\$ -	\$ 1,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	1,106	-	-	-	-	-	-
FUND BALANCE								
Restricted for special revenue funds	-	29,366	8,854	54,795	25,569	13,710	64,923	81,326
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 30,472</u>	<u>\$ 8,854</u>	<u>\$ 54,795</u>	<u>\$ 25,569</u>	<u>\$ 13,710</u>	<u>\$ 64,923</u>	<u>\$ 81,326</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, 2018

	<u>Playas Fire</u>	<u>Gila Neblett</u>	<u>Special Investigations</u>	<u>Road Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 129,474	\$ -	\$ -	\$ 271,675	\$ 1,464,950
Restricted Funds	-	-	-	102,838	102,838
Taxes receivable	-	-	-	25,121	31,089
	<u>129,474</u>	<u>-</u>	<u>-</u>	<u>399,634</u>	<u>1,598,877</u>
Total assets	<u>\$ 129,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,634</u>	<u>\$ 1,598,877</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued liabilities	-	-	-	5,315	6,421
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,315</u>	<u>6,421</u>
Total liabilities	-	-	-	5,315	6,421
FUND BALANCE					
Restricted for special revenue funds	129,474	-	-	394,319	1,592,456
	<u>129,474</u>	<u>-</u>	<u>-</u>	<u>394,319</u>	<u>1,592,456</u>
Total liabilities and fund balance	<u>\$ 129,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,634</u>	<u>\$ 1,598,877</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, 2018

	Recording/Filing	Farm and Range	Property Valuation	Fire Fund	Cotton City Fire	Correction Fees	DARE	Animas Fire Fund	Hidalgo Fire
REVENUES									
Intergovernmental income	\$ -	\$ 38,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	11,633	-	35,385	-	-	-	-	-	-
Other income	-	-	-	-	-	140,652	3,332	-	-
State grants	-	-	-	79,262	53,174	-	-	-	66,937
Total revenues	11,633	38,354	35,385	79,262	53,174	140,652	3,332	-	66,937
EXPENDITURES									
Current:									
General government	12,417	-	20,170	-	-	-	-	-	-
Public safety	-	-	-	48,169	17,618	113,510	740	(41,088)	42,925
Health and welfare	-	30,000	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	12,417	30,000	20,170	48,169	17,618	113,510	740	(41,088)	42,925
Excess (deficiency) of revenues over (under) expenditures	(784)	8,354	15,215	31,093	35,556	27,142	2,592	41,088	24,012
OTHER FINANCING SOURCES (USES)									
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing source (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balance	(784)	8,354	15,215	31,093	35,556	27,142	2,592	41,088	24,012
Fund balance, beginning	30,760	35,116	250,872	56,627	120,106	49,528	18,051	16,917	27,875
Fund balance, end of year	\$ 29,976	\$ 43,470	\$ 266,087	\$ 87,720	\$ 155,662	\$ 76,670	\$ 20,643	\$ 58,005	\$ 51,887

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, 2018

	Law Enf. Protection	Gross Receipts Landfill	Indigent Care	Gross Receipts Env.	EMS Grant	Lodgers Complex	Recyclable Monies	Rodeo Fire
REVENUES								
Gross receipts taxes	\$ -	\$ 85,992	\$ 85,991	\$ 27,491	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	6,177	-
Other income	-	-	-	-	-	5,705	-	-
State grants	<u>24,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,820</u>	<u>-</u>	<u>-</u>	<u>79,561</u>
Total revenues	24,800	85,992	85,991	27,491	36,820	5,705	6,177	79,561
EXPENDITURES								
Current:								
General government	-	-	-	-	-	4,000	-	-
Public safety	24,800	-	-	-	-	-	-	53,681
Health and welfare	-	99,649	121,450	-	37,417	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>24,800</u>	<u>99,649</u>	<u>121,450</u>	<u>-</u>	<u>37,417</u>	<u>4,000</u>	<u>-</u>	<u>53,681</u>
Excess (deficiency) of revenues over (under) expenditures	-	(13,657)	(35,459)	27,491	(597)	1,705	6,177	25,880
OTHER FINANCING SOURCES (USES)								
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(13,657)	(35,459)	(7,509)	(597)	1,705	6,177	25,880
Fund balance, beginning	<u>-</u>	<u>43,023</u>	<u>44,313</u>	<u>62,304</u>	<u>26,166</u>	<u>12,005</u>	<u>58,746</u>	<u>55,446</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 29,366</u>	<u>\$ 8,854</u>	<u>\$ 54,795</u>	<u>\$ 25,569</u>	<u>\$ 13,710</u>	<u>\$ 64,923</u>	<u>\$ 81,326</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, 2018

	Playas Fire	Gila Neblett	Special Investigations	Road Fund	Total
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
Motor Vehicle Taxes	-	-	-	152,137	152,137
Gasoline Taxes	-	-	-	117,573	117,573
Gross receipts taxes	-	-	-	-	199,474
Intergovernmental income	-	-	-	-	38,354
Charges for services	-	-	-	-	53,195
Other income	-	-	-	100,152	249,841
State grants	83,482	-	-	37,572	461,608
Intercepted Revenue	-	-	-	-	-
	<u>83,482</u>	<u>-</u>	<u>-</u>	<u>507,434</u>	<u>1,372,182</u>
Total revenues	83,482	-	-	507,434	1,372,182
EXPENDITURES					
Current:					
General government	-	-	-	464,366	500,953
Public safety	55,382	13,662	-	-	329,399
Health and welfare	-	-	-	-	288,516
Capital outlay	18,822	-	23,518	-	42,340
	<u>74,204</u>	<u>13,662</u>	<u>23,518</u>	<u>464,366</u>	<u>1,161,208</u>
Total expenditures	74,204	13,662	23,518	464,366	1,161,208
Excess (deficiency) of revenues over (under) expenditures	9,278	(13,662)	(23,518)	43,068	210,974
OTHER FINANCING SOURCES (USES)					
Operating transfers out	-	-	-	-	(35,000)
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>
Net change in fund balance	9,278	(13,662)	(23,518)	43,068	175,974
Fund balance, beginning	<u>120,196</u>	<u>13,662</u>	<u>23,518</u>	<u>351,251</u>	<u>1,416,482</u>
Fund balance, end of year	<u>\$ 129,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,319</u>	<u>\$ 1,592,456</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, 2018

ASSETS

Cash

\$ -

Total assets

-

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable

-

Total liabilities

-

Fund balance

Restricted for capital projects

-

Total liabilities and fund balance

\$ -

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, 2018

REVENUES		
Other income		\$ <u>-</u>
Total revenues		-
EXPENDITURES		
Current:		
Capital outlay		<u>1</u>
Total expenditures		<u>1</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(1)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from long term debt		-
Operating transfers out		<u>(2,530)</u>
Total other financing source (uses)		<u>(2,530)</u>
Net change in fund balance		(2,531)
Fund balance, beginning of year		<u>2,531</u>
Fund balance, end of year		<u>\$ -</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, 2018

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable	-
	<hr/>
Total liabilities	-

Fund balance

Reserved for debt service	-
	<hr/>

Total liabilities and fund balance	\$ -
	<hr/>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

REVENUES	
Intergovernmental income	<u>\$ 313,421</u>
Total revenues	313,421
EXPENDITURES	
Debt service interest	126,040
Debt service principal	<u>187,381</u>
Total expenditures	<u>313,421</u>
Excess (deficiency) of revenues over (under) expenditures	-
OTHER FINANCING SOURCES (USES)	
Operating transfers in	<u>-</u>
Total other financing source (uses)	<u>-</u>
Net change in fund balance	-
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	<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, 2018

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, 2018

Taxes collected for others	<u>Balance</u> <u>6/30/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/18</u>
ASSETS				
Cash and cash equivalents	\$ 3,598	\$1,708,101	\$ (1,696,465)	\$ 15,234
Taxes receivable	<u>338,558</u>	<u>1,888,910</u>	<u>(1,696,465)</u>	<u>531,003</u>
Total assets	<u>\$ 342,156</u>	<u>\$3,597,011</u>	<u>\$ (3,392,930)</u>	<u>\$ 546,237</u>
LIABILITIES				
Deferred revenue	\$ 338,558	\$1,888,910	\$ (1,696,465)	\$ 531,003
Taxes paid in advance	<u>3,598</u>	<u>1,708,101</u>	<u>(1,696,465)</u>	<u>15,234</u>
Total liabilities	<u>\$ 342,156</u>	<u>\$3,597,011</u>	<u>\$ (3,392,930)</u>	<u>\$ 546,237</u>

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO, HIDALGO COUNTY
SCHEDULE OF DEPOSITORIES
JUNE 30, 2018

	<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	\$ 5,698,180	\$ -	\$ 26,225	\$ 5,671,955
Warrant Account	CK	309,536	-	202,411	107,125
Payroll Clearing	CK	5,633	-	-	5,633
HCDC	CK	2,268	-	-	2,268
Jail Trust	CK	9,514	-	-	9,514
P Card	CK	7,274	-	-	7,274
Money Market	MM	1,772,088	-	-	1,772,088
Money Market Roads	MM	102,838	-	-	102,838
Overnight	MM	102,612	-	-	102,612
Western Bank Total		<u>8,009,943</u>	<u>-</u>	<u>228,636</u>	<u>7,781,307</u>
Sub-total		8,009,943	-	228,636	7,781,307
NM State Investment Pool		104,162	-	-	104,162
Restricted Cash - NMFA		243,975	-	-	243,975
Petty Cash		<u>600</u>	<u>-</u>	<u>-</u>	<u>600</u>
Total		<u>\$ 8,358,680</u>	<u>\$ -</u>	<u>\$ 228,636</u>	<u>\$ 8,130,044</u>

Reconciliation to financial statements:

Cash and cash equivalents	\$ 7,767,997
Restricted cash	346,813
Agency funds	<u>15,234</u>

Total Cash and Investments, Primary Government \$ 8,130,044

Type:

CK = Checking

MM = Money Market

CD = Certificate of Deposit

	<u>Western</u>
Amount held in bank June 30, 2018	8,009,943
Less FDIC Insurance	<u>(250,000)</u>
Uninsured Public Funds	7,759,943
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	3,879,972
Pledged Securities	<u>4,455,962</u>
Over (Under) Collateralized	<u>\$ 575,990</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, 2018

<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
GNMA CUSIP#3617ALD49, Maturing 4/20/67	931,453	Federal Home Loan Bank of Dallas
NM ST Univ Resv CUSIP#6474292VO, Maturing 4/1/35	520,000	Federal Home Loan Bank of Dallas
Santa Fe Cnty NM CUSIP#801889LU8, Maturing 7/1/22	250,000	Federal Home Loan Bank of Dallas
Grant Cnty NM Gross Rc CUSIP#387770BQ2, Maturing 7/1/24	325,000	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#387770BS8, Maturing 07/01/2026	345,000	Federal Home Loan Bank of Dallas
Luna Cnty NM Gross Rc CUSIP#550332DM9, Maturing 12/1/30	<u>305,000</u>	Federal Home Loan Bank of Dallas
Total New Mexico issued securities	4,421,453	Federal Home Loan Bank of Dallas
Federal securities (at market value)		
FNMA REMIC CUSIP#312906XG0, Maturing 8/15/21	7,725	Federal Home Loan Bank of Dallas
FNMA CUSIP#31391HGMO, Maturing 9/25/32	<u>26,784</u>	Federal Home Loan Bank of Dallas
Total federal securities	<u>34,509</u>	Federal Home Loan Bank of Dallas
Total pledged securities	<u>\$ 4,455,962</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, 2018

Property taxes receivable, beginning as previously stated	\$ 640,375
Adjustment	<u>-</u>
Property taxes receivable, beginning as adjusted	640,375
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	3,468,455
Adjustments:	
Increases in taxes receivables	1,096,768
Charge off of taxes receivables	<u>(918,607)</u>
Total receivables prior to collections	4,286,991
Collections for fiscal year ended June 30, 2018	<u>(3,649,539)</u>
Property taxes receivable, ending	<u>\$ 637,452</u>

Property taxes receivable by
years:

	2008	\$ 4,809
	2009	5,765
	2010	12,408
	2011	20,519
	2012	125,938
	2013	78,871
	2014	73,599
	2015	83,549
	2016	110,343
	<u>2017</u>	<u>121,651</u>
		<u>\$ 637,452</u>

Property taxes receivable are reported in the following funds in the financial statements:

General Fund	\$	106,449
Agency Fund		<u>531,003</u>
	\$	637,452

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Taxes Receivable at 7/1/17 as adjusted	Net Taxes Charged to Treasurer (including adjustments)	Collections	Taxes Receivable at 6/30/18	Distributions
Municipalities	\$ 28,375	\$ 102,922	\$ (102,584)	\$ 28,713	\$ 102,584
Hidalgo County	301,817	1,951,672	(1,953,074)	300,415	1,953,074
State of New Mexico	38,676	288,168	(288,828)	38,016	288,828
Schools	271,507	1,303,854	(1,305,053)	270,308	1,305,053
	<u>\$ 640,375</u>	<u>\$ 3,646,616</u>	<u>\$ (3,649,539)</u>	<u>\$ 637,452</u>	<u>\$ 3,649,539</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/18</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/18</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	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	242	103,369	242	103,398	97	68	622
City of Lordsburg	2014	105,352	1,097	104,684	1,097	104,637	273	320	668
City of Lordsburg	2015	103,954	2,172	102,141	2,172	102,068	7	80	1,813
City of Lordsburg	2016	106,782	4,357	102,635	4,357	102,633	-	2	4,147
City of Lordsburg	2017	<u>103,902</u>	<u>94,716</u>	<u>94,793</u>	<u>94,716</u>	<u>94,716</u>	<u>54</u>	<u>131</u>	<u>9,109</u>
Total		<u>871,553</u>	<u>102,584</u>	<u>842,840</u>	<u>102,584</u>	<u>845,837</u>	<u>5,016</u>	<u>2,019</u>	<u>28,713</u>
Total Municipalities		<u>\$ 871,553</u>	<u>\$ 102,584</u>	<u>\$ 842,840</u>	<u>\$ 102,584</u>	<u>\$ 845,837</u>	<u>\$ 5,016</u>	<u>\$ 2,019</u>	<u>\$ 28,713</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/18</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/18</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	2008	\$ 1,674,815	\$ -	\$ 1,674,431	\$ -	\$ 1,681,469	\$ 37,197	\$ 30,159	\$ 384
General ad valorem	2009	1,604,065	-	1,603,548	-	1,645,982	44,730	2,296	517
General ad valorem	2010	1,601,029	-	1,598,547	-	1,622,007	24,859	1,399	2,482
General ad valorem	2011	1,699,690	-	1,697,305	-	1,698,230	258,655	257,730	2,385
General ad valorem	2012	1,714,468	168	1,661,090	168	1,666,523	224,070	218,637	53,378
General ad valorem	2013	1,792,604	1,292	1,751,258	1,292	1,754,089	3,637	806	41,346
General ad valorem	2014	1,844,424	7,040	1,805,798	7,040	1,807,105	3,249	1,942	38,626
General ad valorem	2015	1,882,981	17,368	1,839,541	17,368	1,841,051	2,298	788	43,440
General ad valorem	2016	1,969,995	36,353	1,913,633	36,353	1,920,221	13,362	6,774	56,362
General ad valorem	2017	<u>1,949,843</u>	<u>1,889,421</u>	<u>1,888,496</u>	<u>1,889,421</u>	<u>1,889,421</u>	<u>1,565</u>	<u>640</u>	<u>61,347</u>
Total General ad valorem		\$17,733,914	\$ 1,951,642	\$17,433,647	\$ 1,951,642	\$17,526,098	\$ 613,622	\$ 521,171	\$ 300,267

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/18</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/18</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	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	-	918	-	918	-	-	-
Non-rendition fees	2016	691	178	685	178	744	59	-	6
Non-rendition fees	2017	<u>1,336</u>	<u>1,254</u>	<u>1,194</u>	<u>1,254</u>	<u>1,254</u>	<u>60</u>	<u>-</u>	<u>142</u>
Total Non-rendition fees		<u>5,794</u>	<u>1,432</u>	<u>5,646</u>	<u>1,432</u>	<u>5,677</u>	<u>701</u>	<u>670</u>	<u>148</u>
Total Hidalgo County		<u>\$17,739,708</u>	<u>\$ 1,953,074</u>	<u>\$17,439,293</u>	<u>\$ 1,953,074</u>	<u>\$17,531,775</u>	<u>\$ 614,323</u>	<u>\$ 521,841</u>	<u>\$ 300,415</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/18</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/18</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	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	-	33,970	-	33,714	-	256	53
Cattle	2013	39,165	-	39,165	-	38,937	7	235	-
Cattle	2014	43,008	-	43,008	-	42,664	-	344	-
Cattle	2015	54,608	274	54,608	274	54,474	-	134	-
Cattle	2016	61,182	1,751	60,769	1,751	60,769	-	-	413
Cattle	2017	<u>55,501</u>	<u>54,094</u>	<u>54,094</u>	<u>54,094</u>	<u>54,094</u>	<u>-</u>	<u>-</u>	<u>1,407</u>
Total Cattle		\$ 394,746	\$ 56,119	\$ 392,750	\$ 56,119	\$ 402,589	\$ 13,734	\$ 3,895	\$ 1,996
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	-	716	-	697	-	19	-
Equines	2015	757	17	727	17	705	-	22	30
Equines	2016	679	97	613	97	613	-	-	66
Equines	2017	<u>1,037</u>	<u>943</u>	<u>943</u>	<u>943</u>	<u>943</u>	<u>-</u>	<u>-</u>	<u>94</u>
Total Equines		\$ 7,631	\$ 1,057	\$ 7,427	\$ 1,057	\$ 7,268	\$ 8	\$ 167	\$ 204

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/18</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/18</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	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	-	-	-
Bison	2016	439	-	439	-	439	-	-	-
Bison	2017	<u>568</u>	<u>568</u>	<u>568</u>	<u>568</u>	<u>568</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bison		\$ 2,299	\$ 568	\$ 2,299	\$ 568	\$ 2,299	\$ -	\$ -	\$ -
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	-	15	-	14	-	1	-
Sheep	2015	17	3	14	3	14	-	-	3
Sheep	2016	19	-	17	-	17	-	-	2
Sheep	2017	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Sheep		\$ 225	\$ 20	\$ 91	\$ 20	\$ 165	\$ -	\$ 55	\$ 5

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/18</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/18</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	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	-	-	-
Dairy	2014	9	-	9	-	9	-	-	-
Dairy	2015	10	-	10	-	10	-	-	-
Dairy	2016	16	-	16	-	16	-	-	-
Dairy	2017	8	8	8	8	8	-	-	-
Total Dairy		\$ 76	\$ 8	\$ 76	\$ 8	\$ 76	\$ -	\$ -	\$ -
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	1	-	-
Goats	2014	33	-	33	-	33	-	-	-
Goats	2015	37	-	37	-	37	-	-	-
Goats	2016	27	5	27	5	27	-	-	-
Goats	2017	40	39	39	39	39	-	-	1
Total Goats		\$ 232	\$ 5	\$ 232	\$ 5	\$ 231	\$ 1	\$ 2	\$ -

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/18</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/18</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	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	-	-	-
Swine	2016	2	-	2	-	2	-	-	-
Swine	2017	19	19	19	19	19	-	-	-
Total Swine		\$ 75	\$ 19	\$ 75	\$ 19	\$ 75	\$ -	\$ -	\$ -
State Operational	2008	\$ 176,667	\$ -	\$ 176,627	\$ -	\$ 177,369	\$ 3,924	\$ 3,182	\$ 40
State Operational	2009	155,669	-	155,619	-	159,737	4,341	223	50
State Operational	2010	214,704	-	214,363	-	217,440	3,263	186	341
State Operational	2011	199,943	-	199,648	-	199,752	29,729	29,625	295
State Operational	2012	200,925	19	194,704	19	195,334	25,717	25,087	6,221
State Operational	2013	211,423	151	206,672	151	206,994	417	95	4,751
State Operational	2014	217,742	845	213,296	845	213,465	411	242	4,446
State Operational	2015	222,765	2,120	217,674	2,120	217,847	264	91	5,091
State Operational	2016	233,400	4,597	226,593	4,597	227,343	1,521	771	6,807
State Operational	2017	230,967	223,300	223,198	223,300	223,300	180	78	7,769
Total State Operational		\$ 2,064,205	\$ 231,032	\$ 2,028,394	\$ 231,032	\$ 2,038,581	\$ 69,767	\$ 59,580	\$ 35,811
Total State of New Mexico		\$ 2,469,489	\$ 288,828	\$ 2,431,344	\$ 288,828	\$ 2,451,284	\$ 83,510	\$ 63,699	\$ 38,016

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/18</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/18</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	2008	\$ 776,201	\$ -	\$ 764,390	\$ -	\$ 767,342	\$ 18,910	\$ 15,958	\$ 11,811
Operational	2009	736,299	-	723,689	-	742,466	19,162	385	12,610
Operational	2010	766,908	-	751,204	-	765,124	14,164	244	15,704
Operational	2011	802,860	-	768,387	-	768,994	11,552	10,945	34,473
Operational	2012	787,884	7	722,853	7	723,106	9,505	9,252	65,031
Operational	2013	74,749	54	73,006	54	73,126	157	37	1,743
Operational	2014	77,063	293	75,435	293	75,490	142	87	1,628
Operational	2015	78,101	713	76,276	713	76,339	96	33	1,825
Operational	2016	80,435	1,464	78,090	1,464	78,361	549	278	2,345
Operational	2017	<u>80,040</u>	<u>77,616</u>	<u>77,579</u>	<u>77,616</u>	<u>77,616</u>	<u>61</u>	<u>24</u>	<u>2,461</u>
Total Operational		\$ 4,260,540	\$ 80,147	\$ 4,110,909	\$ 80,147	\$ 4,147,964	\$ 74,298	\$ 37,243	\$ 149,631
Debt Service	2008	\$ 282,668	\$ -	\$ 291,520	\$ -	\$ 292,620	\$ 6,278	\$ 5,178	\$ (8,852)
Debt Service	2009	270,728	-	280,080	-	287,161	7,549	468	(9,352)
Debt Service	2010	270,292	-	280,565	-	284,512	4,230	283	(10,273)
Debt Service	2011	288,685	-	312,978	-	313,268	150,898	150,608	(24,293)
Debt Service	2012	291,047	-	306,524	-	309,866	128,229	124,887	(15,477)
Debt Service	2013	826,830	521	803,405	521	805,071	1,997	331	23,425
Debt Service	2014	852,058	3,007	830,365	3,007	831,269	2,001	1,097	21,693
Debt Service	2015	861,749	7,043	837,851	7,043	838,783	1,200	268	23,898
Debt Service	2016	896,225	15,564	865,833	15,564	868,921	6,196	3,108	30,392
Debt Service	2017	<u>884,411</u>	<u>856,769</u>	<u>856,839</u>	<u>856,769</u>	<u>856,769</u>	<u>240</u>	<u>310</u>	<u>27,572</u>
Total Debt Service		\$ 5,724,693	\$ 882,904	\$ 5,665,960	\$ 882,904	\$ 5,688,240	\$ 308,818	\$ 286,538	\$ 58,733

STATE OF NEW MEXICO, HIDALGO COUNTY
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/18</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/18</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.	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	-	90,236	-	90,259	39	16	4,758
Capital Imp.	2012	98,967	28	88,465	28	88,484	25	6	10,502
Capital Imp.	2013	309,028	220	302,044	220	302,517	629	156	6,984
Capital Imp.	2014	318,301	1,231	311,766	1,231	312,015	602	353	6,535
Capital Imp.	2015	322,677	3,042	315,227	3,042	315,483	386	130	7,450
Capital Imp.	2016	332,049	6,416	322,244	6,416	323,323	2,186	1,107	9,805
Capital Imp.	2017	<u>342,700</u>	<u>331,065</u>	<u>330,951</u>	<u>331,065</u>	<u>331,065</u>	<u>264</u>	<u>150</u>	<u>11,749</u>
Total Capital Imp.		<u>\$ 2,111,489</u>	<u>\$ 342,002</u>	<u>\$ 2,049,545</u>	<u>\$ 342,002</u>	<u>\$ 2,053,081</u>	<u>\$ 10,803</u>	<u>\$ 7,267</u>	<u>\$ 61,944</u>
Total Schools		<u>\$ 12,096,722</u>	<u>\$ 1,305,053</u>	<u>\$ 11,826,414</u>	<u>\$ 1,305,053</u>	<u>\$ 11,889,285</u>	<u>\$ 393,919</u>	<u>\$ 331,048</u>	<u>\$ 270,308</u>
Total		<u>\$ 33,177,472</u>	<u>\$ 3,649,539</u>	<u>\$ 32,539,891</u>	<u>\$ 3,649,539</u>	<u>\$ 32,718,181</u>	<u>\$ 1,096,768</u>	<u>\$ 918,607</u>	<u>\$ 637,452</u>

STATE OF NEW MEXICO, HIDALGO COUNTY
JOINT POWERS AGREEMENT
JUNE 30, 2018

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, 2017 - June 30, 2018
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, 2018

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, 2017 - June 30, 2018
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, 2017 to June 30, 2018
Project Costs	\$51.63 per day per prisoner
County Contribution	Undeterminable
Audit responsibility	County of Luna

COMPLIANCE SECTION



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

Wayne Johnson
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, 2018, 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 30, 2018.

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).

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 30, 2018

STATE OF NEW MEXICO, HIDALGO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018

Section II - Financial Statements Findings

PRIOR YEAR FINDINGS

2015-015	Budgetary Control - Significant Deficiency	Revised and repeated
2017-001	Capital Assets - Significant Deficiency	Resolved
2017-002	Inaccurate DFA Report Submission - Significant Deficiency	Resolved

CURRENT YEAR FINDINGS

None

STATE OF NEW MEXICO, HIDALGO COUNTY
 SCHEDULE OF FINDINGS AND RESPONSES
 JUNE 30, 2018

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

CONDITION Management reviewed the final budget reports to identify funds with expenditures in excess of budget and prepared a budget resolution accordingly. However, budget adjustment requests were not made for one of the funds in fiscal year 2018. The County had not made any progress from the prior year.

Fund	Reason	Budget Expenses	Actual Expenses	Difference
Debt Service Funds	Interest expense	-	126,040	126,040
Totals		\$ -	\$ 126,040	\$ 126,040

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: 06/30/2019

EMPLOYEE RESPONSIBLE: County Manager

STATE OF NEW MEXICO, HIDALGO COUNTY
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2018

An entrance conference was held on August 27, 2018 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
Miriam Jaquez	Payroll

Beasley, Mitchell & Co. LLP

Dahlia Garcia, CPA	Audit Manager
Avi Chetry	Senior Auditor

An exit conference was held on November 30, 2018 in a closed meeting with Beasley, Mitchell & Co. LLP and the following County officials:

Darr Shannon	Commissioner
Tisha Green	County Manager

Beasley, Mitchell & Co. LLP

Avi Chetry	Senior 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.