

STATE OF NEW MEXICO  
HIDALGO COUNTY  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019 AND  
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO  
HIDALGO COUNTY  
FOR THE YEAR ENDED JUNE 30, 2019  
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HIDALGO COUNTY  
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HIDALGO COUNTY  
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STATE OF NEW MEXICO, HIDALGO COUNTY  
OFFICIAL ROSTER  
JUNE 30, 2019

**Elected Officials**

Anthony J. Mora	Commission Chair
Joel Edwards	Commissioner
John Hatch	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

Mr. Brian S. Colón  
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, 2019 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, 2019, 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, 2019, 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 73 - 76 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 27, 2019 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 27, 2019



STATE OF NEW MEXICO, HIDALGO COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

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, 2019. 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 \$18,742,672 (*net position*). Of this amount, \$3,959,953 (*unrestricted net position*) may be used to meet the government's ongoing, obligations to citizens and creditors.
- The government's total net position increased by \$564,189 during the fiscal year. The majority of this is due to a prior year adjustment discussed in the notes.
- As of June 30, 2019, the County's governmental funds reported combined ending fund balances of \$8,644,484.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$6,019,838.

**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, 2019

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

<b>Major Features of the County</b>				
			<b>Financial Statements</b>	
<i>Types of Statements</i>	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
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, 2019

**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, 2019

**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, 2019

**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 81 through 92 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 \$11,025,208 at the close of the current fiscal year.

The largest portion of the County of Hidalgo's net position represent the County's investment of \$12,158,073 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 \$3,959,953 may be used to meet the government's ongoing obligations to citizens and creditors.

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

**Analysis of Changes in Net Position**

During the current fiscal year, the County's net position in governmental and business-type activities increased by \$564,189. These increases are explained in the governmental activities discussion.

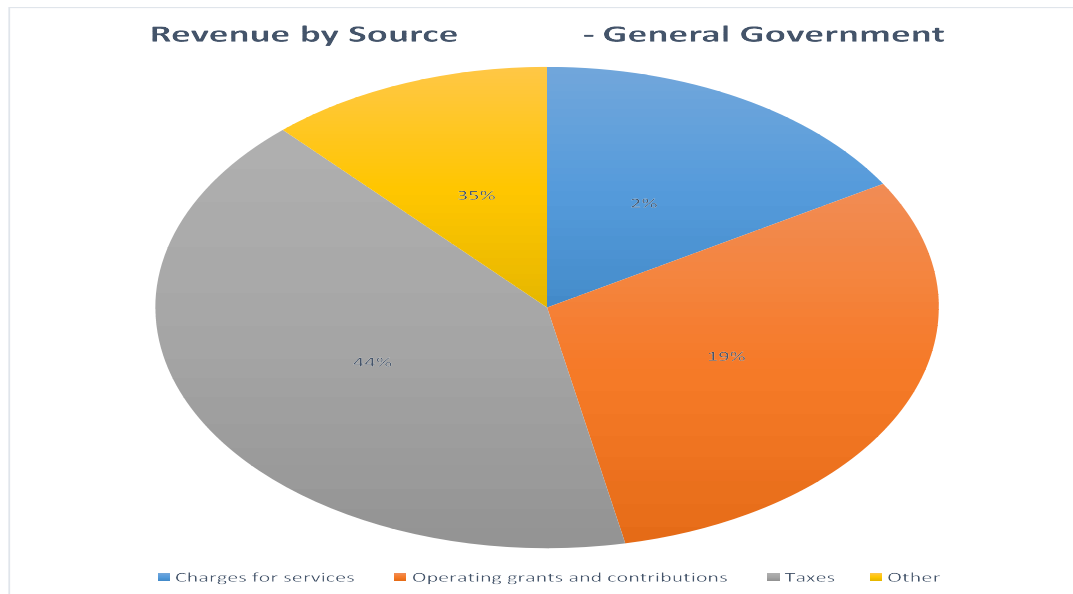
STATE OF NEW MEXICO, HIDALGO COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

**Governmental Activities**

Governmental activities increased the County of Hidalgo's net position by \$474,438. Property taxes and gross receipts taxes contributed \$3,226,288 for covering the \$7,801,889 net program expense associated with governmental activities.

Governmental revenues, consisting mostly of taxes and grants, are not directly associated with any government function. The total revenues increased \$1,167,029.

Total revenues from governmental activities are summarized below. For fiscal year 2018-2019, Local and State taxes made up 44% of the total general government revenues compared to 48% of the revenues in the prior year.



**Business-Type Activities**

Business-type activities decreased the County's net position by \$120,879 before transfers of \$210,630 in from the general fund, compared to the prior year's decrease of \$218,084 before transfers of \$305,000 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
	2019	2018	2019	2018	2019	2018	2018-2019
<b>ASSETS</b>							
Current and other assets	\$ 8,924,363	\$ 8,253,329	\$ 670,033	\$ 713,762	\$ 9,594,396	\$ 8,967,091	7 %
Capital assets, net of accumulated depreciation	<u>14,847,090</u>	<u>14,905,000</u>	<u>599,324</u>	<u>505,445</u>	<u>15,446,414</u>	<u>15,410,445</u>	<u>0.2 %</u>
Total assets	23,771,453	23,158,329	1,269,357	1,219,207	25,040,810	24,377,536	3 %
<b>Deferred outflows</b>							
Deferred outflows	184,275	190,075	30,968	32,141	215,243	222,216	(3)%
Deferred outflows - Change in assumption	328,534	168,319	60,390	27,983	388,924	196,302	98.1 %
Deferred outflows - net differences between projected and actual investment earnings	252,897	280,274	42,677	48,215	295,574	328,489	(10)%
Deferred outflows - Changes in proportion and differences between employer contributions and proportionate share of contributions	337,998	538,809	46,025	86,642	384,023	625,451	(39)%
Deferred outflows - Differences between expected and actual experience	<u>117,134</u>	<u>150,352</u>	<u>18,428</u>	<u>25,147</u>	<u>135,562</u>	<u>175,499</u>	<u>(23)%</u>
<b>Total deferred outflows</b>	<u>1,220,838</u>	<u>1,327,829</u>	<u>198,488</u>	<u>220,128</u>	<u>1,419,326</u>	<u>1,547,957</u>	<u>(8)%</u>
<b>Total assets and deferred outflows</b>	<u>\$ 24,992,291</u>	<u>\$ 24,486,158</u>	<u>\$ 1,467,845</u>	<u>\$ 1,439,335</u>	<u>\$ 26,460,136</u>	<u>\$ 25,925,493</u>	<u>(5)%</u>

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

	Governmental Activities		Business Type Activities		Totals		Total Percent Change
	2019	2018	2019	2018	2019	2018	2018-2019
<b>LIABILITIES</b>							
Current and other liabilities	\$ 350,508	\$ 392,800	\$ 30,503	\$ 144,154	\$ 381,011	\$ 536,954	(29)%
Long-term liabilities	<u>6,160,501</u>	<u>6,248,117</u>	<u>587,264</u>	<u>579,542</u>	<u>6,747,765</u>	<u>6,827,659</u>	(1)%
Total liabilities	6,511,009	6,640,917	617,767	723,696	7,128,776	7,364,613	(3)%
<b>Deferred Inflows</b>							
Deferred inflows - change in assumption	21,113	44,623	2,518	7,274	23,631	51,897	(54)%
Deferred inflows - Differences between expected and actual experience	144,079	273,688	29,371	43,586	173,450	317,274	100 %
Deferred inflows - Change in Proportion	<u>326,060</u>	<u>11,338</u>	<u>65,547</u>	<u>1,888</u>	<u>391,607</u>	<u>13,226</u>	100 %
Total deferred inflows	<u>491,252</u>	<u>329,649</u>	<u>97,436</u>	<u>52,748</u>	<u>588,688</u>	<u>382,397</u>	54 %
<b>Total liabilities and deferred inflows</b>	7,002,261	6,970,566	715,203	776,444	7,717,464	7,747,010	51 %
<b>NET POSITION</b>							
Net investments in capital assets	12,158,073	11,945,006	-	-	12,158,073	11,945,006	1.8 %
Restricted	2,624,646	2,676,963	-	-	2,624,646	2,676,963	(2)%
Unrestricted	<u>3,207,311</u>	<u>2,893,623</u>	<u>752,642</u>	<u>662,891</u>	<u>3,959,953</u>	<u>3,556,514</u>	11 %
Total net position	<u>17,990,030</u>	<u>17,515,592</u>	<u>752,642</u>	<u>662,891</u>	<u>18,742,672</u>	<u>18,178,483</u>	3 %
Total liabilities and net position	<u>\$ 24,992,291</u>	<u>\$ 24,486,158</u>	<u>\$ 1,467,845</u>	<u>\$ 1,439,335</u>	<u>\$ 26,460,136</u>	<u>\$ 25,925,493</u>	2 %

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>		<b>Total Percent</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
							<b>2018-2019</b>
<b>REVENUES</b>							
Program revenues:							
Charges for services	\$ 2,094,629	\$ 962,589	\$ 885,445	\$ 728,145	\$ 2,980,074	\$ 1,690,734	76 %
Operating grants and contributions	1,631,298	1,456,394	-	-	1,631,298	1,456,394	12 %
General revenues:							
Taxes	3,545,713	3,187,344	-	-	3,545,713	3,187,344	11 %
Other income	1,173,252	1,683,881	-	-	1,173,252	1,683,881	(30)%
Investment income	42,065	29,720	-	-	42,065	29,720	42 %
	<u>8,486,957</u>	<u>7,319,928</u>	<u>885,445</u>	<u>728,145</u>	<u>9,372,402</u>	<u>8,048,073</u>	<u>16 %</u>
Total revenues							
<b>EXPENSES</b>							
General government	2,570,215	2,526,380	-	-	2,570,215	2,526,380	2 %
Public safety	4,687,361	4,178,602	-	-	4,687,361	4,178,602	12 %
Public works	41,899	32,758	-	-	41,899	32,758	28 %
Health and welfare	287,092	288,516	-	-	287,092	288,516	(0.5)%
Culture and recreation	93,383	67,382	-	-	93,383	67,382	39 %
Proprietary expenses	-	-	1,006,324	946,229	1,006,324	946,229	6 %
Interest on long-term debt	121,939	126,040	-	-	121,939	126,040	(3)%
	<u>7,801,889</u>	<u>7,219,678</u>	<u>1,006,324</u>	<u>946,229</u>	<u>8,808,213</u>	<u>8,165,907</u>	<u>8 %</u>
Total expenses							
Changes in net position before transfers	685,068	100,250	(120,879)	(218,084)	564,189	(117,834)	(579)%

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>		<b>Total Percent</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Transfers	<u>(210,630)</u>	<u>(305,000)</u>	<u>210,630</u>	<u>305,000</u>	<u>-</u>	<u>-</u>	<u>- %</u>
Change in net position	<u>474,438</u>	<u>(204,750)</u>	<u>89,751</u>	<u>86,916</u>	<u>564,189</u>	<u>(117,834)</u>	<u>(579)%</u>
Net position - beginning	17,515,592	17,720,342	662,891	575,975	18,178,483	18,296,317	(1)%
Net position - beginning as restated	<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>
Net position - ending	<u>\$17,990,030</u>	<u>\$17,515,592</u>	<u>\$ 752,642</u>	<u>\$ 662,891</u>	<u>\$18,742,672</u>	<u>\$18,178,483</u>	<u>3 %</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019

**FINANCIAL ANALYSIS OF THE COUNTY OF HIDALGO AS A WHOLE**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the County of Hidalgo's governmental funds reported combined ending fund balances of \$8,644,484, an increase of \$677,824 from change in fund balance. The net change was an increase of \$12,934 in comparison with the prior year. The increase is minimal and consistent with trends. Approximately 70% of this total amount, \$6,019,838 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 \$6,019,838.

**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 \$727,992 and \$24,650 for C & C Transfer. The total increase in net position for the proprietary fund was \$89,751.

**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, 2019

**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, 2019 amount to \$15,446,414 (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 \$713,980 for governmental activities and \$145,013 for business type. Equipment costing \$659,322 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, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
Land and Construction in Progress	\$ 133,052	\$ -	\$ 133,052
Buildings	2,383,039	-	2,383,039
Improvements and Infrastructure	9,567,548	599,324	10,166,872
Machinery and Equipment	<u>2,763,451</u>	<u>-</u>	<u>2,763,451</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,847,090</u>	<u>\$ 599,324</u>	<u>\$ 15,446,414</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, 2019

The Statement of Net Position shows the Investment in Capital Assets-Governmental Funds in the amount of \$12,158,073. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service.

The County's loans decreased \$145,347 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 2019 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, 2019

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 7,822,017	\$ 378,008	\$ 8,200,025
Accounts receivable	498,329	275,368	773,697
Taxes receivable	308,228	16,657	324,885
Restricted cash	295,789	-	295,789
Total current assets	8,924,363	670,033	9,594,396
NON-CURRENT ASSETS:			
Capital assets	28,269,909	1,872,804	30,142,713
Less: accumulated depreciation	(13,422,819)	(1,273,480)	(14,696,299)
Total non-current assets	14,847,090	599,324	15,446,414
Total assets	23,771,453	1,269,357	25,040,810
DEFERRED OUTFLOWS			
Deferred outflows	184,275	30,968	215,243
Deferred outflows - change in assumption	328,534	60,390	388,924
Deferred outflows - net differences between projected and actual investment earnings	252,897	42,677	295,574
Deferred outflows - changes in proportion and differences between employer contributions and proportionate share of contributions	337,998	46,025	384,023
Deferred outflows - differences between expected and actual experience	117,134	18,428	135,562
Total deferred outflows	1,220,838	198,488	1,419,326
<b>Total assets and deferred outflows</b>	<b>\$ 24,992,291</b>	<b>\$ 1,467,845</b>	<b>\$ 26,460,136</b>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2019

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>			
CURRENT LIABILITIES:			
Accounts payable	\$ 30,788	\$ -	\$ 30,788
Accrued salaries	94,807	16,049	110,856
Accrued compensated absences - current	61,329	14,454	75,783
Due within one year	163,584	-	-
Total current liabilities	350,508	30,503	381,011
NON-CURRENT LIABILITIES:			
Due in more than one year	2,689,017	-	2,689,017
Accrued compensated absences - net of current	-	6,976	6,976
Net pension liability	3,471,484	580,288	4,051,772
Total non-current liabilities	6,160,501	587,264	6,747,765
Total liabilities	6,511,009	617,767	7,128,776
DEFERRED INFLOWS			
Deferred inflows - change in assumption	21,113	2,518	23,631
Deferred inflows - differences between expected and actual experience	144,079	29,371	173,450
Deferred inflows - change in proportion	326,060	65,547	391,607
Total deferred inflows	491,252	97,436	588,688
Total liabilities and deferred inflows	7,002,261	715,203	7,717,464
NET POSITION			
Net investment in capital assets	12,158,073	-	12,158,073
Restricted for:			
Capital projects	398	-	398
Special revenue funds	2,624,248	-	2,624,248
Unrestricted	3,207,311	752,642	3,959,953
Total net position	17,990,030	752,642	18,742,672
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 24,992,291</b>	<b>\$ 1,467,845</b>	<b>\$ 26,460,136</b>

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, 2019

FUNCTIONS/PROGRAMS	Net (Expenses) Revenue and changes in Net Position						
	Expenses	Program			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,570,215	\$ 117,450	\$ 799,754	\$ -	\$ (1,653,011)	\$ -	\$ (1,653,011)
Public safety	4,687,361	1,977,179	509,310	-	(2,200,872)	-	(2,200,872)
Public works	41,899	-	322,234	-	280,335	-	280,335
Health and welfare	287,092	-	-	-	(287,092)	-	(287,092)
Culture and recreation	93,383	-	-	-	(93,383)	-	(93,383)
Interest on long-term debt	<u>121,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(121,939)</u>	<u>-</u>	<u>(121,939)</u>
Total governmental activities	7,801,889	2,094,629	1,631,298	-	(4,075,962)	-	(4,075,962)
Business-Type activities							
Ambulance service	625,211	566,463	-	-	-	(58,748)	(58,748)
C & C Transfer	<u>381,113</u>	<u>318,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,131)</u>	<u>(62,131)</u>
Total business-type activities	<u>1,006,324</u>	<u>885,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,879)</u>	<u>(120,879)</u>
Total primary government	<u>\$ 8,808,213</u>	<u>\$ 2,980,074</u>	<u>\$ 1,631,298</u>	<u>\$ -</u>	<u>(4,075,962)</u>	<u>(120,879)</u>	<u>(4,196,841)</u>
General revenues:							
Taxes							
Property taxes					2,796,487	-	2,796,487
Motor vehicle taxes					199,984	-	199,984
Gasoline taxes					119,441	-	119,441
Gross receipts taxes					429,801	-	429,801
State shared assistance							
Small counties assistance					539,760	-	539,760
Intergovernmental income					262,646	-	262,646
License and fees					23,261	-	23,261
Investment income					42,065	-	42,065
Miscellaneous					347,585	-	347,585
Transfers					<u>(210,630)</u>	<u>210,630</u>	<u>-</u>
Total general revenues					<u>4,550,400</u>	<u>210,630</u>	<u>4,761,030</u>
Change in net position					474,438	89,751	564,189
Net position - beginning					<u>17,515,592</u>	<u>662,891</u>	<u>18,178,483</u>
Net position- ending					<u>\$ 17,990,030</u>	<u>\$ 752,642</u>	<u>\$ 18,742,672</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, 2019

	<b>General Fund</b>	<b>Grant Fund</b>	<b>Detention Fund</b>	<b>Total Non- Major Funds</b>	<b>Total Funds</b>
<b>ASSETS</b>					
Assets					
Cash and cash equivalents	\$ 5,960,199	\$ 229,235	\$ 114,236	\$ 1,518,347	\$ 7,822,017
Taxes receivable	271,933	-	4,292	32,003	308,228
Account receivables	-	132,986	365,343	-	498,329
Restricted funds	-	-	295,789	-	295,789
	<u>6,232,132</u>	<u>362,221</u>	<u>779,660</u>	<u>1,550,350</u>	<u>8,924,363</u>
Total assets	<u>\$ 6,232,132</u>	<u>\$ 362,221</u>	<u>\$ 779,660</u>	<u>\$ 1,550,350</u>	<u>\$ 8,924,363</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 30,332	\$ 456	\$ 30,788
Accrued liabilities	58,010	-	29,637	7,160	94,807
	<u>58,010</u>	<u>-</u>	<u>59,969</u>	<u>7,616</u>	<u>125,595</u>
Total liabilities	58,010	-	59,969	7,616	125,595
Deferred inflows					
Deferred - property tax	154,284	-	-	-	154,284
	<u>154,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,284</u>
Total deferred inflows	154,284	-	-	-	154,284
Total liabilities and deferred inflows	212,294	-	59,969	7,616	279,879
Fund Balance:					
Restricted for Capital Projects	-	-	-	398	398
Restricted for special revenue funds	-	362,221	719,691	1,542,336	2,624,248
Unassigned	6,019,838	-	-	-	6,019,838
	<u>6,019,838</u>	<u>362,221</u>	<u>719,691</u>	<u>1,542,734</u>	<u>8,644,484</u>
Total fund balances	6,019,838	362,221	719,691	1,542,734	8,644,484
Total liabilities, deferred inflows and fund balances	<u>\$ 6,232,132</u>	<u>\$ 362,221</u>	<u>\$ 779,660</u>	<u>\$ 1,550,350</u>	<u>\$ 8,924,363</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, 2019

<b>Total fund balance - governmental funds</b>		<b>\$ 8,644,484</b>
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in governmental funds.</p>		
Cost of capital assets	28,269,909	
Accumulated depreciation	<u>(13,422,819)</u>	14,847,090
Deferred outflows		184,275
Deferred outflows - change in assumption		328,534
Deferred outflows - differences between expected and actual experience		117,134
Deferred outflows - net differences between projected and actual investment earnings		252,897
Deferred outflows - Changes in proportion and differences between employer contributions and proportionate share of contributions		337,998
<p>Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:</p>		
Deferred inflows - property tax		154,284
<p>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:</p>		
Deferred inflows - change in assumption		(21,113)
Deferred inflows - difference between expected and actual experience		(144,079)
Deferred inflows - change in proportion		(326,060)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds</p>		
Compensated absences		(61,329)
Net pension liability		(3,471,484)
Notes payable		<u>(2,852,601)</u>
<b>Total net position - governmental activities</b>		<b><u>\$ 17,990,030</u></b>

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, 2019

	General Fund	Grants Fund	Detention Fund	Total Non- Major Funds	Total Funds
<b>REVENUES</b>					
Property taxes	\$ 2,720,395	\$ -	\$ -	\$ -	\$ 2,720,395
Motor vehicle taxes	39,781	-	-	160,203	199,984
Gasoline taxes	-	-	-	119,441	119,441
Gross receipts taxes	132,769	-	66,479	230,553	429,801
Intergovernmental income	-	-	-	262,646	262,646
Charges for services	67,915	-	1,977,179	49,535	2,094,629
Small counties assistance	539,760	-	-	-	539,760
License and fines	23,261	-	-	-	23,261
Other income	34,731	-	132,610	180,244	347,585
Investment income	42,065	-	-	-	42,065
Federal grant	-	777,754	-	-	777,754
State grant	22,000	322,234	-	509,310	853,544
	<u>3,622,677</u>	<u>1,099,988</u>	<u>2,176,268</u>	<u>1,511,932</u>	<u>8,410,865</u>
Total revenues	3,622,677	1,099,988	2,176,268	1,511,932	8,410,865
<b>EXPENDITURES</b>					
General government	1,293,188	-	-	464,881	1,758,069
Public safety	1,250,998	866,166	1,940,466	384,308	4,441,938
Culture and recreation	92,000	-	-	-	92,000
Health and welfare	-	-	-	287,092	287,092
Debt service					
Interest	-	-	-	121,939	121,939
Principal	4,640	-	-	140,707	145,347
Capital outlay	5,080	463,028	123,145	122,727	713,980
	<u>2,645,906</u>	<u>1,329,194</u>	<u>2,063,611</u>	<u>1,521,654</u>	<u>7,560,365</u>
Total expenditures	2,645,906	1,329,194	2,063,611	1,521,654	7,560,365
Excess (deficiency) revenues over (under) expenditures	<u>976,771</u>	<u>(229,206)</u>	<u>112,657</u>	<u>(9,722)</u>	<u>850,500</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, 2019

	<b>General Fund</b>	<b>Grants Fund</b>	<b>Detention Fund</b>	<b>Total Non- Major Funds</b>	<b>Total Funds</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Loan proceeds	-	-	37,954	-	37,954
Transfers in	-	1,000	75,000	-	76,000
Transfers out	<u>(246,630)</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(286,630)</u>
Total other financing sources (uses)	<u>(246,630)</u>	<u>1,000</u>	<u>112,954</u>	<u>(40,000)</u>	<u>(172,676)</u>
Net change in fund balance	730,141	(228,206)	225,611	(49,722)	677,824
Fund balance beginning 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>
Fund balance end of year	<u>\$ 6,019,838</u>	<u>\$ 362,221</u>	<u>\$ 719,691</u>	<u>\$ 1,542,734</u>	<u>\$ 8,644,484</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, 2019

**Total net change in fund balances - governmental funds** \$ 677,824

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	713,980	
Depreciation expense	<u>(771,891)</u>	(57,911)
Deferred outflows		(5,800)
Deferred outflows - change in assumption		160,215
Deferred outflows - differences between expected and actual experience		(33,218)
Deferred outflows - net differences between projected and actual investment earnings		(27,377)
Deferred outflows - changes in proportion and differences between employer contributions and proportionate share of contributions		(200,811)
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		76,092
Deferred inflows - change in assumption		23,510
Deferred inflows - difference between projected and actual investment earnings on pension plan investments		273,688
Deferred inflows - Difference between expected and actual experience		(144,079)
Deferred inflows- change in proportion		(314,722)

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	(27,354)	
Loan Proceeds	(37,954)	
Loan payment	145,347	
Compensated absences	<u>(33,012)</u>	<u>47,027</u>
Change in net position of governmental activities		<u>\$ 474,438</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, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>				
Property taxes	\$ 2,578,285	\$ 2,578,285	\$ 2,448,462	\$ (129,823)
Motor vehicle taxes	40,000	40,000	39,781	(219)
Gross receipts taxes	255,000	255,000	132,769	(122,231)
Licenses & fines	1,000	1,000	23,261	22,261
Charges for services	25,000	25,000	67,915	42,915
Miscellaneous revenues	295,000	295,000	34,731	(260,269)
Investment income	-	-	42,065	42,065
Small counties assistance	478,000	478,000	539,760	61,760
State grants	-	-	22,000	22,000
	<u>3,672,285</u>	<u>3,672,285</u>	<u>3,350,744</u>	<u>(321,541)</u>
<b>EXPENDITURES:</b>				
General government	1,238,408	1,238,408	1,235,178	3,230
Public safety	1,704,150	1,704,150	1,250,998	453,152
Culture and recreation	102,000	102,000	92,000	10,000
Debt service	10,000	10,000	9,720	280
	<u>3,054,558</u>	<u>3,054,558</u>	<u>2,587,896</u>	<u>466,662</u>
Excess (deficiency) of revenues over expenditures	617,727	617,727	762,848	145,121
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(246,630)	(246,630)	(246,630)	-
	<u>(246,630)</u>	<u>(246,630)</u>	<u>(246,630)</u>	<u>-</u>
Net changes in fund balance Non-GAAP basis	371,097	371,097	516,218	145,121
Fund balance - beginning	<u>5,289,697</u>	<u>5,289,697</u>	<u>5,289,697</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,660,794</u>	<u>\$ 5,660,794</u>	<u>\$ 5,805,915</u>	<u>\$ 145,121</u>
<b>Reconciliation of Budgetary basis to GAAP basis</b>				
Net change in fund balance - budgetary basis			\$ 516,218	
Revenue accruals		271,933		
Expenditure accruals		(58,010)	213,923	
Net change in fund balance- GAAP basis			<u>\$ 730,141</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, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
REVENUES:				
State grants	\$ 613,074	\$ 913,074	\$ 189,248	\$ (723,826)
Federal grants	1,031,961	1,031,961	777,754	(254,207)
Total revenues	1,645,035	1,945,035	967,002	(978,033)
EXPENDITURES:				
Current:				
Public safety	1,661,326	1,661,326	866,166	795,160
Capital outlay	516,407	516,407	463,028	53,379
Total expenditures	2,177,733	2,177,733	1,329,194	848,539
Excess (deficiency) of revenues over expenditures	(532,698)	(232,698)	(362,192)	(129,494)
OTHER FINANCING SOURCES (USES)				
Transfer in	1,000	1,000	1,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	1,000	-	1,000	1,000
Net changes in fund balance Non-GAAP basis	(531,698)	(232,698)	(361,192)	(128,494)
Fund balance - beginning	590,427	590,427	590,427	-
Fund balance - ending	\$ 58,729	\$ 357,729	\$ 229,235	\$ (128,494)
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net change in fund balance - budgetary basis			\$ (361,192)	
Revenue accruals		132,986		
Expenditure accruals		-	132,986	
Net change in fund balance - GAAP basis			\$ (228,206)	

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, 2019

	<b>Original</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>				
Gross receipts tax	\$ 80,000	\$ 80,000	\$ 62,187	\$ (17,813)
Charges for services	1,600,000	1,600,000	1,611,836	11,836
Other income	60,000	60,000	132,610	72,610
Total revenues	1,740,000	1,740,000	1,806,633	66,633
<b>EXPENDITURES:</b>				
Current:				
Public safety	1,924,319	1,924,319	1,880,497	43,822
Capital outlay	130,000	130,000	123,145	6,855
Total expenditures	2,054,319	2,054,319	2,003,642	50,677
Excess (deficiency) of revenues over expenditures	(314,319)	(314,319)	(197,009)	117,310
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	-	-	37,954	37,954
Transfer in	75,000	75,000	75,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	75,000	75,000	112,954	37,954
Net changes in fund balance Non-GAAP basis	(239,319)	(239,319)	(84,055)	155,264
Fund balance beginning of year	494,080	494,080	494,080	-
Fund balance - ending	\$ 254,761	\$ 254,761	\$ 410,025	\$ 155,264
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net change in fund balance - budgetary basis			\$ (84,055)	
Revenue accruals		369,635		
Expenditure accruals		(59,969)	309,666	
Net change in Fund balance - GAAP basis			\$ 225,611	

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, 2019

<b>ASSETS</b>	<b>Ambulance Fund</b>	<b>C &amp; C Fund</b>	<b>Total Proprietary</b>
Current assets:			
Cash and cash equivalents	\$ 266,395	\$ 111,613	\$ 378,008
Accounts receivable, net of allowance for doubtful accounts	<u>274,677</u>	<u>17,348</u>	<u>292,025</u>
Total current assets	541,072	128,961	670,033
Non-current assets:			
Capital assets	1,482,767	390,037	1,872,804
Accumulated depreciation	<u>(927,444)</u>	<u>(346,036)</u>	<u>(1,273,480)</u>
Total non-current assets	<u>555,323</u>	<u>44,001</u>	<u>599,324</u>
Total assets	1,096,395	172,962	1,269,357
Deferred Outflows			
Deferred outflows	<u>140,504</u>	<u>57,984</u>	<u>198,488</u>
Total assets and deferred outflows	<u>\$ 1,236,899</u>	<u>\$ 230,946</u>	<u>\$ 1,467,845</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, 2019

<b>LIABILITIES</b>	<b>Ambulance Fund</b>	<b>C &amp; C Fund</b>	<b>Total Proprietary</b>
Current liabilities:			
Accrued salaries	\$ 11,359	\$ 4,690	\$ 16,049
Accrued compensated absences	<u>9,218</u>	<u>5,236</u>	<u>14,454</u>
Total current liabilities	20,577	9,926	30,503
Long-term liabilities:			
Accrued compensated absences	6,926	50	6,976
Net pension liability	<u>409,497</u>	<u>170,791</u>	<u>580,288</u>
Total Long-term liabilities	<u>416,423</u>	<u>170,841</u>	<u>587,264</u>
Total liabilities	437,000	180,767	617,767
Deferred inflows			
Deferred inflows- change in assumption	1,927	591	2,518
Deferred inflows - differences between expected and actual experience	21,612	7,759	29,371
Deferred inflows - change in proportion	<u>48,368</u>	<u>17,179</u>	<u>65,547</u>
Total deferred inflows	<u>71,907</u>	<u>25,529</u>	<u>97,436</u>
Total liabilities and deferred inflows	508,907	206,296	715,203
<b>NET POSITION</b>			
Unrestricted	<u>727,992</u>	<u>24,650</u>	<u>752,642</u>
Net position	<u>727,992</u>	<u>24,650</u>	<u>752,642</u>
Total liabilities and net position	<u>\$ 1,236,899</u>	<u>\$ 230,946</u>	<u>\$ 1,467,845</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, 2019

<b>OPERATING REVENUES</b>	<b>Ambulance Fund</b>	<b>C &amp; C Fund</b>	<b>Total Proprietary</b>
Charges for services	\$ 566,463	\$ 318,982	\$ 885,445
Total revenues	566,463	318,982	885,445
<b>OPERATING EXPENSES</b>			
Personnel expenses	443,485	187,434	630,919
Depreciation	43,064	8,070	51,134
Other operating costs	138,662	185,609	324,271
Total operating expenses	625,211	381,113	1,006,324
Operating loss	(58,748)	(62,131)	(120,879)
Transfers in	135,630	75,000	210,630
Total other financing sources (uses)	135,630	75,000	210,630
Change in net position	76,882	12,869	89,751
Net position beginnig of year	651,110	11,781	662,891
Net position end of year	\$ 727,992	\$ 24,650	\$ 752,642

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, 2019

<b>Cash flows from operating activities:</b>	<u><b>Ambulance</b></u>	<u><b>C &amp; C Transfer</b></u>	<u><b>Total Proprietary</b></u>
Cash received from agencies and customers	\$ 615,445	\$ 382,225	\$ 997,670
Cash paid to suppliers for goods and services	(220,740)	(170,951)	(391,691)
Cash payments to employees for services	<u>(435,654)</u>	<u>(189,086)</u>	<u>(624,740)</u>
Net cash provided by (used in) operating activities	<u>(40,949)</u>	<u>22,188</u>	<u>(18,761)</u>
<b>Cash flows from investing activities</b>			
Acquisition of capital assets	<u>(145,013)</u>	<u>-</u>	<u>(145,013)</u>
Net cash provided by investing activities	<u>(145,013)</u>	<u>-</u>	<u>(145,013)</u>
Net increase (decrease) in cash and cash equivalents	(185,962)	22,188	(163,774)
Cash and cash equivalents - beginning of year	<u>452,357</u>	<u>89,425</u>	<u>541,782</u>
Cash and cash equivalents - end of year	<u>\$ 266,395</u>	<u>\$ 111,613</u>	<u>\$ 378,008</u>
<b>Reconciliation of operating income to net cash used in operating activities:</b>			
Operating income (loss)	\$ 76,882	\$ 12,869	\$ 89,751
Adjustments to reconcile change in net assets to net cash			
Depreciation	43,064	8,070	51,134
Changes in working capital components:			
(Increase) Decrease in:			
Accounts receivables	(102,697)	(17,348)	(120,045)
Other assets	16,049	5,591	21,640
Increase (Decrease) in:			
Accounts payable	(82,078)	14,658	(67,420)
Accrued expenses and other liabilities	<u>7,831</u>	<u>(1,652)</u>	<u>6,179</u>
Net cash provided by (used) in operating activities	<u>\$ (40,949)</u>	<u>\$ 22,188</u>	<u>\$ (18,761)</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, 2019

**ASSETS**

Current assets:

Cash	\$ 34,629
Taxes receivables	<u>623,606</u>

Total assets	<u>\$ 658,235</u>
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**LIABILITIES**

Current liabilities

Accounts payable	\$ 34,629
Deferred revenue	<u>623,606</u>

Total liabilities	<u>\$ 658,235</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, 2019

**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, 2019

**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, 2019

**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, 2019

**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, 2019

**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, 2019

**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, 2019

**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, 2019

**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, 2019

**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.

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**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.

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**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.

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**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, 2019 are presented.

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**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 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.

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.

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**3. DEPOSIT AND INVESTMENTS**

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	\$ 4,668,538
Uninsured	<u>3,998,773</u>
 Total Cash and Investments, Primary Government	 <u>\$ 8,667,311</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, 2019, \$8,417,311 of the County's bank balance of \$8,667,311 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and uncollateralized	3,748,773
Uninsured and collateralized held by pledging bank's trust department not in County's name	<u>4,668,538</u>
 Total Cash and Investments, Primary Government	 <u>\$ 8,667,311</u>

**Credit and Interest Rate Risk**

**Interest Rate Risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the County's investment portfolio to maturities of less than one year.

**Foreign Currency Risk** - Deposits and Investments - The County is not exposed to the risk that exchange rates will adversely affect the fair value of an investment as none of the investments pools or certificates of deposit are dominated in a foreign currency.

**Custodial Credit Risk-Deposits** - Custodial credit risk is the risk that, in the event of a bank failure the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. Bank balances of \$250,000 are covered by federal depository insurance. Bank balances in excess of the federal depository insurance were collateralized with pledged securities at the International Bank in an amount not exceeding 50% of total County deposits.



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**3. DEPOSIT AND INVESTMENTS (CONTINUED)**

The County has invested \$1,990,538 in money market and LGIP funds in federal government-backed securities. The investments are in compliance with state statutes regarding investments of governmental funds. These investments have not been rated.

As of June 30, 2019, the County's investments were rated as follows:

<b>Investment Type</b>	<b>Fair Value</b>
Money Market Road	\$ 103,122
Money Market	1,780,969
LGIP Fund	106,447
 Total Investments	 \$ 1,990,538

Per review of GASB Statement No. 72, the State Treasurer Local Government Investment Pool is exempt from GASB 72 and should continue to be measured and disclosed in accordance with existing literature.

*Credit Risk LGIP* – With respect to credit risk, the LGIP, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

*Concentration of Risk* – GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure.

*Foreign Currency Risk* – GASB Statement No. 40 defines foreign currency risk as the potential that changes in the exchange rates may adversely affect the fair value of an

*Interest Rate Risk* – GASB Statement No. 40 defines interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City's investments.

According to the Statement an acceptable method for reporting interest rate risk is weighted average of maturity (WAM). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at [www.nmsto.gov](http://www.nmsto.gov)

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**3. DEPOSIT AND INVESTMENTS (CONTINUED)**

Fair Value Measurement (GASB 72)

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement Number 72, Fair Value Measurement and Application. This statement changes the definition of fair value and adds new disclosure requirements. GASB 72 is effective for periods beginning after June 15, 2015 (i.e., financial statements for June 30, 2016, and beyond).

The County holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the County's mission, the County determines that the disclosures related to these investments only need to be disaggregated by major type. The County chooses a table format for the fair value disclosures.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

Market approach: this uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

Cost approach: this technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

Income approach: this approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB 72 establishes a hierarchy of inputs to the valuation techniques listed above.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy's three levels are as follows:

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**3. DEPOSIT AND INVESTMENTS (CONTINUED)**

Level 1

Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. (Examples: equity securities traded on an open market, actively traded mutual funds, and US treasuries)

Level 2

Are significant other observable inputs:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) Inputs other than quoted prices that are observable for the asset or liability, such as:
  - 1) Interest rates and yield curves observable at commonly quoted intervals,
  - 2) Implied volatilities, and
  - 3) Credit spreads.
- d) Market-corroborated inputs.

(Examples: a bond valued using market corroborated inputs such as yield curves, a bond valued using matrix pricing, and an interest rate swap valued using the LIBOR swap rate observed at commonly quoted intervals for the full term of the swap)

Level 3

Are significant unobservable inputs for an asset or liability. (Examples: Commercial real estate valued using a forecast of cash flows based on a university's own data and an interest rate swap valued using data that is neither directly observable nor corroborated by observable market data)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The County has the following recurring fair value measurements as of June 30, 2019:

<b>Investment Type</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money Market Road	103,122	-	-	103,122
Money Market	1,780,969	-	-	1,780,969
LGIP Fund	<u>106,447</u>	<u>-</u>	<u>-</u>	<u>106,447</u>
Total Investments	<u>\$1,990,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,990,538</u>

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**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, 2019, consist of the following:

	<b>Governmental Funds</b>	<b>Proprietary Fund</b>	<b>Total</b>
Taxes receivable:			
Property taxes	\$ 206,880	\$ -	\$ 206,880
Due from other governments:			
Gas taxes	9,833	-	9,833
GRT	73,073	16,657	89,730
Motor vehicles	18,442	-	18,442
Grants	120,273	-	120,273
Other receivables:			
Fees	378,056	17,347	395,403
Ambulance charges	-	344,028	344,028
Allowance for doubtful accounts	-	(86,007)	(86,007)
Net receivables	\$ 806,557	\$ 292,025	\$ 1,098,582

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

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**5. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2019, 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, 2019 was charged as follows:

General government	\$	483,186
Public safety		245,423
Public works		41,899
Culture and recreation		<u>1,383</u>
 Total depreciation expense	 \$	 <u>771,891</u>

	<u>Balance</u>		<u>Deletions</u>	<u>Transfer</u>	<u>Balance</u>
	<u>June 30, 2018</u>	<u>Additions</u>			<u>June 30, 2019</u>
<b>Government activities:</b>					
Capital assets not being depreciated					
Land	\$ 133,052	\$ -	\$ -	\$ -	\$ 133,052
Construction in progress	<u>396,000</u>	<u>-</u>	<u>-</u>	<u>(396,000)</u>	<u>-</u>
Total	529,052	-	-	(396,000)	133,052
Other capital assets being depreciated					
Buildings	8,363,895	54,658	-	396,000	8,814,553
Improvements/infrastructure	9,807,817	-	-	-	9,807,817
Machinery and equipment	<u>8,855,165</u>	<u>659,322</u>	<u>-</u>	<u>-</u>	<u>9,514,487</u>
Total	<u>27,026,877</u>	<u>713,980</u>	<u>-</u>	<u>396,000</u>	<u>28,136,857</u>
Total	27,555,929	713,980	-	-	28,269,909
Accumulated depreciation:					
Buildings	5,971,223	460,291	-	-	6,431,514
Improvements/infrastructure	226,988	13,281	-	-	240,269
Machinery and equipment	<u>6,452,717</u>	<u>298,319</u>	<u>-</u>	<u>-</u>	<u>6,751,036</u>
Total accumulated depreciation	<u>12,650,928</u>	<u>771,891</u>	<u>-</u>	<u>-</u>	<u>13,422,819</u>
Net book value	<u>\$ 14,905,001</u>	<u>\$ (57,911)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,847,090</u>

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**5. CAPITAL ASSETS (continued)**

	Balance June 30, 2018	Additions	Deletions	Transfer	Balance June 30, 2019
<b>Business-type activities</b>					
Capital assets being depreciated					
Machinery and equipment	\$ 1,727,791	\$ 145,013	\$ -	\$ -	\$ 1,872,804
Total	1,727,791	145,013	-	-	1,872,804
Accumulated depreciation:					
Machinery and equipment	1,222,346	51,134	-	-	1,273,480
Total accumulated depreciation	1,222,346	51,134	-	-	1,273,480
Net book value	\$ 505,445	\$ 93,879	\$ -	\$ -	\$ 599,324

Depreciation expense relating to business-like activities for the year-ended June 30, 2019 totaled \$51,134.

**6. LONG-TERM LIABILITIES**

During the year-end June 30, 2019, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance 6/30/18	Additions	Reductions	Balance 6/30/19	Due Within One Year
<b>Governmental Funds</b>					
Detention Center - 2167 revenue	\$ 1,398,824	\$ -	\$ 69,105	\$ 1,329,719	\$ 75,966
Detention Center-2432 revenue	1,477,032	-	53,345	1,423,687	63,522
Hidalgo 8 -2292 NMFA	13,966	-	6,880	7,086	7,086
Hidalgo 11- 2607 NMFA	47,443	-	11,377	36,066	11,725
Hidalgo 15- 3353 NMFA	22,729	-	-	22,729	3,031
Hidalgo 16- 3509 NMFA	-	32,167	3,031	29,136	1,650
Hidalgo 17- 3510 NMFA	-	5,787	1,609	4,178	604
Compensated absences	28,317	59,463	26,451	61,329	61,329
Total	\$ 2,988,311	\$ 97,417	\$ 171,798	\$ 2,913,930	\$ 224,913

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

	Balance 6/30/18	Additions	Reductions	Balance 6/30/19	Due Within One Year
<b>Proprietary Fund</b>					
Compensated absences	\$ 16,489	\$ 23,426	\$ 18,485	\$ 21,430	\$ 14,454

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

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**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>
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	86,015	29,667	115,682
2025-2030	576,169	117,925	694,094
2031-2036	348,986	16,107	365,093
	<u>\$ 1,329,719</u>	<u>\$ 307,881</u>	<u>\$ 1,637,600</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>
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	77,726	44,287	122,013
2025-2030	517,096	196,534	713,630
2031-2036	537,587	57,072	594,659
2037-2042	21,058	-	21,058
	<u>\$ 1,423,687</u>	<u>\$ 503,426</u>	<u>\$ 1,927,113</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:

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**6. LONG-TERM LIABILITIES (continued)**

<u>Due in Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt service</u>
2020	\$ 7,086	\$ 116	\$ 7,202
	<u>\$ 7,086</u>	<u>\$ 116</u>	<u>\$ 7,202</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>
2020	\$ 11,725	\$ 752	\$ 12,477
2021	12,016	462	12,478
2022	<u>12,325</u>	<u>164</u>	<u>12,489</u>
	<u>\$ 36,066</u>	<u>\$ 1,378</u>	<u>\$ 37,444</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>
2020	\$ 3,031	\$ -	\$ 3,031
2021	3,031	-	3,031
2022	3,031	-	3,031
2023	3,031	-	3,031
2024	3,031	-	3,031
2025-2030	<u>7,574</u>	<u>-</u>	<u>7,574</u>
	<u>\$ 22,729</u>	<u>\$ -</u>	<u>\$ 22,729</u>



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**6. LONG-TERM LIABILITIES (continued)**

**NMFA Loan Payable - Hidalgo 16**

On December 1, 2016, the County entered into a loan agreement with the New Mexico Finance Authority. The original amount of the loan was \$32,167. Interest on the loan is 0%. The term of the loan was 20 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>
2020	\$ 1,650	\$ -	\$ 1,650
2021	1,650	-	1,650
2022	1,650	-	1,650
2023	1,650	-	1,650
2024	1,650	-	1,650
2025-2030	8,250	-	8,250
2031-2036	<u>12,636</u>	<u>-</u>	<u>12,636</u>
	<u>\$ 29,136</u>	<u>\$ -</u>	<u>\$ 29,136</u>

**NMFA Loan Payable - Hidalgo 17**

On December 1, 2016, the County entered into a loan agreement with the New Mexico Finance Authority. The original amount of the loan was \$11,772. Interest on the loan is 0%. The term of the loan was 20 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>
2020	\$ 604	\$ -	\$ 604
2021	604	-	604
2022	604	-	604
2023	604	-	604
2024	604	-	604
2025-2030	<u>1,158</u>	<u>-</u>	<u>1,158</u>
	<u>\$ 4,178</u>	<u>\$ -</u>	<u>\$ 4,178</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**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, 2018 through June 30, 2019, the premiums paid by the County were \$95,558. 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, 2018. 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, 2019.

**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, 2019

**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, 2018 available at: <http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.pdf>

**Contributions** - The contribution requirements of defined benefit plan members and Hidalgo County are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for 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 FY18 annual audit report at <http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.pdf>. The PERA coverage options that apply to the County are Municipal General Division and Municipal Police Division. Statutorily required contributions to the pension plan from the County were \$215,243 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2019.

**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, 2018. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2018, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2018.

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, 2019.

STATE OF NEW MEXICO, HIDALGO COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**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, 2017 to June 30, 2018 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2019 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, 2019, the County reported the following liability:

Municipal General Division	\$	3,131,343
Municipal Police Division		<u>920,429</u>
Total Net Pension Liability	\$	<u>4,051,772</u>

The amounts are the proportionate share of the net pension liability. At June 30, 2019, the County's proportion noted below was unchanged from its proportion measured as of June 30, 2018, due to the insignificance of the difference.

For the year ended June 30, 2019, the County recognized the following pension expense:

Municipal General Division	\$	462,739
Municipal Police Division		<u>110,123</u>
Total pension expense	\$	<u>572,862</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**8. PERA PENSION PLAN (CONTINUED)**

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows or resources related to pensions for Municipal General Division from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in assumptions	\$ 283,901	\$ 18,004
Net difference between projected and actual earnings on pension plan investments	232,236	-
Difference between expected and actual experience	90,502	82,212
County of Hidalgo contributions subsequent to the measurement date	158,614	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>316,852</u>	<u>335,677</u>
Total	<u>\$ 1,082,105</u>	<u>\$ 435,893</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**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:

	Deferred outflows of resources	Deferred inflows of resources
Changes in assumptions	\$ 105,022	\$ 5,627
Net difference between projected and actual earnings on pension plan investments	63,339	-
Difference between expected and actual experience	45,060	91,238
County of Hidalgo contributions subsequent to the measurement date	56,629	-
Change in proportion and differences between employer contributions and proportionate share of contributions	67,171	55,930
Total	\$ 337,221	\$ 152,795

<u>Liability Proportion</u>	
Municipal General Division	0.1964%
Municipal Police Division	0.1349%
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, 2019

**8. PERA PENSION PLAN (CONTINUED)**

In June 30, 2018 \$215,243, 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:	<b>Municipal General Division</b>	<b>Municipal Police Division</b>
2019	\$ 422,129	\$ 92,136
2020	135,900	28,818
2021	(80,970)	3,709
2022	10,539	3,134
2023	<u>-</u>	<u>-</u>
Total	<u>\$ 487,598</u>	<u>\$ 127,797</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, 2018 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, 2018 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, 2018. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2018 actuarial valuation.

STATE OF NEW MEXICO, HIDALGO COUNTY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**8. PERA PENSION PLAN (CONTINUED)**

Actuarial valuation date	June 30, 2016
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	7.48% annual rate, net of investment expense
- Projected benefit payment	100 years
-Payroll growth	3.51% 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, 2015



STATE OF NEW MEXICO, HIDALGO COUNTY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**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 %	7.48 %
Risk Reduction & Mitigation	21.5	2.37
Credit Oriented Fixed Income	15.0	5.47
Risk Assets	<u>20.0</u>	6.48
Total	100.0 %	

**Discount rate** - The discount rate used to measure the total pension liability was 7.25 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current 7.25%	1% Increase 8.25%
Municipal General Division	4,825,190	3,131,343	1,731,108
Municipal Police Division	<u>1,415,241</u>	<u>920,429</u>	<u>517,039</u>
TOTAL	<u>\$ 6,240,431</u>	<u>\$ 4,051,772</u>	<u>\$ 2,248,147</u>

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued FY18 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, 2019

**8. PERA PENSION PLAN (CONTINUED)**

**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, 2019.

**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, 2019.

**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, 2019 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ -	\$ 246,630
Detention	75,000	-
Grant	1,000	-
Gross Receipts Environmental	<u>-</u>	<u>40,000</u>
Total Governmental Funds	<u>76,000</u>	<u>286,630</u>
Enterprise Funds:		
Ambulance Fund	135,630	-
C&C Transfer	<u>75,000</u>	<u>-</u>
Total Enterprise Funds	<u>210,630</u>	<u>-</u>
Total	<u>\$ 286,630</u>	<u>\$ 286,630</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

**13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 27, 2019, the date the financial statements were available to be issued.

**14. TAX ABATEMENT**

The County has evaluated GASB 77 with regard to tax abatements and has determined that the County is not a party to any agreements that abate taxes.

**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, 2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
The County of Hidalgo's proportion of the net pension liability	\$ 1,245,831	\$ 1,644,593	\$ 3,041,951	\$ 3,198,869	\$ 3,131,343
The County of Hidalgo's proportionate share of the net pension liability	0.1597%	0.1613%	0.1904%	0.2328%	0.1964%
The County of Hidalgo's covered-employee payroll	\$ 1,565,040	\$ 1,151,277	\$ 1,983,479	\$ 2,132,943	\$ 1,725,592
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 %	181.46 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %	73.74 %	71.13 %

\*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, 2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 118,643	\$ 127,518	\$ 155,727	\$ 195,253	\$ 158,218
Contributions in relation to the contractually required contribution	<u>118,643</u>	<u>127,518</u>	<u>155,727</u>	<u>195,253</u>	<u>158,218</u>
Contribution deficiency (excess)	-	-	-	-	-
The County of Hidalgo's covered-employee payroll	<u>\$ 1,565,040</u>	<u>\$ 1,151,277</u>	<u>\$ 1,983,479</u>	<u>\$ 2,132,943</u>	<u>\$ 1,725,592</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>	<u>9.17 %</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, 2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
The County of Hidalgo's proportion of the net pension liability	\$ 422,156	\$ 576,546	\$ 906,793	\$ 820,015	\$ 920,429
The County of Hidalgo's proportionate share of the net pension liability	0.1295 %	0.1199 %	0.1229 %	0.1476 %	0.1349 %
The County of Hidalgo's covered-employee payroll	\$ 725,091	\$ 779,541	\$ 675,992	\$ 796,874	\$ 616,078
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 %	149.40 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %	73.74 %	71.13 %

\*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, 2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 46,154	\$ 44,395	\$ 46,207	\$ 57,497	\$ 53,853
Contributions in relation to the contractually required contribution	<u>46,154</u>	<u>44,395</u>	<u>46,207</u>	<u>57,497</u>	<u>53,853</u>
Contribution deficiency (excess)	-	-	-	-	-
The County of Hidalgo's covered-employee payroll	<u>\$ 725,091</u>	<u>\$ 779,541</u>	<u>\$ 675,992</u>	<u>\$ 796,874</u>	<u>\$ 616,078</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>	<u>8.74 %</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, 2019

**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 2018 audit available at <http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.pdf>

**Changes in assumptions** - The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2018 report is available at <http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.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, 2019

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,518,347	\$ -	\$ -	\$ 1,518,347
Taxes receivable	<u>31,605</u>	<u>398</u>	<u>-</u>	<u>32,003</u>
Total assets	<u>\$ 1,549,952</u>	<u>\$ 398</u>	<u>\$ -</u>	<u>\$ 1,550,350</u>
<b>LIABILITIES AND FUND BALANCE</b>				
LIABILITIES				
Accounts payable	\$ 456	\$ -	\$ -	\$ 456
Accrued liabilities	<u>7,160</u>	<u>-</u>	<u>-</u>	<u>7,160</u>
Total liabilities	7,616	-	-	7,616
FUND BALANCE				
Restricted for capital projects	-	398	-	398
Restricted for special revenue funds	<u>1,542,336</u>	<u>-</u>	<u>-</u>	<u>1,542,336</u>
Total fund balances	<u>1,542,336</u>	<u>398</u>	<u>-</u>	<u>1,542,734</u>
Total liabilities and fund balances	<u>\$ 1,549,952</u>	<u>\$ 398</u>	<u>\$ -</u>	<u>\$ 1,550,350</u>

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, 2019

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Total Funds</b>
<b>REVENUES</b>				
Motor Vehicle Taxes	\$ 160,203	\$ -	\$ -	\$ 160,203
Gasoline Taxes	119,441	-	-	119,441
Gross receipts taxes	230,155	398	-	230,553
Intergovernmental income	-	-	262,646	262,646
Charges for services	49,535	-	-	49,535
Other income	180,244	-	-	180,244
State grant	509,310	-	-	509,310
	<u>1,248,888</u>	<u>398</u>	<u>262,646</u>	<u>1,511,932</u>
Total revenues	1,248,888	398	262,646	1,511,932
<b>EXPENDITURES</b>				
Current:				
General government	464,881	-	-	464,881
Public safety	384,308	-	-	384,308
Health and welfare	287,092	-	-	287,092
Debt service				
Interest	-	-	121,939	121,939
Principal	-	-	140,707	140,707
Capital outlay	122,727	-	-	122,727
	<u>1,259,008</u>	<u>-</u>	<u>262,646</u>	<u>1,521,654</u>
Total expenditures	1,259,008	-	262,646	1,521,654
Excess (deficiency) revenues over ex (under) expenditures	<u>(10,120)</u>	<u>398</u>	<u>-</u>	<u>(9,722)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(40,000)	-	-	(40,000)
	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>
Total other financing sources (uses)	(40,000)	-	-	(40,000)
Net change in fund balance	(50,120)	398	-	(49,722)
Fund balance, beginning	<u>1,592,456</u>	<u>-</u>	<u>-</u>	<u>1,592,456</u>
Fund balance, end of year	<u>\$ 1,542,336</u>	<u>\$ 398</u>	<u>\$ -</u>	<u>\$ 1,542,734</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, 2019

	Recording/ Filing	Farm and Range	Property Valuation	Fire Fund	Cotton City Fire	Correction Fees	DARE	Animas Fire Fund	Hidalgo Fire
<b>ASSETS</b>									
Cash and cash equivalents	\$ 36,228	\$ 13,470	\$ 237,522	\$ 52,437	\$ 174,171	\$ 135,616	\$ 22,546	\$ 69,888	\$ 55,254
Other receivables	-	-	-	-	-	-	-	-	-
Total assets	<u>36,228</u>	<u>13,470</u>	<u>237,522</u>	<u>52,437</u>	<u>174,171</u>	<u>135,616</u>	<u>22,546</u>	<u>69,888</u>	<u>55,254</u>
<b>LIABILITIES AND FUND BALANCES</b>									
LIABILITIES									
Accounts payable	-	-	-	-	456	-	-	-	-
Total liabilities	-	-	-	-	456	-	-	-	-
FUND BALANCE									
Restricted for special revenue funds	<u>36,228</u>	<u>13,470</u>	<u>237,522</u>	<u>52,437</u>	<u>173,715</u>	<u>135,616</u>	<u>22,546</u>	<u>69,888</u>	<u>55,254</u>
Total liabilities and fund balance	<u>\$ 36,228</u>	<u>\$ 13,470</u>	<u>\$ 237,522</u>	<u>\$ 52,437</u>	<u>\$ 174,171</u>	<u>\$ 135,616</u>	<u>\$ 22,546</u>	<u>\$ 69,888</u>	<u>\$ 55,254</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, 2019

	<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 Tax</u>	<u>Recyclable Monies</u>	<u>Rodeo Fire</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 7	\$ 30,274	\$ -	\$ 44,990	\$ 9,258	\$ 12,561	\$ 64,495	\$ 102,611
Taxes receivable	-	-	-	4,842	-	-	-	-
Total assets	<u>7</u>	<u>30,274</u>	<u>-</u>	<u>49,832</u>	<u>9,258</u>	<u>12,561</u>	<u>64,495</u>	<u>102,611</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accrued liabilities	\$ -	\$ 1,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	1,196	-	-	-	-	-	-
<b>FUND BALANCE</b>								
Restricted for special revenue funds	<u>7</u>	<u>29,078</u>	<u>-</u>	<u>49,832</u>	<u>9,258</u>	<u>12,561</u>	<u>64,495</u>	<u>102,611</u>
Total liabilities and fund balance	<u>\$ 7</u>	<u>\$ 30,274</u>	<u>\$ -</u>	<u>\$ 49,832</u>	<u>\$ 9,258</u>	<u>\$ 12,561</u>	<u>\$ 64,495</u>	<u>\$ 102,611</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, 2019

	<u>Playas Fire</u>	<u>Gila Neblett</u>	<u>Special Investigations</u>	<u>Road Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 142,712	\$ -	\$ -	\$ 314,307	\$ 1,518,347
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,763</u>	<u>31,605</u>
Total assets	<u>\$ 142,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,070</u>	<u>\$ 1,549,952</u>
<b>LIABILITIES AND FUND BALANCES</b>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 456
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,964</u>	<u>7,160</u>
Total liabilities	-	-	-	5,964	7,616
FUND BALANCE					
Restricted for special revenue funds	<u>142,712</u>	<u>-</u>	<u>-</u>	<u>335,106</u>	<u>1,542,336</u>
Total liabilities and fund balance	<u>\$ 142,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,070</u>	<u>\$ 1,549,952</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, 2019

	Recording/Filing	Farm and Range	Property Valuation	Fire Fund	Cotton City Fire	Correction Fees	DARE	Animas Fire Fund	Hidalgo Fire
<b>REVENUES</b>									
Charges for services	\$ 11,461	\$ -	\$ 35,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	171,562	2,575	-	-
State grants	-	-	-	64,731	44,468	-	-	56,844	54,687
Total revenues	11,461	-	35,102	64,731	44,468	171,562	2,575	56,844	54,687
<b>EXPENDITURES</b>									
Current:									
General government	5,209	-	15,494	-	-	-	-	-	-
Public safety	-	-	-	40,164	26,415	112,616	672	44,961	51,320
Health and welfare	-	30,000	-	-	-	-	-	-	-
Capital outlay	-	-	48,173	59,850	-	-	-	-	-
Total expenditures	5,209	30,000	63,667	100,014	26,415	112,616	672	44,961	51,320
Excess (deficiency) of revenues over (under) expenditures	6,252	(30,000)	(28,565)	(35,283)	18,053	58,946	1,903	11,883	3,367
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing source (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balance	6,252	(30,000)	(28,565)	(35,283)	18,053	58,946	1,903	11,883	3,367
Fund balance, beginning	29,976	43,470	266,087	87,720	155,662	76,670	20,643	58,005	51,887
Fund balance, end of year	\$ 36,228	\$ 13,470	\$ 237,522	\$ 52,437	\$ 173,715	\$ 135,616	\$ 22,546	\$ 69,888	\$ 55,254

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, 2019

	<b>Law Enf. Protection</b>	<b>Gross Receipts Landfill</b>	<b>Indigent Care</b>	<b>Gross Receipts Env.</b>	<b>EMS Grant</b>	<b>Lodgers Tax</b>	<b>Recyclable Monies</b>	<b>Rodeo Fire</b>
<b>REVENUES</b>								
Gross receipts taxes	\$ -	\$ 97,559	\$ 97,559	\$ 35,037	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	2,972	-	-
Other income	-	-	-	-	-	5,351	-	-
State grants	<u>24,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,521</u>	<u>-</u>	<u>-</u>	<u>64,990</u>
Total revenues	24,200	97,559	97,559	35,037	36,521	5,351	2,972	64,990
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	6,500	3,400	-
Public safety	15,024	-	-	-	-	-	-	38,170
Health and welfare	-	97,847	106,413	-	52,832	-	-	-
Capital outlay	<u>9,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,535</u>
Total expenditures	<u>24,193</u>	<u>97,847</u>	<u>106,413</u>	<u>-</u>	<u>52,832</u>	<u>6,500</u>	<u>3,400</u>	<u>43,705</u>
Excess (deficiency) of revenues over (under) expenditures	7	(288)	(8,854)	35,037	(16,311)	(1,149)	(428)	21,285
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	7	(288)	(8,854)	(4,963)	(16,311)	(1,149)	(428)	21,285
Fund balance, beginning	<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>
Fund balance, end of year	<u>\$ 7</u>	<u>\$ 29,078</u>	<u>\$ -</u>	<u>\$ 49,832</u>	<u>\$ 9,258</u>	<u>\$ 12,561</u>	<u>\$ 64,495</u>	<u>\$ 102,611</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, 2019

	Playas Fire	Gila Neblett	Special Investigations	Road Fund	Total
<b>REVENUES</b>					
Motor Vehicle Taxes	\$ -	\$ -	\$ -	\$ 160,203	\$ 160,203
Gasoline Taxes	-	-	-	119,441	119,441
Gross receipts taxes	-	-	-	-	230,155
Intergovernmental income	-	-	-	-	-
Charges for services	-	-	-	-	49,535
Other income	-	-	-	756	180,244
State grants	68,204	-	-	94,665	509,310
Intercepted Revenue	-	-	-	-	-
	<u>68,204</u>	<u>-</u>	<u>-</u>	<u>375,065</u>	<u>1,248,888</u>
Total revenues	68,204	-	-	375,065	1,248,888
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	434,278	464,881
Public safety	54,966	-	-	-	384,308
Health and welfare	-	-	-	-	287,092
Capital outlay	-	-	-	-	122,727
	<u>54,966</u>	<u>-</u>	<u>-</u>	<u>434,278</u>	<u>1,259,008</u>
Total expenditures	54,966	-	-	434,278	1,259,008
Excess (deficiency) of revenues over (under) expenditures	13,238	-	-	(59,213)	(10,120)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers out	-	-	-	-	(40,000)
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>
Net change in fund balance	13,238	-	-	(59,213)	(50,120)
Fund balance, beginning	<u>129,474</u>	<u>-</u>	<u>-</u>	<u>394,319</u>	<u>1,592,456</u>
Fund balance, end of year	<u>\$ 142,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,106</u>	<u>\$ 1,542,336</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, 2019

**ASSETS**

Cash	\$ -
Taxes receivables	<u>398</u>
Total assets	<u>398</u>

**LIABILITIES AND FUND BALANCES**

Liabilities	
Accounts payable	<u>-</u>
Total liabilities	-
Fund balance	
Restricted for capital projects	<u>398</u>
Total liabilities and fund balance	<u>\$ 398</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 CAPITAL PROJECTS FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

<b>REVENUES</b>	
Gross receipts taxes	\$ 398
Other income	<u>-</u>
Total revenues	398
 <b>EXPENDITURES</b>	
Current:	
Total expenditures	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>398</u>
 <b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds from long term debt	-
Operating transfers out	<u>-</u>
Total other financing source (uses)	<u>-</u>
Net change in fund balance	398
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	<u>\$ 398</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, 2019

**ASSETS**

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

**LIABILITIES AND FUND BALANCES**

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

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO, HIDALGO COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

<b>REVENUES</b>	
Intergovernmental income	\$ <u>262,646</u>
Total revenues	262,646
<b>EXPENDITURES</b>	
Debt service interest	121,939
Debt service principal	<u>140,707</u>
Total expenditures	<u>262,646</u>
Excess (deficiency) of revenues over (under) expenditures	-
<b>OTHER FINANCING SOURCES (USES)</b>	
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, 2019

**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, 2019

<b>Taxes collected for others</b>	<u>Balance</u> <u>6/30/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/19</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,234	\$ 1,711,253	\$ (1,691,858)	\$ 34,629
Taxes receivable	<u>531,003</u>	<u>1,784,461</u>	<u>(1,691,858)</u>	<u>623,606</u>
Total assets	<u>\$ 546,237</u>	<u>\$ 3,495,714</u>	<u>\$ (3,383,716)</u>	<u>\$ 658,235</u>
<b>LIABILITIES</b>				
Deferred revenue	\$ 531,003	\$ 1,784,461	\$ (1,691,858)	\$ 623,606
Taxes paid in advance	<u>15,234</u>	<u>1,711,253</u>	<u>(1,691,858)</u>	<u>34,629</u>
Total liabilities	<u>\$ 546,237</u>	<u>\$ 3,495,714</u>	<u>\$ (3,383,716)</u>	<u>\$ 658,235</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, 2019

	<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	\$ 5,952,246	\$ 317	\$ 19,052	\$ 5,933,511
Warrant Account	CK	278,084	-	118,133	159,951
Payroll Clearing	CK	5,413	-	-	5,413
HCDC	CK	3,246	-	-	3,246
Jail Trust	CK	26,533	-	-	26,533
P Card	CK	12,164	-	-	12,164
Money Market	MM	1,780,969	-	-	1,780,969
Money Market Roads	MM	103,122	-	-	103,122
Overnight	MM	102,702	-	-	102,702
Western Bank Total		<u>8,264,479</u>	<u>317</u>	<u>137,185</u>	<u>8,127,611</u>
Sub-total		8,264,479	317	137,185	8,127,611
NM State Investment Pool		106,443	-	-	106,443
Restricted Cash - NMFA		295,789	-	-	295,789
Petty Cash		<u>600</u>	<u>-</u>	<u>-</u>	<u>600</u>
Total		<u>\$ 8,667,311</u>	<u>\$ 317</u>	<u>\$ 137,185</u>	<u>\$ 8,530,443</u>

Reconciliation to financial statements:

Cash and cash equivalents	\$ 8,200,025
Restricted cash	295,789
Agency funds	<u>34,629</u>

Total Cash and Investments, Primary Government \$ 8,530,443

Type:

CK = Checking

MM = Money Market

CD = Certificate of Deposit

	<u>Western</u>
Amount held in bank June 30, 2019	8,264,479
Less FDIC Insurance	<u>(250,000)</u>
Uninsured Public Funds	8,014,479
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	4,007,240
Pledged Securities	<u>4,668,538</u>
Over (Under) Collateralized	<u>\$ 661,298</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, 2019

<u>Description of Pledged Collateral</u>	<u>Amount</u>	<u>Name and Location of Safekeeper</u>
<b>New Mexico issued securities (at market value)</b>		
Clovis NM Muni Sch Dist #1 CUSIP#189414KX2 Maturing 8/1/2027	\$ 744,394	Federal Home Loan Bank of Dallas
FNMA CUSIP#31391HGM0, Maturing 9/25/2032	14,978	Federal Home Loan Bank of Dallas
NM ST Univ Resv CUSIP#6474292VO, Maturing 4/1/35	570,362	Federal Home Loan Bank of Dallas
Santa Fe Cnty NM CUSIP#801889LU8, Maturing 7/1/22	250,078	Federal Home Loan Bank of Dallas
FNR 2005-57 EZ CUSIP#31394EQX9, Maturing 4/25/2035	944,322	Federal Home Loan Bank of Dallas
GNMA CUSIP#3617ALD49, Maturing 4/20/2067	900,726	Federal Home Loan Bank of Dallas
Zuni NM Public School CUSIP#98981RAN7, Maturing 8/1/2024	689,497	Federal Home Loan Bank of Dallas
Luna Cnty NM Gross Rc CUSIP#550332DM9, Maturing 12/1/30	<u>367,922</u>	Federal Home Loan Bank of Dallas
Total New Mexico issued securities	4,482,279	Federal Home Loan Bank of Dallas
<b>Federal securities (at market value)</b>		
FNMA REMIC CUSIP#312906XG0, Maturing 8/15/21	4,931	Federal Home Loan Bank of Dallas
FNMA REMIC CUSIP#3138EHA97, Maturing 7/1/2041	<u>181,328</u>	Federal Home Loan Bank of Dallas
Total federal securities	<u>186,259</u>	Federal Home Loan Bank of Dallas
Total pledged securities	<u>\$ 4,668,538</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, 2019

Property taxes receivable, beginning as previously stated	\$ 637,452
Adjustment	<u>-</u>
Property taxes receivable, beginning as adjusted	637,452
Changes to tax roll:	
Net taxes charged to treasurer for fiscal year	3,510,038
Adjustments:	
Increases in taxes receivables	1,160,543
Charge off of taxes receivables	<u>(856,148)</u>
Total receivables prior to collections	4,451,885
Collections for fiscal year ended June 30, 2019	<u>(3,621,399)</u>
Property taxes receivable, ending	<u>\$ 830,486</u>

Property taxes receivable by  
years:

	2009	\$ 5,562
	2010	11,998
	2011	20,258
	2012	125,458
	2013	78,267
	2014	72,820
	2015	70,957
	2016	81,608
	2017	63,174
	<u>2018</u>	<u>300,384</u>
		<u>\$ 830,486</u>

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

General Fund	\$	206,880
Agency Fund		<u>623,606</u>
		<u>\$ 830,486</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019

	<b>Taxes Receivable at 7/1/18 as adjusted</b>	<b>Net Taxes Charged to Treasurer (including adjustments)</b>	<b>Collections</b>	<b>Taxes Receivable at 6/30/19</b>	<b>Distributions</b>
Municipalities	\$ 28,713	\$ 113,699	\$ (104,695)	\$ 37,717	\$ 104,695
Hidalgo County	300,415	2,034,292	(1,929,541)	405,166	1,929,541
State of New Mexico	38,016	293,075	(280,351)	50,740	280,351
Schools	<u>270,308</u>	<u>1,373,367</u>	<u>(1,306,812)</u>	<u>336,863</u>	<u>1,306,812</u>
	<u>\$ 637,452</u>	<u>\$ 3,814,433</u>	<u>\$ (3,621,399)</u>	<u>\$ 830,486</u>	<u>\$ 3,621,399</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/19</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/19</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 & Village of Virden	2009	\$ 67,391	\$ 2	\$ 66,378	\$ 2	\$ 68,185	\$ 1,887	\$ 80	\$ 1,013
City of Lordsburg & Village of Virden	2010	67,296	33	66,002	33	67,052	1,057	7	1,294
City of Lordsburg & Village of Virden	2011	70,884	33	67,984	33	68,056	77	5	2,900
City of Lordsburg & Village of Virden	2012	71,736	65	65,508	65	65,575	70	3	6,228
City of Lordsburg & Village of Virden	2013	103,991	65	103,433	65	103,463	97	67	558
City of Lordsburg & Village of Virden	2014	105,352	81	104,765	81	104,718	273	320	587
City of Lordsburg & Village of Virden	2015	103,954	1,087	103,213	1,087	103,155	16	74	741
City of Lordsburg & Village of Virden	2016	106,782	2,275	104,751	2,275	104,908	160	3	2,031
City of Lordsburg & Village of Virden	2017	103,902	4,280	98,919	4,280	98,996	155	78	4,983
City of Lordsburg & Village of Virden	2018	<u>105,416</u>	<u>96,774</u>	<u>88,034</u>	<u>96,774</u>	<u>96,774</u>	<u>8,740</u>	<u>-</u>	<u>17,382</u>
Total		<u>906,704</u>	<u>104,695</u>	<u>868,987</u>	<u>104,695</u>	<u>880,882</u>	<u>12,532</u>	<u>637</u>	<u>37,717</u>
Total Municipalities		<u>\$ 906,704</u>	<u>\$ 104,695</u>	<u>\$ 868,987</u>	<u>\$ 104,695</u>	<u>\$ 880,882</u>	<u>\$ 12,532</u>	<u>\$ 637</u>	<u>\$ 37,717</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/19</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/19</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	2009	\$ 1,604,065	\$ 7	\$ 1,603,645	\$ 7	\$ 1,645,989	\$ 44,730	\$ 2,386	\$ 420
General ad valorem	2010	1,601,029	128	1,598,741	128	1,622,135	24,859	1,465	2,288
General ad valorem	2011	1,699,690	128	1,697,433	128	1,698,358	258,655	257,730	2,257
General ad valorem	2012	1,714,468	246	1,661,336	246	1,666,769	224,070	218,637	53,132
General ad valorem	2013	1,792,604	262	1,751,530	262	1,754,351	3,637	816	41,074
General ad valorem	2014	1,844,424	338	1,806,146	338	1,807,443	3,249	1,952	38,278
General ad valorem	2015	1,882,981	6,138	1,845,638	6,138	1,847,189	2,356	805	37,343
General ad valorem	2016	1,969,995	14,658	1,927,757	14,658	1,934,879	13,991	6,869	42,238
General ad valorem	2017	1,949,843	31,053	1,919,021	31,053	1,920,474	2,176	723	30,822
General ad valorem	2018	<u>1,963,635</u>	<u>1,875,038</u>	<u>1,806,543</u>	<u>1,875,038</u>	<u>1,875,038</u>	<u>68,677</u>	<u>182</u>	<u>157,092</u>
Total General ad valorem		<u>\$ 18,022,734</u>	<u>\$ 1,927,996</u>	<u>\$17,617,790</u>	<u>\$ 1,927,996</u>	<u>\$ 17,772,625</u>	<u>\$ 646,400</u>	<u>\$ 491,565</u>	<u>\$ 404,944</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Agency</u>		<b>Property Taxes Levied</b>	<b>Collected in Current Year 6/30/19</b>	<b>Collected To Date</b>	<b>Distributed in Current Year 6/30/19</b>	<b>Distributed to Date</b>	<b>Increase in Taxes</b>	<b>Decrease in Taxes</b>	<b>County Receivable at Year End</b>
Hidalgo County (Continued)									
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	-	912	-	918	6	-	6
Non-rendition fees	2016	691	-	679	-	744	65	-	12
Non-rendition fees	2017	1,336	74	1,269	74	1,328	66	7	67
Non-rendition fees	2018	<u>1,608</u>	<u>1,471</u>	<u>1,471</u>	<u>1,471</u>	<u>1,471</u>	<u>-</u>	<u>-</u>	<u>137</u>
Total Non-rendition fees		<u>7,097</u>	<u>1,545</u>	<u>6,875</u>	<u>1,545</u>	<u>6,706</u>	<u>453</u>	<u>622</u>	<u>222</u>
Total Hidalgo County		<u>\$ 18,029,831</u>	<u>\$ 1,929,541</u>	<u>\$ 17,624,665</u>	<u>\$ 1,929,541</u>	<u>\$ 17,779,331</u>	<u>\$ 646,853</u>	<u>\$ 492,187</u>	<u>\$ 405,166</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/19</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/19</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	2009	\$ 23,451	\$ 73	\$ 23,451	\$ 73	\$ 32,980	\$ 9,690	\$ 161	\$ -
Cattle	2010	23,667	-	23,667	-	23,487	52	232	-
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	-	54,608	-	54,474	-	134	-
Cattle	2016	61,182	-	60,819	-	60,769	-	50	363
Cattle	2017	55,501	706	54,848	706	54,800	-	48	653
Cattle	2018	<u>50,259</u>	<u>48,926</u>	<u>48,962</u>	<u>48,926</u>	<u>48,926</u>	<u>-</u>	<u>36</u>	<u>1,297</u>
Total Cattle		\$ 412,032	\$ 49,705	\$ 409,666	\$ 49,705	\$ 417,608	\$ 9,749	\$ 1,807	\$ 2,366
Equines	2009	871	-	871	-	861	-	10	-
Equines	2010	927	-	927	-	898	-	29	-
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	-	727	-	705	-	22	30
Equines	2016	679	1	618	1	614	-	4	61
Equines	2017	1,037	22	970	22	965	-	5	67
Equines	2018	<u>1,191</u>	<u>1,055</u>	<u>1,061</u>	<u>1,055</u>	<u>1,055</u>	<u>-</u>	<u>6</u>	<u>130</u>
Total Equines		\$ 8,822	\$ 1,078	\$ 8,531	\$ 1,078	\$ 8,346	\$ 8	\$ 193	\$ 291

STATE OF NEW MEXICO, HIDALGO COUNTY  
 COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2019

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/19</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/19</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	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	568	-	568	-	568	-	-	-
Bison	2018	<u>564</u>	<u>564</u>	<u>564</u>	<u>564</u>	<u>564</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bison		\$ 2,863	\$ 564	\$ 2,863	\$ 564	\$ 2,863	\$ -	\$ -	\$ -
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	-	14	-	14	-	-	3
Sheep	2016	19	1	18	1	18	-	-	1
Sheep	2017	17	-	17	-	17	-	-	-
Sheep	2018	<u>16</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total Sheep		\$ 231	\$ 15	\$ 106	\$ 15	\$ 170	\$ -	\$ 55	\$ 6



STATE OF NEW MEXICO, HIDALGO COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/19</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/19</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	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	-	-	-
Dairy	2018	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Dairy		\$ 80	\$ 6	\$ 80	\$ 6	\$ 80	\$ -	\$ -	\$ -
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	-	27	-	27	-	-	-
Goats	2017	40	-	40	-	39	-	1	-
Goats	2018	<u>40</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>6</u>
Total Goats		\$ 289	\$ 34	\$ 283	\$ 34	\$ 281	\$ 1	\$ 3	\$ 6

STATE OF NEW MEXICO, HIDALGO COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/19</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/19</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	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	-	-	-
Swine	2018	<u>17</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total Swine		\$ 92	\$ 16	\$ 91	\$ 16	\$ 91	\$ -	\$ -	\$ 1
State Operational	2009	\$ 155,669	\$ 1	\$ 155,629	\$ 1	\$ 159,738	\$ 4,341	\$ 232	\$ 40
State Operational	2010	214,704	20	214,392	20	217,460	3,263	195	312
State Operational	2011	199,943	17	199,665	17	199,769	29,729	29,625	278
State Operational	2012	200,925	31	194,735	31	195,365	25,717	25,087	6,190
State Operational	2013	211,423	33	206,706	33	207,027	417	96	4,717
State Operational	2014	217,742	44	213,340	44	213,509	411	242	4,402
State Operational	2015	222,765	790	218,460	790	218,637	270	93	4,305
State Operational	2016	233,400	1,898	228,430	1,898	229,241	1,593	782	4,970
State Operational	2017	230,967	3,955	227,092	3,955	227,255	250	87	3,875
State Operational	2018	<u>233,268</u>	<u>222,144</u>	<u>214,287</u>	<u>222,144</u>	<u>222,144</u>	<u>7,882</u>	<u>25</u>	<u>18,981</u>
Total State Operational		<u>\$ 2,120,806</u>	<u>\$ 228,933</u>	<u>\$ 2,072,736</u>	<u>\$ 228,933</u>	<u>\$ 2,090,145</u>	<u>\$ 73,873</u>	<u>\$ 56,464</u>	<u>\$ 48,070</u>
Total State of New Mexico		<u>\$ 2,545,215</u>	<u>\$ 280,351</u>	<u>\$ 2,494,356</u>	<u>\$ 280,351</u>	<u>\$ 2,519,584</u>	<u>\$ 83,631</u>	<u>\$ 58,522</u>	<u>\$ 50,740</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/19</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/19</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	2009	\$ 736,299	\$ -	\$ 723,693	\$ -	\$ 742,466	\$ 19,162	\$ 389	\$ 12,606
Operational	2010	766,908	5	751,212	5	765,129	14,164	247	15,696
Operational	2011	802,860	5	768,392	5	768,999	11,552	10,945	34,468
Operational	2012	787,884	10	722,863	10	723,116	9,505	9,252	65,021
Operational	2013	74,749	11	73,017	11	73,137	157	37	1,732
Operational	2014	77,063	14	75,450	14	75,504	142	88	1,613
Operational	2015	78,101	255	76,529	255	76,594	99	34	1,572
Operational	2016	80,435	603	78,670	603	78,964	575	281	1,765
Operational	2017	80,040	1,240	78,796	1,240	78,856	87	27	1,244
Operational	2018	<u>81,471</u>	<u>77,859</u>	<u>74,969</u>	<u>77,859</u>	<u>77,859</u>	<u>2,897</u>	<u>7</u>	<u>6,502</u>
Total Operational		\$ 3,565,810	\$ 80,002	\$ 3,423,591	\$ 80,002	\$ 3,460,624	\$ 58,340	\$ 21,307	\$ 142,219
Debt Service	2009	\$ 270,728	\$ 4	\$ 280,084	\$ 4	\$ 287,165	\$ 7,549	\$ 468	\$ (9,356)
Debt Service	2010	270,292	90	280,655	90	284,602	4,230	283	(10,363)
Debt Service	2011	288,685	89	313,067	89	313,357	150,898	150,608	(24,382)
Debt Service	2012	291,047	153	306,677	153	310,019	128,229	124,887	(15,630)
Debt Service	2013	826,830	166	803,577	166	805,237	1,997	337	23,253
Debt Service	2014	852,058	219	830,590	219	831,488	2,001	1,103	21,468
Debt Service	2015	861,749	3,286	841,110	3,286	842,069	1,233	274	20,639
Debt Service	2016	896,225	7,763	873,268	7,763	876,684	6,530	3,114	22,957
Debt Service	2017	884,411	12,339	868,862	12,339	869,108	562	316	15,549
Debt Service	2018	<u>900,590</u>	<u>868,254</u>	<u>829,327</u>	<u>868,254</u>	<u>868,254</u>	<u>38,933</u>	<u>6</u>	<u>71,263</u>
Total Debt Service		\$ 6,342,615	\$ 892,363	\$ 6,227,217	\$ 892,363	\$ 6,287,983	\$ 342,162	\$ 281,396	\$ 115,398

STATE OF NEW MEXICO, HIDALGO COUNTY  
COUNTY TREASURER'S PROPERTY TAX SCHEDULE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Agency</u>		<u>Property Taxes Levied</u>	<u>Collected in Current Year 6/30/19</u>	<u>Collected To Date</u>	<u>Distributed in Current Year 6/30/19</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.	2009	\$ 100,399	\$ 1	\$ 99,561	\$ 1	\$ 99,795	\$ 299	\$ 65	\$ 838
Capital Imp.	2010	91,394	21	88,623	21	89,364	785	44	2,771
Capital Imp.	2011	94,994	21	90,257	21	90,280	39	16	4,737
Capital Imp.	2012	98,967	41	88,506	41	88,525	25	6	10,461
Capital Imp.	2013	309,028	49	302,095	49	302,566	629	158	6,933
Capital Imp.	2014	318,301	65	311,832	65	312,080	602	354	6,469
Capital Imp.	2015	322,677	1,137	316,357	1,137	316,620	396	133	6,320
Capital Imp.	2016	332,049	2,685	324,838	2,685	326,008	2,292	1,122	7,211
Capital Imp.	2017	342,700	5,925	336,788	5,925	336,990	367	165	5,912
Capital Imp.	2018	<u>340,541</u>	<u>324,502</u>	<u>312,947</u>	<u>324,502</u>	<u>324,502</u>	<u>11,591</u>	<u>36</u>	<u>27,594</u>
Total Capital Imp.		<u>\$ 2,351,050</u>	<u>\$ 334,447</u>	<u>\$ 2,271,804</u>	<u>\$ 334,447</u>	<u>\$ 2,286,730</u>	<u>\$ 17,025</u>	<u>\$ 2,099</u>	<u>\$ 79,246</u>
Total Schools		<u>\$ 12,259,475</u>	<u>\$ 1,306,812</u>	<u>\$ 11,922,612</u>	<u>\$ 1,306,812</u>	<u>\$ 12,035,337</u>	<u>\$ 417,527</u>	<u>\$ 304,802</u>	<u>\$ 336,863</u>
Total		<u>\$ 33,741,225</u>	<u>\$ 3,621,399</u>	<u>\$ 32,910,620</u>	<u>\$ 3,621,399</u>	<u>\$ 33,215,134</u>	<u>\$ 1,160,543</u>	<u>\$ 856,148</u>	<u>\$ 830,486</u>

STATE OF NEW MEXICO, HIDALGO COUNTY  
JOINT POWERS AGREEMENT  
JUNE 30, 2019

**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, 2018 - June 30, 2019
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, 2019

**Inmate Housing/Dispatchers/EMS - City of Lordsburg**

Participants	County of Hidalgo and the City of Lordsburg
Responsible Party	County of Hidalgo
Description	To provide EMS services, housing for adult prisoners and law enforcement radio dispatch for the City of Lordsburg
Period	July 1, 2018 - June 30, 2019
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, 2018 to June 30, 2019
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**

Mr. Brian S. Colón  
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, 2019, 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 27, 2019.

**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 (2019-001 and 2019-002).



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

### **Compliance and Other Matters**

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

### **County of Hidalgo's Response to Findings**

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

### **Purpose of this Report**

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



Beasley, Mitchell & Co., LLP  
Las Cruces, New Mexico  
November 27, 2019

STATE OF NEW MEXICO, HIDALGO COUNTY  
SUMMARY OF AUDIT RESULTS  
JUNE 30, 2019

SUMMARY OF AUDIT RESULTS

Financial Statements:

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Materials weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
c. Noncompliance material to the financial statements noted?	None noted

STATE OF NEW MEXICO, HIDALGO COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2019

**Section II - Financial Statements Findings**

PRIOR YEAR FINDINGS

2015-015	Budgetary Control - Significant Deficiency	Resolved
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CURRENT YEAR FINDINGS

2019-001	Lack of Internal Controls over IT - Significant Deficiency	New
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2019-002	Unapproved Fixed Assets Schedule - Significant Deficiency	New
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STATE OF NEW MEXICO, HIDALGO COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2019

**(2019-001) Lack of Internal Controls over IT - Significant Deficiency**

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<b>CONDITION</b>	A server purchased by the County located in the Assessor room is not properly secured in an offsite location.
<b>CRITERIA</b>	The State of New Mexico Statewide Guideline S-GUIDE-002.00 (NMSA 1978 Section 15-1C-1 and NMAC 1.12.6 and NMAC 1.12.2) establishes an Enterprise Security Policy for the protection of IT assets and resources including data and information. The Policy establishes that protection must be provided for IT assets, resources, and data/information from unauthorized access, use disclosure, disruption, modification, or destruction in order to provide integrity, confidentiality, availability, accountability, and assurance, and establishes that controls must be maintained over information systems, resources, and data/information sufficient to contain risk of loss or misuse of information.
<b>CAUSE</b>	The County did not have enough time to secure the newly purchased server in an offsite location.
<b>EFFECT</b>	Lack of controls can result in the loss of data, or modification of data either by error or with intent.
<b>RECOMMENDATION</b>	The County should physically safeguard the server.
<b>RESPONSE</b>	Hidalgo County is in the process of having the server co-located to an off-site location.

**EXPECTED COMPLETION: 06/30/2020    EMPLOYEE RESPONSIBLE: County Manager**

STATE OF NEW MEXICO, HIDALGO COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2019

**(2019-002) Unapproved Fixed Assets Schedule - Significant Deficiency**

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<b>CONDITION</b>	Fixed assets annual inventory was performed but was not certified and approved by the commissioners.
<b>CRITERIA</b>	According to Section 2.20.1.16 of NMAC - Annual Inventory: A. At the end of the fiscal year, each agency shall conduct a physical inventory of its fixed assets consisting of those with a historical cost of one thousand dollars (\$5,000) or more, under the control of the governing authority. E. The results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency.
<b>CAUSE</b>	The County was not aware of this requirement.
<b>EFFECT</b>	Lack of proper approval and certification may result in incorrect schedule of fixed assets.
<b>RECOMMENDATION</b>	The County must certify the year end schedule of fixed assets as to correctness and have it signed by the governing authority of the County. This schedule should also be approved by the Commissioners.
<b>RESPONSE</b>	After each annual physical inventory of fixed assets, the fixed assets schedule will be presented to the board of Commissioners.

**EXPECTED COMPLETION: 06/30/2020**

**EMPLOYEE RESPONSIBLE: County Manager**

STATE OF NEW MEXICO, HIDALGO COUNTY  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2019

An entrance conference was held on September 16, 2019 in a closed meeting with Beasley, Mitchell & Co. LLP and the following County officials:

Joel Edwards	County Commissioner
Tyler Massey	County Treasurer
Tisha Green	County Manager
Leslee Rudiger	Chief Deputy Treasurer
Miriam Jaquez	Payroll/Administrative Assistant
Karla Goitia	Office Assistant

Beasley, Mitchell & Co. LLP

Avi Chetty, CPA	Senior Auditor
Itza Sosa	Staff I Auditor

An exit conference was held on November 27, 2019 in a closed meeting with Beasley, Mitchell & Co. LLP and the following County officials:

Joel Edwards	County Commissioner
Tyler Massey	County Treasurer
Tisha Green	County Manager
Leslee Rudiger	Chief Deputy Treasurer

Beasley, Mitchell & Co. LLP

Avi Chetty, CPA	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.