

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD&A)**

## Management's Discussion and Analysis

As management of the County of Hidalgo (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-9 of this report.

### Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$338,686,400 (*net position*). Of this amount, \$116,453,400 represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position decreased \$5,177,640 primarily due to a prior period adjustment related to the implementation of GASB Statement No. 65 which required the recognition as an expense of debt issuance costs which had been previously recognized as an asset (deferred charge) in the Statement of Net Position.
- At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$191,535,260, an increase of \$63,187,476 in comparison with the prior year. Approximately 10% of this total amount (\$19,564,348) is available for spending at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$43,004,715, or approximately 24% of total general fund expenditures and transfers out.
- The County's total outstanding general obligation debt increased by \$61,340,000 due to the issuance of general obligation bonds by the Drainage District No. 1 in the amount of \$77,130,000. This new debt was offset by regularly scheduled principal reductions.

### Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 is improving or deteriorating.

The *statement of activities* presents information showing how the County'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 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 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 include general government, public safety, highways and

streets, sanitation, drainage flood control, health and welfare, culture and recreation, conservation, and urban and economic development. The business-type activities of the County include the landfill and the jail commissary.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the Hidalgo County Drainage District No. 1 (the Drainage District), and the Health Care Funding District, both legally separate entities. Although legally separate, both component units meet the criteria in GASB Statement No. 61 for blending and therefore, have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 31-33 of this report.

**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, 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 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 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 assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains multiple individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the Head Start Program special revenue fund, and the Drainage District capital projects fund, 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 nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its governmental funds, with the exception of grant-funded special revenue funds and capital projects funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 34-45 of this report.

**Proprietary Funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its landfill and jail commissary. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its risk financing activities related to health benefits and workers' compensation. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Both enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Similarly, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the enterprise and internal service funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 46-49 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains three different types of fiduciary funds. *Pension trust funds* are used to report resources held in trust for retirees and beneficiaries covered by the *Affiliated Agencies Employees' Retirement Plan*. *Private-purpose trust funds* are used to report resources held in trust for others by the County Treasurer, District Attorney, District Clerk, County Clerk, Sheriff, and the Urban County Program. *Agency funds* are used to report resources held by the County in a custodial capacity for individuals, private organizations, and other governments.

The fiduciary fund financial statements can be found on pages 50-51 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire 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 54-85 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules, which can be found on pages 88-302 of this report.

**Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$338,686,400, at the close of the most recent fiscal year.

**Net Position**

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current and other assets	\$ 445,941,686	\$ 378,098,401	\$ 3,576,417	\$ 3,213,867	\$ 449,518,103	\$ 381,312,268
Capital assets	426,572,719	427,344,611	1,003,375	1,003,375	427,576,094	428,347,986
Total assets	872,514,405	805,443,012	4,579,792	4,217,242	877,094,197	809,660,254
<b>Deferred Outflows:</b>						
Deferred charged on refunding	377,581	-	-	-	377,581	-
Total deferred outflow s	377,581	-	-	-	377,581	-
<b>Liabilities:</b>						
Long-term liabilities	367,746,690	291,451,275	1,652,884	1,624,719	369,399,574	293,075,994
Other liabilities	169,347,679	172,700,666	38,125	19,554	169,385,804	172,720,220
Total liabilities	537,094,369	464,151,941	1,691,009	1,644,273	538,785,378	465,796,214
<b>Net Position:</b>						
Net investment in capital assets	148,499,402	161,875,118	1,003,375	1,003,375	149,502,777	162,878,493
Restricted	72,663,061	69,744,709	66,902	66,902	72,729,963	69,811,611
Unrestricted	114,635,154	109,671,244	1,818,506	1,502,692	116,453,660	111,173,936
Total net position	\$ 335,797,617	\$ 341,291,071	\$ 2,888,783	\$ 2,572,969	\$ 338,686,400	\$ 343,864,040

By far, the largest portion of the County's net position (44.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (21.5%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance (34.4%) is unrestricted and may be used to meet the County's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation is held true for the prior fiscal year.

The County's overall net position decreased \$5,177,640 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities decreased \$1,509,221 from the prior fiscal year; however, due to a prior period adjustment of \$3,984,233, the overall net position of governmental activities decreased by \$5,493,454 for an ending balance of \$335,797,617. The prior period adjustment was almost entirely related to the implementation of GASB Statement No. 65 which required the recognition as an expense of debt issuance costs which had been previously recognized as an asset (deferred charge) in the Statement of Net Position.

**Changes in Net Position**

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 65,814,570	\$ 60,989,428	\$ 1,335,583	\$ 1,371,909	\$ 67,150,153	\$ 62,361,337
Operating grants and contributions	113,472,504	99,576,927	-	-	113,472,504	99,576,927
Capital grants and contributions	2,425,071	2,720,365	-	-	2,425,071	2,720,365
General revenues:						
Property taxes	188,630,519	183,936,243	-	-	188,630,519	183,936,243
Grants and contributions not restricted to specific programs	11,497,279	3,833,434	-	-	11,497,279	3,833,434
Interest earnings	589,637	521,437	189	2,239	589,826	523,676
Other	2,434,450	3,560,662	11	81	2,434,461	3,560,743
Total revenues	384,864,030	355,138,496	1,335,783	1,374,229	386,199,813	356,512,725
Expenses:						
General government	112,827,372	101,093,597	-	-	112,827,372	101,093,597
Public safety	99,428,539	90,336,106	-	-	99,428,539	90,336,106
Highways and streets	35,538,330	28,095,900	-	-	35,538,330	28,095,900
Sanitation	5,768,425	5,901,785	-	-	5,768,425	5,901,785
Drainage flood control	18,402,498	11,625,550	-	-	18,402,498	11,625,550
Health and welfare	85,762,647	71,258,891	-	-	85,762,647	71,258,891
Culture-recreation	4,212,908	3,892,851	-	-	4,212,908	3,892,851
Conservation of natural resources	950,619	916,059	-	-	950,619	916,059
Urban and economic development	13,464,903	18,498,452	-	-	13,464,903	18,498,452
Interest on long-term debt	10,017,010	11,411,173	-	-	10,017,010	11,411,173
Landfill services	-	-	24,777	28,558	24,777	28,558
Jail commissary	-	-	995,192	1,032,782	995,192	1,032,782
Total expenses	386,373,251	343,030,364	1,019,969	1,061,340	387,393,220	344,091,704
Increase (decrease) in net position	(1,509,221)	12,108,132	315,814	312,889	(1,193,407)	12,421,021
Net position - beginning restated	337,306,838	329,182,939	2,572,969	2,260,080	339,879,807	331,443,019
Net position - ending	\$ 335,797,617	\$ 341,291,071	\$ 2,888,783	\$ 2,572,969	\$ 338,686,400	\$ 343,864,040

As previously stated, there was a decrease of \$1,509,221 in the net position for governmental activities during the current fiscal year. The prior year, net position for governmental activities increased \$12,108,132. Overall, increases in expenditures outpaced revenue increases by \$13,617,353 during the current fiscal year.

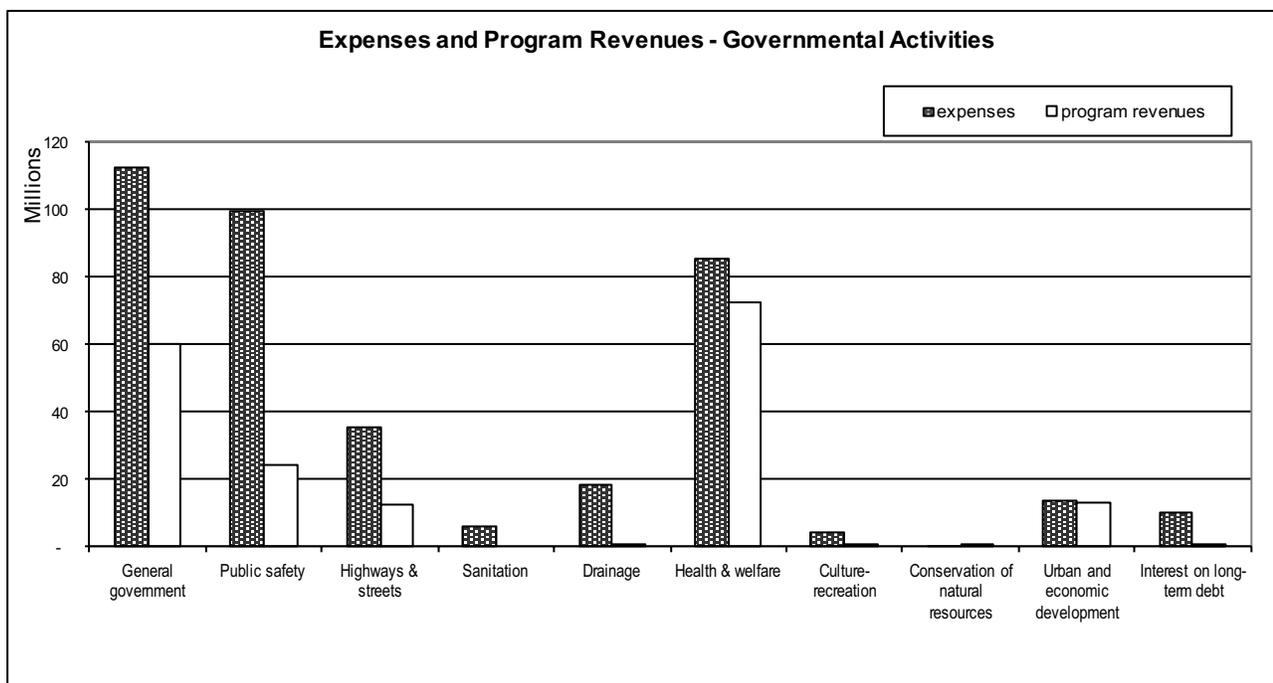
The following is a discussion of significant increases in revenues and expenditures of governmental activities:

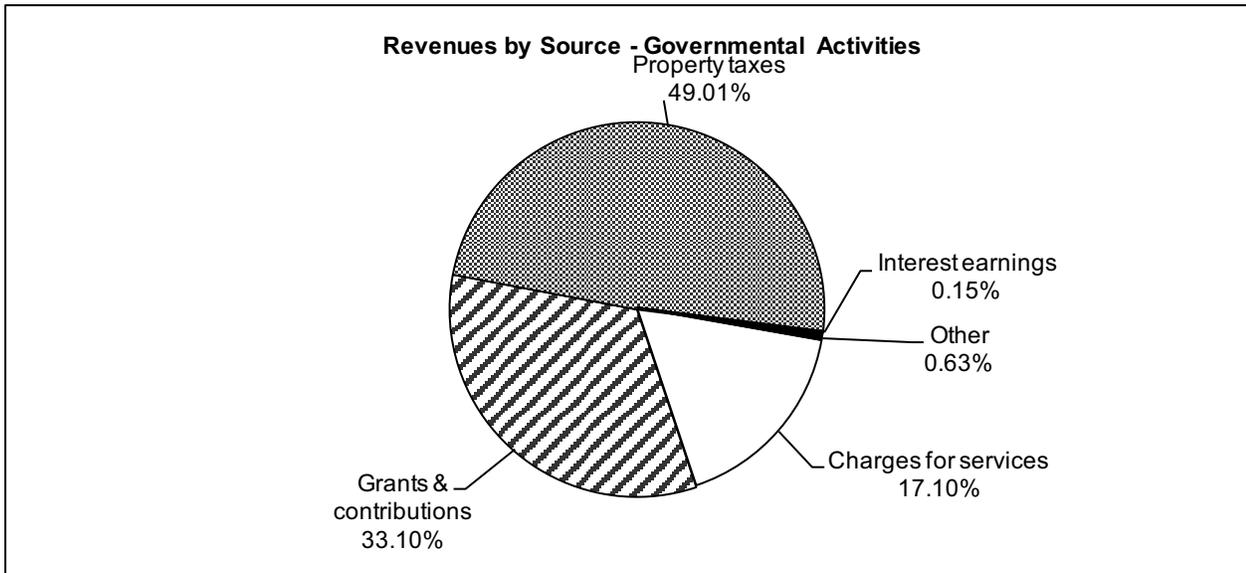
Overall revenues within governmental activities increased by \$29,725,534 (8%) from the prior fiscal year. The increase is mainly attributable to the following:

- Grants and contributions increased by \$21,264,128. The increase is primarily due to the 1115 Medicaid Waiver. In 2013, the County created a Health Care Funding District that assesses mandatory payments to the hospitals in the district for the intergovernmental transfer (IGT) to the State for funding the 1115 Medicaid Waiver. The hospitals paid the district \$10,515,300 during the current fiscal year. In addition, the County received a one-time Delivery System Reform Incentive Payment (DSRIP) of \$7,022,937 from the state related to the 1115 Medicaid Waiver. The increases from the 1115 Medicaid Waiver were offset with decreases in grants to the Head Start Program (\$1,977,645) and other grants.
- Charges for services increased by \$4,825,142 primarily due to new and/or increases in fees and increases in the premiums for the self-insured health benefits fund.
- Property tax revenues increased by \$4,694,275 due in part to a higher than expected collection rate.

Overall expenses within governmental activities increased by \$43,342,887 (13%) from the prior fiscal year. The increase is mainly attributable to the following:

- Expenses for health and welfare increased by \$14,503,756 primarily due to the IGT by the Health Care Funding District.
- Expenses for general government increased by \$11,733,775 in large part due to the recognition of debt issuance costs (\$3,972,568) which had been previously recognized as an asset (deferred charge) in the Statement of Net Position and rising health benefit claims (\$3,537,083).
- Expenses for public safety increased by \$9,092,433 mainly due to a capital lease to upgrade the Sheriff's radio communication system (\$6,856,405).
- Increases in expenditures for highways and streets (\$7,442,430) and drainage flood control (\$6,776,948) were offset by decreases in expenses for urban development (\$5,033,549) due to cuts in funding by HUD and interest expense (\$1,394,163).





**Business-type Activities.** For the County's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$2,888,783. The total increase in net position for business-type activities (landfill and jail commissary funds) was \$315,814 or 12% from the prior fiscal year. Overall revenue decreased by \$38,446 due to a decrease in jail commissary charges. Expenses decreased by \$41,371. Landfill expenses decreased by \$3,781 while the jail commissary expenses decreased by \$37,590.

#### Financial Analysis of the Governmental Funds

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

**Governmental Funds.** The focus of the County'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the County's Commissioners Court.

At December 31, 2013, the County's governmental funds reported combined fund balances of \$191,535,260, an increase of \$63,187,476 in comparison with the prior fiscal year. Approximately 10% of this amount (\$19,564,348) constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$3,685,435), 2) restricted for particular purposes (\$43,386,058), 3) committed for particular purposes (\$6,848,513), or 4) assigned for particular purposes (\$118,050,906).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$21,279,479, while total fund balance decreased slightly to \$50,031,744. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents approximately 12% of total general fund expenditures and transfers out, while total fund balance represents approximately 27% of that same amount. The fund balance of the County's general fund marginally decreased by \$219,887 during the current fiscal year.

The Head Start Program special revenue fund, a major fund, had a slight increase of \$75,953 in fund balance during the current fiscal year which brought the overall fund balance to \$330,815.

The Drainage District capital projects fund became a major fund in the current fiscal year. The fund balance increased by \$66,105,019 during the current fiscal year which brought the overall fund balance to \$73,581,012. The increase was due to the issuance of \$77,130,000 in bonds for drainage flood control projects.

**Proprietary Funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the jail commissary at the end of the current fiscal year increased by \$340,402 to a balance of \$2,606,531. However, the unrestricted net position of the landfill decreased by \$24,588 to a deficit balance of \$788,025. The total net position for both funds was \$2,608,813 and \$279,970, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

### **General Fund Budgetary Highlights**

**Original Budget Compared to Final Budget.** During the current fiscal year, there was an increase of \$13,646,115 in appropriations (including other financing uses) between the original and final amended budget. Following are the key components of the budget increase.

- \$8,067,117 of the increase was possible because of unanticipated revenues. This increase in appropriations was mainly due to a capital lease to upgrade the Sheriff's radio communication system (\$6,856,405). In addition, proceeds from the sale of County property were appropriated for a roadway project in Precinct No. 2 (\$935,540) and to purchase vehicles and equipment for Precinct No. 1 (\$144,776).
- \$4,176,073 of the increase resulted from using assigned fund balance. These funds were appropriated for repairs to the adult detention facility.
- \$1,402,925 of the increase resulted from using restricted fund balance. These funds were appropriated for the County Clerk's records archive (\$610,624), Child Advocacy Center (\$50,000), Drug Court (\$32,508), Sheriff (\$12,805), and to fund grant matching requirements (\$696,988).

During the current fiscal year, there was an increase of \$8,339,723 in estimated revenues (including other financing sources) between the original and final amended budget. Following are the key components of the increase in estimated revenues.

- \$6,964,955 of the increase was due to capital lease agreements for the acquisition of equipment. The largest capital lease was to upgrade the Sheriff's radio communication system (\$6,856,405).
- \$1,085,206 of the increase was due to the sale of airport property to the City of Edinburg (\$935,540); the sale of Precinct No. 1 assets to the Drainage District (\$144,776); and the sale of abandoned vehicles (\$4,890).
- \$153,400 of the increase was due to unanticipated revenues related to charges for services.
- \$95,000 of the increase was due to grants received from the Texas Department of Family and Protective Services.
- \$17,504 of the increase was due to gambling proceeds.
- \$1,500 of the increase was a contribution to the County.
- \$346 of the increase was due to a transfer in to the general fund.
- \$21,812 of the increase was due to miscellaneous revenues.

**Final Budget Compared to Actual Results.** A review of actual expenditures compared to appropriations in the final budget yields no significant variances with two exceptions. Actual expenditures for the repair of the adult detention facility were \$4,921,354 less than the final amended budget because the Sheriff was not ready to begin procurement for the repairs. In addition, actual transfers out for grant matching requirements were \$940,690 less than the final amended budget due to the difference in fiscal years. Grants operate on a fiscal year (usually beginning September 1<sup>st</sup> or October 1<sup>st</sup>) different from the County's fiscal year (beginning January 1<sup>st</sup>).

A review of actual revenues compared to estimated revenues in the final budget yields significant variances in three categories of revenues. The most significant difference between estimated revenues and actual revenues was in intergovernmental revenues. The County received a one-time Delivery System Reform Incentive Payment (DSRIP) of \$7,022,937 from the state related to the Medicaid 1115 Waiver. The DSRIP payment was made to the County because it serves as a Regional Healthcare Partnership (RHP) anchor. In addition, actual charges for services exceeded budgetary estimates by \$3,000,393 primarily due to an increase in court costs. Finally, actual tax collections exceeded the budgetary estimate by \$1,358,769 due to a higher than expected collection rate.

## Capital Asset and Debt Administration

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$427,576,094 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, and bridges. Total capital assets for the current fiscal year slightly decreased by approximately 0.18%.

Major capital events during the current fiscal year included the following: (1) completed construction on the Sheriff's substation in Precinct No. 1; (2) completed an addition to a WIC building; (3) completed construction of the court modular buildings; began construction on the Precinct No. 4 emergency services building; and (4) began the schematic design of the new courthouse.

### Capital Assets (net of accumulated depreciation)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 58,794,250	\$ 62,181,885	\$ 1,001,093	\$ 1,001,093	\$ 59,795,343	\$ 63,182,978
Infrastructure	185,312,259	192,443,484	-	-	185,312,259	192,443,484
Buildings and renovations	99,897,973	71,199,571	-	-	99,897,973	71,199,571
Improvements other than buildings	11,230,628	10,040,331	-	-	11,230,628	10,040,331
Machinery and equipment	40,142,590	33,625,310	2,282	2,282	40,144,872	33,627,592
Construction in progress	31,195,019	57,854,030	-	-	31,195,019	57,854,030
Total	\$ 426,572,719	\$ 427,344,611	\$ 1,003,375	\$ 1,003,375	\$ 427,576,094	\$ 428,347,986

Additional information on the County's capital assets can be found in the notes to the financial statements (See Note 3.C.).

**Long-term Debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$325,920,000. This debt is backed by the full faith and credit of the government. Additionally, the County had notes payable totaling \$2,015,024. This table excludes unamortized premiums and discounts.

### General Obligation Bonds and Notes Outstanding

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Refunding bonds	\$ 66,975,000	\$ 71,630,000	\$ -	\$ -	\$ 66,975,000	\$ 71,630,000
General obligation bond	163,535,000	90,305,000	-	-	163,535,000	90,305,000
Certificates of obligation	95,410,000	102,645,000	-	-	95,410,000	102,645,000
Notes-Hidalgo County	500,024	845,988	-	-	500,024	845,988
Notes-Urban County Program	1,515,000	1,680,000	-	-	1,515,000	1,680,000
Total	\$ 327,935,024	\$ 267,105,988	\$ -	\$ -	\$ 327,935,024	\$ 267,105,988

The County's total debt increased by \$60,829,036 due to the issuance of \$77,130,000 in bonds by the Drainage District which was offset by regularly scheduled principal reductions.

The County maintains an "AA-" rating from Standard & Poor's and Fitch Ratings and an "Aa2" rating from Moody's investors Service for general obligation debt. The Drainage District maintains an "AAA" rating from Standard & Poor's and an "Aaa" rating from Moody's investors Service for general obligation debt.

State statutes limit the amount of general obligation debt that the County may issue to 25% of its total assessed valuation. The current debt limitation for the County is \$6.96 billion, which is significantly in excess of the County's outstanding general obligation debt.

Additional information about the County's long-term debt can be found in the notes to the financial statements (See Note 3.G.).

## **Economic Factors and Next Year's Budgets and Rates**

The following economic factors were considered in developing the County's 2014 fiscal year budget.

- According to the Texas Workforce Commission, the unemployment rate (unadjusted) for August 2013 for the County of Hidalgo was 10.9%, which was higher than the state (6.4%) and national (7.3%) unemployment rates for the same period.
- Assessed property values had averaged 9% growth prior to fiscal year 2010. However, due to the economic downturn, the County experienced a modest 4% increase in assessed property values for fiscal year 2010 followed by negative growth of 1% for fiscal years 2011 and 2012. For fiscal year 2013, the County experienced positive growth of 1%. The County was projected to experience positive growth of up to 3% for fiscal year 2014.
- The ad valorem property tax rate has remained at \$0.590 per \$100 assessed valuation since fiscal year 2004. The Commissioners Court did not increase the tax rate for fiscal year 2014.
- Staffing levels were expected to be maintained for the 2014 budget. In addition, no provision for a Cost of Living Adjustment (COLA) was approved.

During the current fiscal year, the County's unassigned fund balance of the general fund was \$32,985,426. The County has appropriated \$11,706,190 of this amount for spending in the 2014 fiscal year budget. This action was taken in order to avoid the need to raise taxes or charges during the 2014 fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all 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 Hidalgo County Auditor's Office, 2808 South Business Highway 281, Edinburg, Texas 78539. This report is available online at <http://www.co.hidalgo.tx.us/index.asp?NID=448>.