

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

## Management's Discussion and Analysis

As management of the Hidalgo County (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, 2015. 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 3-6 of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$394,278,676 (*net position*). Of this amount, \$98,272,078 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 increased \$42,670,152 primarily due the Local Provider Participation Fund (LPPF). The Health Care Funding District assesses quarterly mandatory payments to the hospitals located in the County to be deposited in the LPPF. The increase was due to the larger hospitals depositing the entire fiscal year 2015-2016 assessed amount instead of the required quarterly payment in December 2015 because the hospitals anticipated that the State would request an intergovernmental transfer (IGT) before year-end.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$228,713,452, an increase of \$31,094,300 in comparison with the prior year. Approximately 10% of this amount (\$23,914,018) 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 \$38,629,856, or approximately 21% of total general fund expenditures and transfers out.
- The County's total outstanding general obligation debt decreased by \$5,660,000 during the current fiscal year due to the issuance of certificates of obligation in the amount of \$15,785,000 and refunding bonds in the amount of \$39,750,000 which refunded \$39,420,000 of debt. The new debt was offset by regularly scheduled principal reductions of \$21,775,000.

### 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 District) and the Health Care Funding District, both legally separate entities. Although legally separate, they function for all practical purposes as departments of the County, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 26-29 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 and the Health Care Funding District local provider participation special revenue 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 31-41 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 42-45 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 46-47 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 50-83 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information on pages 86-91 and combining and individual fund statements and schedules, which can be found on pages 94-95 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$394,278,676, at the close of the most recent fiscal year.

**Net Position**

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current and other assets	\$ 525,070,663	\$ 471,388,593	\$ 3,873,429	\$ 3,792,277	\$ 528,944,092	\$ 475,180,870
Capital assets	453,388,234	438,707,581	1,042,021	1,055,448	454,430,255	439,763,029
Total assets	978,458,897	910,096,174	4,915,450	4,847,725	983,374,347	914,943,899
<b>Deferred Outflows:</b>						
Loss on refunding	3,827,873	4,851,860	-	-	3,827,873	4,851,860
Pension	17,938,907	-	-	-	17,938,907	-
Total deferred outflows	21,766,780	4,851,860	-	-	21,766,780	4,851,860
<b>Liabilities:</b>						
Long-term liabilities	405,379,493	378,667,887	1,617,335	1,646,657	406,996,828	380,314,544
Other liabilities	201,728,889	187,818,955	25,584	53,736	201,754,473	187,872,691
Total liabilities	607,108,382	566,486,842	1,642,919	1,700,393	608,751,301	568,187,235
<b>Deferred Inflows:</b>						
Pension	2,111,150	-	-	-	2,111,150	-
Total deferred inflows	2,111,150	-	-	-	2,111,150	-
<b>Net Position:</b>						
Net investment in capital assets	188,600,929	177,495,406	1,042,021	1,055,448	189,642,950	178,550,854
Restricted	106,296,746	69,826,025	66,902	66,902	106,363,648	69,892,927
Unrestricted	96,108,470	101,139,761	2,163,608	2,024,982	98,272,078	103,164,743
Total net position	\$ 391,006,145	\$ 348,461,192	\$ 3,272,531	\$ 3,147,332	\$ 394,278,676	\$ 351,608,524

By far, the largest portion of the County's net position (48.1%) reflects its investment in capital assets (e.g., land, infrastructure, buildings and renovations, improvements other than buildings, and machinery and equipment), 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 (27%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance (24.9%) is unrestricted and may be used to meet the County's ongoing obligations to its citizens and creditors.

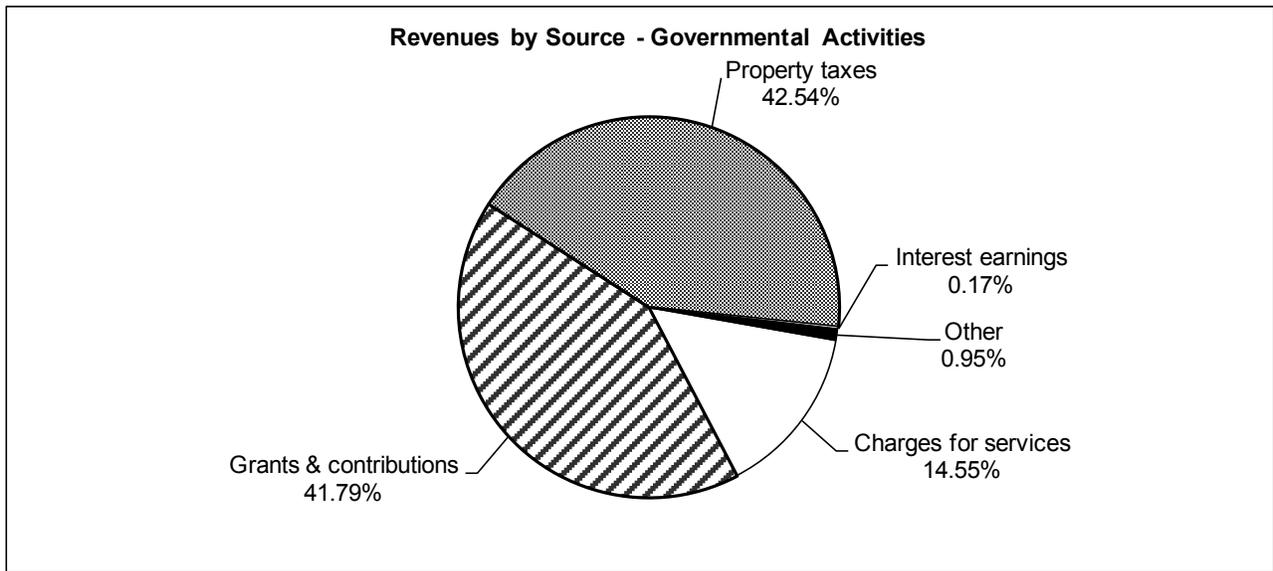
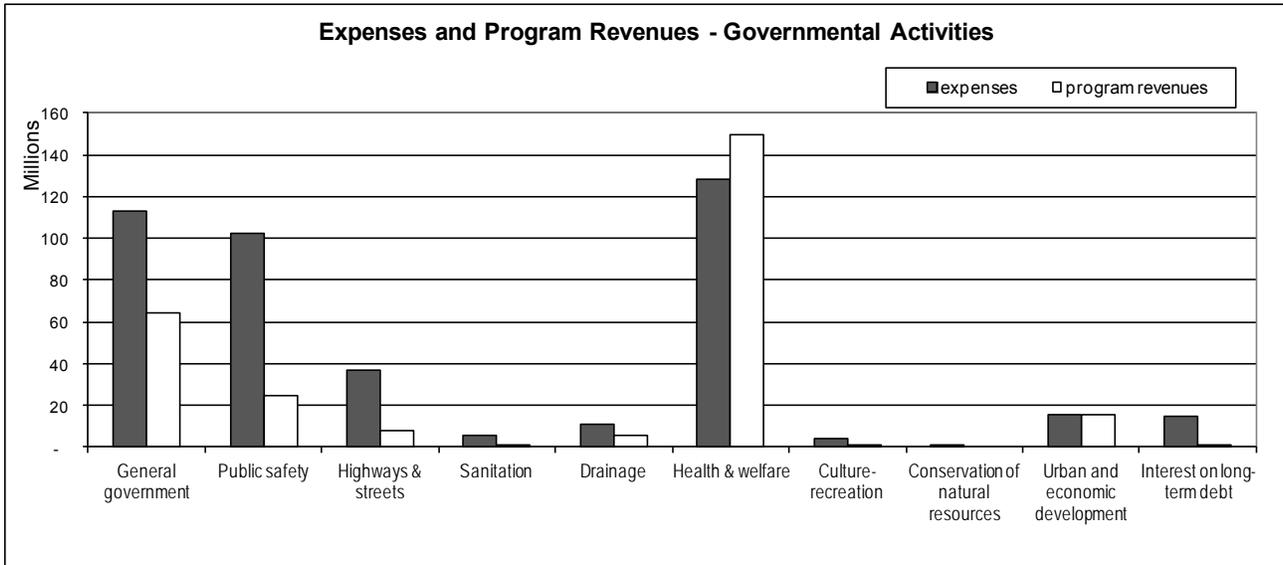
At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The County's overall net position increased \$42,670,152 from the prior fiscal year. The reasons for this overall increase 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 increased \$42,544,953 or 12% from the prior fiscal year for an ending balance of \$391,006,145. The increase is primarily due to an increase of \$35,262,483 in the Local Provider Participation Fund (LPPF). Money in the LPPF is used by the County to fund certain intergovernmental transfers (IGT) from the County to the State to provide the nonfederal share of a Medicaid supplemental payment program (1115 Waiver Program). The Health Care Funding District assesses quarterly mandatory payments to the hospitals located in the County to be deposited in the LPPF. During the current fiscal year, the larger hospitals paid the entire fiscal year 2015-2016 mandatory payment instead of making the required quarterly payment. The hospitals were anticipating that the State would request an IGT before year-end.

**Changes in Net Position**

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 71,408,264	\$ 69,852,581	\$ 1,494,855	\$ 1,390,767	\$ 72,903,119	\$ 71,243,348
Operating grants and contributions	197,340,475	149,802,839	-	-	197,340,475	149,802,839
Capital grants and contributions	837,756	2,157,041	-	-	837,756	2,157,041
General revenues:						
Property taxes	208,801,985	192,457,753	-	-	208,801,985	192,457,753
Grants and contributions not restricted to specific programs	6,942,483	5,975,466	-	-	6,942,483	5,975,466
Interest earnings	856,182	677,590	-	-	856,182	677,590
Other	4,669,903	4,000,100	-	-	4,669,903	4,000,100
Total revenues	490,857,048	424,923,370	1,494,855	1,390,767	492,351,903	426,314,137
Expenses:						
General government	112,902,355	112,787,403	-	-	112,902,355	112,787,403
Public safety	102,440,534	103,807,554	-	-	102,440,534	103,807,554
Highways and streets	36,914,350	29,595,835	-	-	36,914,350	29,595,835
Sanitation	5,661,819	5,652,481	-	-	5,661,819	5,652,481
Drainage flood control	11,269,630	7,279,792	-	-	11,269,630	7,279,792
Health and welfare	128,626,443	122,414,102	-	-	128,626,443	122,414,102
Culture-recreation	3,922,965	4,177,463	-	-	3,922,965	4,177,463
Conservation of natural resources	846,851	864,399	-	-	846,851	864,399
Urban and economic development	15,875,415	15,689,191	-	-	15,875,415	15,689,191
Interest on long-term debt	14,767,411	9,725,334	-	-	14,767,411	9,725,334
Landfill Services	-	-	15,891	24,153	15,891	24,153
Jail Commissary	-	-	1,353,765	1,108,065	1,353,765	1,108,065
Total expenses	433,227,773	411,993,554	1,369,656	1,132,218	434,597,429	413,125,772
Increase (decrease) in net position	57,629,275	12,929,816	125,199	258,549	57,754,474	13,188,365
Net position - beginning restated	333,376,870	335,531,376	3,147,332	2,888,783	336,524,202	338,420,159
Net position - ending	\$ 391,006,145	\$ 348,461,192	\$ 3,272,531	\$ 3,147,332	\$ 394,278,676	\$ 351,608,524



**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 \$3,272,531. The total increase in net position for business-type activities (landfill and jail commissary funds) was \$125,199 or 4% from the prior fiscal year. Overall revenue increased by \$104,088 due to an increase in jail commissary charges. Expenses increased by \$237,438. Jail commissary expenses increased by \$245,700 while landfill expenses decreased by \$8,262.

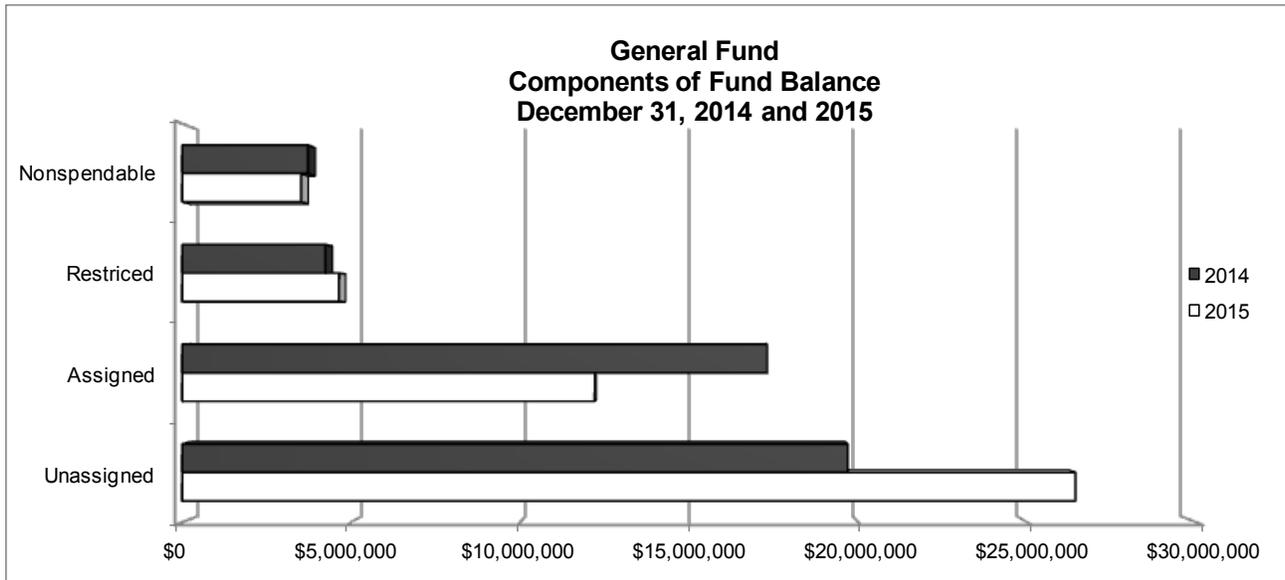
#### Financial Analysis of the Governmental Funds

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 use for particular purposes by the County's Commissioners' Court.

At December 31, 2015, the County's governmental funds reported combined fund balances of \$228,713,452, an increase of \$31,094,300 in comparison with the prior fiscal year. A pproximately 10.5% of this amount (\$23,914,018) 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 (\$3,532,205), 2) restricted for particular purposes (\$100,940,510), 3) committed for particular purposes (\$6,957,637), or 4) assigned for particular purposes (\$93,369,082).



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 \$26,426,521, while total fund balance increased by \$1,825,505 to \$46,786,893. 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 14% of total general fund expenditures and transfers out, while total fund balance represents approximately 25% of that same amount.

The Health Care Funding District's Local Provider Participation Fund (LPPF), a major fund, had a \$35,262,483 increase in fund balance during the current fiscal year which put the overall fund balance at \$41,971,575. In 2013, the County created a Health Care Funding District that assesses quarterly mandatory payments to the hospitals located in the County for the intergovernmental transfer (IGT) to the State for funding the Medicaid 1115 Waiver. Mandatory payments are deposited in the LPPF on a quarterly basis and are not paid out until requested by the State. As discussed earlier in connection with governmental activities, the increase was due to the larger hospitals depositing the entire fiscal year 2015-2016 assessed amount instead of the required quarterly payment in December 2015 because the hospitals anticipated that the State would request an IGT before year-end.

**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 \$154,517 to a balance of \$2,991,677. However, the unrestricted net position of the landfill decreased by \$15,891 to a deficit balance of \$828,069. The total net position for both funds was \$3,032,605 and \$239,926, 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 \$5,602,125 in appropriations (including other financing uses) between the original and final amended budget. Following are the key components of the budget increase.

- \$2,163,797 of the increase resulted from using restricted fund balance. These funds were appropriated to fund matching requirements (\$1,281,704), the County and District Clerk's records archive (\$362,625), economic development (\$205,000), elections (\$185,293), the scofflaw program (\$125,175), and the grand jury (\$4,000).
- \$1,475,716 of the increase resulted from using assigned fund balance. These funds were appropriated for the Medicaid 1115 Waiver DSRIP program (\$1,000,000), for the County's portion of various Texas Department of Transportation projects (\$434,716), and for architectural services for the new courthouse (\$41,000).
- \$762,612 of the increase was possible because of unanticipated revenues specifically described in the following section. These funds were appropriated for the acquisition of capital lease equipment (\$727,870), purchase of vehicles (\$32,238), travel (\$1,500), and equipment repair and maintenance (\$1,004).

During the current fiscal year, there was an increase of \$2,384,366 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.

- \$1,468,200 of new charges for services (fees) that became effective for the current year or too late in the previous year to include in the current year's revenue estimate. Most of this amount (\$1,420,000) was due to the new Sanitation Permit Fee that was first implemented in 2015.
- \$727,870 of other financing sources was recognized due to capital lease agreements for the acquisition of equipment.
- \$99,000 of grants was received from the Texas Department of Family and Protective Services for child welfare and legal services.
- \$68,423 of insurance proceeds was received related to vehicle accident claims.
- \$19,373 of outstanding jury script checks was transferred to the county treasury pursuant to Texas Government Code Sec. 61.001(f).
- \$1,500 donation was received from Oxy USA for the sheriff.

**Final Budget Compared to Actual Results.** A review of actual expenditures compared to appropriations in the final budget yields no significant variances with a few exceptions. Actual expenditures in the county-wide administration budget were \$856,066 less than the final amended budget. This is mainly due to funds budgeted for contingency expenditures which were not needed. In addition, actual expenditures for the Medicaid 1115 Waiver DSRIP program were \$752,517 less than the final amended budget because the Health and Human Services Department has not implemented planned programs related to preventative care. Also, actual expenditures for juvenile probation were \$527,023 less than the final amended budget due to less than anticipated room and board costs for probationers. Lastly, actual expenditures for the Sheriff were \$422,537 less than the final amended budget due to lower than anticipated fuel costs.

The most significant differences between estimated revenues and actual revenues were as follows:

Revenue Source	Estimated Revenue	Actual Revenue	Difference
Property taxes	\$151,592,829	\$154,663,085	\$3,070,256
Charges for services	14,981,105	16,596,503	1,615,398
Miscellaneous revenue	776,496	2,359,046	1,582,550

The variances between actual collections and the final budget are mainly due to a conservative approach by the County Auditor in projecting revenues and tax collection rates.

## 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, 2015, amounts to \$454,430,255 (net of accumulated depreciation). This investment in capital assets includes land, roads and bridges, buildings and renovations, improvements, and machinery and equipment. Total capital assets for the current fiscal year increased slightly by approximately 3.34%.

Major capital events during the current fiscal year included the following: (1) substantial completion of the Precinct No. 4 Linn-San Manuel Emergency Services Facility; (2) vehicle replacements for various offices/departments; (3) completed renovations on the jail roof; and (4) numerous road projects.

### Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 61,837,363	\$ 59,543,423	\$ 1,001,093	\$ 1,001,093	\$ 62,838,456	\$ 60,544,516
Infrastructure	187,540,807	183,737,684	-	-	187,540,807	183,737,684
Buildings and renovations	106,529,998	101,015,376	-	-	106,529,998	101,015,376
Improvements other than buildings	12,566,417	11,479,841	-	-	12,566,417	11,479,841
Machinery and equipment	39,896,075	36,053,080	40,928	54,355	39,937,003	36,107,435
Construction in progress	45,017,574	46,878,177	-	-	45,017,574	46,878,177
Total	\$ 453,388,234	\$ 438,707,581	\$ 1,042,021	\$ 1,055,448	\$ 454,430,255	\$ 439,763,029

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 \$327,845,000. This debt is backed by the full faith and credit of the government. Additionally, the County had notes payable totaling \$1,587,470. This table excludes unamortized premiums and discounts.

### General Obligation Bonds and Notes Outstanding

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Refunding bonds	\$ 99,620,000	\$ 91,405,000	\$ -	\$ -	\$ 99,620,000	\$ 91,405,000
General obligation bonds	150,445,000	157,700,000	-	-	150,445,000	157,700,000
Certificates of obligation	73,330,000	78,870,000	-	-	73,330,000	78,870,000
Tax notes	4,450,000	5,530,000	-	-	4,450,000	5,530,000
Notes-Hidalgo County	311,696	407,707	-	-	311,696	407,707
Notes-Urban County Program	1,150,000	1,340,000	-	-	1,150,000	1,340,000
Notes-Drainage District No. 1	125,774	261,953	-	-	125,774	261,953
Total	\$ 329,432,470	\$ 335,514,660	\$ -	\$ -	\$ 329,432,470	\$ 335,514,660

During the current fiscal year, the bonded debt decreased by \$5,660,000 due to the issuance of \$15,785,000 in certificates of obligation and the issuance of \$39,750,000 in refunding bonds, which refunded \$39,420,000 of debt. These issuances were offset by regularly scheduled principal reductions of \$21,775,000.

During the current fiscal year, notes payables decreased by \$422,190 due to regularly scheduled principal reductions.

The County maintains a "AA-" rating from Standard & Poor's and a "Aa2" rating from Moody's investors Service for general obligation debt. The Drainage District maintains a "AA-" rating from Standard & Poor's and a "Aa2" 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 \$8.5 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 2016 fiscal year budget.

- According to the Texas Workforce Commission, the County's 2015 unemployment rate was 7.9%, which was higher than the state (4.5%) and national (5.3%) unemployment rates for the same period.
- Assessed property values had averaged 13% growth for the five-year period prior to fiscal year 2010. However, due to the economic downturn, the County experienced a modest 5% increase in assessed property values for fiscal year 2010 followed by 0% change and 1% decrease for fiscal years 2011 and 2012. For fiscal year 2013, 2014, and 2015, the County experienced positive growth of 1%, 2%, and 3%, respectively. The County was projected to experience positive growth of up to 5% for fiscal year 2016; however, the Budget Office estimated a modest 3% increase for preparing the 2016 budget.
- The ad valorem property tax rate has remained at \$0.5900 per \$100 assessed valuation since fiscal year 2003. The Commissioners' Court decided not to increase the tax rate for fiscal year 2016.
- Due to the increasingly positive growth in the tax base for the last three years and given the fact that the County had not provided a Cost of Living Adjustment (COLA) to employees since the 2013 budget, a 3% COLA was approved for all employees in the 2016 budget.
- Staffing levels were expected to be maintained for the 2016 budget.

During the current fiscal year, the County's unassigned fund balance of the general fund was \$31,156,878; however, the County appropriated \$4,730,357 of this amount for spending in the 2016 fiscal year budget, bringing the unassigned fund balance in 2015 to \$26,426,521. This action was taken in order to avoid the need to raise taxes or charges during the 2016 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>.