



City of Weslaco, Texas

Annual Comprehensive Financial Report



For the Fiscal Year Ended



September 30, 2021

(This page intentionally left blank)

CITY OF WESLACO, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2021

Issued by:

Andrew Munoz, Interim City Manager

Vidal Roman, Finance Director



Page No.

INTRODUCTORY SECTION

City Officials	1
Letter of Transmittal	3
GFOA Certificate of Achievement	7
Organizational Chart	8

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	9
-------------------------------------	----------

MANAGEMENT'S DISCUSSION AND ANALYSIS	15
---------------------------------------------	-----------

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Position	25
Statement of Activities	26

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	29
Statement of Revenues, Expenditures and Changes in Fund Balances	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31

Proprietary Fund Financial Statements

Statement of Net Position	32
Statement of Revenues, Expenses and Changes in Net Position	34
Statement of Cash Flows	35

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position	36
Statement of Changes in Fiduciary Net Position	37

Notes to Financial Statements	39
-------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	94
------------------------------------------------------------------------------------------------------	----



	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION- Continued	
Schedule of Changes in Net Pension Liability and Related Ratios- Texas Municipal Retirement System	96
Schedule of Changes in Net Pension Liability and Related Ratios- Firemen's Pension	97
Schedule of Contributions For Texas Municipal Retirement System Pension Plan and Firemen's Pension Plan	98
Schedule of Changes in Total OPEB Liability and Related Ratios- Texas Municipal Retirement System- Supplemental Death Benefits Fund	99
Schedule of Changes in Total OPEB Liability and Related Ratios- Firefighter Retiree Health Care Plan	100
Notes to Schedule of Contributions For Texas Municipal Retirement System Pension Plan and Firemen's Pension Plan	101
Notes to Required Supplementary Information	102
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds	
Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	106
Comparative Individual Fund Statements	
General Fund	
Comparative Balance Sheets	108
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	109
Special Revenue Funds	
<i>Hotel/Motel Tax</i>	
Comparative Balance Sheets	110
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	111
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual- Hotel/Motel Tax Fund	112
<i>Library Fund</i>	
Comparative Balance Sheets	113
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	114
<i>Building Depreciation Fund</i>	
Comparative Balance Sheets	115
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	116
<i>Special Projects Fund</i>	
Comparative Balance Sheets	117
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	118


OTHER SUPPLEMENTARY INFORMATION - Continued
Capital Projects Funds
2013 Certificate of Obligation Construction Fund

Comparative Balance Sheets 119

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 120

Capital Improvement Program Fund

Comparative Balance Sheets 121

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 122

Schedule of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual- Capital Improvement Program Fund 123

Fire Department Equipment Replacement Fund

Comparative Balance Sheets 124

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 125

Schedule of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual- Fire Department Equipment Replacement Fund 126

Storm Water Improvement Fund

Comparative Balance Sheets 127

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 128

Schedule of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual- Storm Water Improvement Fund 129

2019 Bond Construction Fund

Comparative Balance Sheets 130

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 131

Schedule of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual- 2019 Bond Construction Fund 132

2021 C. O. Construction Fund

Comparative Balance Sheets 133

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 134

2021B C.O. Construction Fund

Comparative Balance Sheets 135

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 136

Series 2021A TWDB Fund

Comparative Balance Sheets 137

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 138

Debt Service Funds
Debt Service Fund

Comparative Balance Sheets 139

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 140

Schedule of Revenues, Expenditures and Changes in Fund Balance –

Budget and Actual- Debt Service Fund 141



	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION – Continued	
<i>Series 2019 Debt Service Fund</i>	
Comparative Balance Sheets	142
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	143
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual- Debt Service Fund	144
<i>Series 2021B Debt Service Fund</i>	
Comparative Balance Sheets	145
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	147
Enterprise Funds	
<i>Water and Wastewater Fund</i>	
Comparative Statements of Net Position	148
Comparative Statements of Revenues, Expenses and Changes in Net Position	150
Comparative Statements of Cash Flows	151
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual- Water and Wastewater Fund	152
<i>Solid Waste Fund</i>	
Comparative Statements of Net Position	154
Comparative Statements of Revenues, Expenses and Changes in Net Position	155
Comparative Statements of Cash Flows	156
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual- Solid Waste Fund	157
<i>Airport Fund</i>	
Comparative Statements of Net Position	158
Comparative Statements of Revenues, Expenses and Changes in Net Position	159
Comparative Statements of Cash Flows	160
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual- Airport Fund	161
Internal Service Fund	
<i>Equipment Replacement Fund</i>	
Comparative Statements of Net Position	162
Comparative Statements of Revenues, Expenses, and Changes in Net Position	163
Comparative Statements of Cash Flows	164
Fiduciary Funds	
<i>Firemen's Relief and Retirement Pension Trust fund</i>	
Comparative Statements of Fiduciary Net Position	165
Comparative Statements of Changes in Fiduciary Net Position	166
<i>Marion Booth Endowment Fund Private Purpose Trust Fund</i>	
Comparative Statements of Fiduciary Net Position	167
Comparative Statements of Changes in Fiduciary Net Position	168



	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION – Continued	
Component Unit	
<i>Economic Development Corporation of Weslaco</i>	
Comparative Balance Sheets	169
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	170
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	171
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	172
Supplemental Statements and Schedules	
Schedule of Taxes Receivable – By Fund	173
Analysis of Tax Collections, Adjustments and Allocation to Funds	174
Bonded Debt Requirements	
Limited Tax Refunding Bonds, Series 2012	175
Tax and Revenue, Certificates of Obligation, Series 2013	176
Limited Tax Refunding Bonds, Series 2016	177
Certificates of Obligation, Series 2018	178
General Obligation Bonds, Series 2019	179
Limited Tax Refunding Bonds, Series 2020	180
Certificates of Obligation, Series 2021	181
Certificates of Obligation, Series 2021A	182
Certificates of Obligation, Series 2021B	183
Water and Sewer Limited Tax Refunding Bonds, Series 2020	184
Tax and Revenue, Certificates of Obligation, Series 2014	185
Limited Tax Refunding Bonds, Series 2016	186
Limited Tax Refunding Bonds, Series 2017	187
Economic Development Sales Tax Revenue Refunding Bonds, Series 2012	188
STATISTICAL SECTION	
Net Position by Component – Last Ten Fiscal Years	191
Changes in Net Position – Last Ten Fiscal Years	192
Fund Balances of Governmental Funds – Last Ten Fiscal Years	194
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	195
Property Tax Levies and Collections – Last Ten Fiscal Years	196
Assessed Value of Taxable Property – Last Ten Fiscal Years	197
Principal Property Taxpayers – Current Calendar Year and Nine Years Ago	198
Property Tax Rates and Tax Levies – All Overlapping Governments	
Last Ten Fiscal Years	199
Computation of Direct and Overlapping Debt	201
Legal Debt Margin Information – Last Ten Fiscal Years	202
Pledged – Revenue Coverage – Last Ten Fiscal Years	204
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	205



STATISTICAL SECTION- Continued

Ratios of General Bonded Debt Outstanding by Type – Last Ten Fiscal Years	207
Taxable Sales by Industry – Last Ten Calendar Years	208
Sales Tax Revenue Payers by Industry – Calendar Years 2020 and 2011	210
Direct and Overlapping Sales Tax Rates – Last Ten Fiscal Years	211
Miscellaneous Statistical Facts	212
Demographic and Economic Statistics – Last Ten Calendar Years	213
Operating Indicators and Capital Asset Statistics by Function/Program	214
Top Ten Principal Employers – 2020 and 2011	215
Full-Time Equivalent Employees by Function – Last Ten Fiscal Years	216

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	217
Independent Auditors' Report on Compliance For Each Major Program And on Internal Control Over Compliance Required by The Uniform Guidance	221
Schedule of Findings and Questioned Costs	225
Corrective Action Plan	227
Summary Schedule of Prior Audit Findings	228
Schedule of Expenditures of Federal Awards	229
Notes on Accounting Policies for Federal Awards	230

City of Weslaco, Texas
City Officials

Mayor	David Suarez
Mayor Pro-tem	Josh Pedraza
Commissioners	Letty Lopez Jose JP Rodriguez Greg Kerr Leo Munoz Adrian Farias
Interim City Manager	Andrew Munoz
Aviation Director	Andrew Munoz
Finance Director	Vidal Roman
City Secretary	Norma A. Cantu
City Attorney	Juan E. Gonzalez
Chief Appraiser	Rolando Garza Hidalgo County Appraisal District
Collector of Taxes	Paul Villarreal County of Hidalgo
Chief of Police	Joel Rivera
Fire Chief	Antonio Lopez
Municipal Court Administrator	Rosa Badillo
Planning and Code Enforcement Director	Rebekah De La Fuente
Human Resources Director	Luz Galindo
Information Technology	J. Martin Vela
Parks and Recreation Director	Omar Rodriguez
Public Facilities Director	Pete Garcia, Jr.
Library Director	Arnold Becho

(This page intentionally left blank)

City of Weslaco

"The City on the Grow"



David Suarez, Mayor
Josh Pedraza, Mayor Pro-Tem, District 1
Leo Muñoz, Commissioner, At-Large
Greg Kerr, Commissioner, At-Large
Letty Lopez, Commissioner, District 2
Jose "J.P." Rodriguez, Commissioner, District 3
Adrian Farias, Commissioner, District 4

Andrew Muñoz, Interim City Manager

April 5, 2022

The Honorable Mayor David Suarez,
City Commission and
Citizens of the City of Weslaco

The Annual Comprehensive Financial Report (the "Annual Report") of the City of Weslaco, Texas (the City) for the fiscal year ended September 30, 2021, is submitted in accordance with Section 28 of the City Charter.

Management assumes full responsibility for the completeness and reliability of the information contained in this report.

To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Carr, Riggs, & Ingram, LLC, has issued an unmodified ("clean") opinion of the City of Weslaco's financial statements for the year ended September 30, 2021. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City of Weslaco

The City of Weslaco, Texas, established in 1919, is located in the southern tip of Texas in the heart of the Rio Grande Valley, which is considered to be one of the top growth areas in the state, and in the country. The City currently occupies a land area of 15 square miles and serves an estimated population of 42,907. The City is authorized to levy a property tax on both real and personal properties located within its boundaries.

The City of Weslaco has operated under the Council-Manager form of government since incorporation in 1928. Policy-making and legislative authority are vested in a City Commission consisting of a Mayor and six Commissioners. The City Commission is responsible, among other things, for enacting ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for implementing the policies and ordinances of the City Commission, for managing the day-to-day operations of the City, and for appointing the directors of the various departments. The Commission is elected on non-partisan basis. The Mayor and Commissioners serve three-year staggered terms, with two commissioners elected every year except for every third year when the Mayor is elected.

The City provides a full range of services, including police and fire protection; emergency medical services; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Water and wastewater services are also provided by the City. The City is also financially accountable for a legally separate economic development corporation, which is reported separately within the City of Weslaco's financial statements as a component unit. Additional information on this legally separate entity can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager during the budget process. The City Manager uses these requests to initiate a proposed budget. The City Manager then presents this proposed budget to the Commission for review. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th, the end of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g. police). Department directors may, with City Manager's approval, make transfers of appropriations within their departments. Transfers of appropriations between departments, however, require the approval of the City Commission. Budget-to-Actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 94 as part of the required supplementary information. For governmental and proprietary funds, other than the general fund, with appropriated annual budgets, this comparison is presented within the other supplementary section of this report beginning on page 112.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. Located in the center of the Rio Grande Valley, the City of Weslaco continues to experience steady growth. Both property values and sales tax revenues reflect an increase in comparison to prior year and are expected to continue growing in the next few years.

According to the Texas Workforce Commission data link (TRACER), the unemployment rate had remained between 7 and 9 percent over the last few years. In 2020, the rate increased to 10.9 percent. This increase was attributed to the COVID-19 Pandemic. The largest employer is the Weslaco Independent School District with 2,817 employees.

Due to its strong and healthy economy, the City of Weslaco has maintained a credit rating of AA- from Standard and Poor's, and Moody's continues to maintain the City's rating at "A2".

Long-term Financial Planning. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 26.5% of total General Fund Revenues. The goal is always to maintain at least 25%. The unrestricted fund balance at September 30, 2021, exceeded the goal, and some excess funds were transferred to the Capital Improvement Project Fund, as planned. This fund, now going into its sixth year, allows the City to self-fund improvements such as sidewalks, traffic signals, park improvements, and street paving to avoid and/or decrease dependence on debt financing for such infrastructure.

The City Commission in the past six years had focused on evaluating the City's property tax rate. This focus was driven by the desire to give taxpayers the best value for their money as well as making Weslaco more attractive to business and residents looking to relocate. The City Commission reduced the tax rate by a penny in 2014, when it stood at \$0.6667 per \$100 value. This evaluation of the tax rate has continued each year since and now stands at our current \$0.6967 per \$100.00 valuation for the 2021 tax year. Further decreases are not planned at this time to allow for the goal of self-funding infrastructure improvements through the CIP Fund.

Cash Management Policies and Practices. Cash temporarily idle during the year was invested in TEXPOOL, during periods when their rates were higher than the depository banks' rates. All funds kept with the depository bank are collateralized at a minimum rate of 102% of the market value. The City continues to evaluate ways in which further earnings could be realized.

Pension and Other Post-Employment Benefits. The City of Weslaco contributes to a single employer defined benefit pension plan for its fire fighters. Every two years, an independent actuary engaged by the pension plan calculates the amount of benefits that can be paid to beneficiaries of the plan in light of the number of participants, contribution rates, and projected investment earnings, in order to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City of Weslaco fully funds each year's annual required contribution to the pension plan as determined by the actuary. The City also provides post medical insurance for fire fighter retirees paying for half of the premium up to the time the retiree is eligible for Medicare.

The City of Weslaco also provides pension benefits for its employees not covered by the firefighters' pension plan. These benefits are provided through a defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS). The City of Weslaco contributes based on a 2 to 1 ratio. The employees' current contribution rate is 7%.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Administration Departments. We would like to express our appreciation to all staff that assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Weslaco finances.

Respectfully submitted,



Andrew Muñoz
Interim City Manager



Vidal Roman
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Weslaco
Texas**

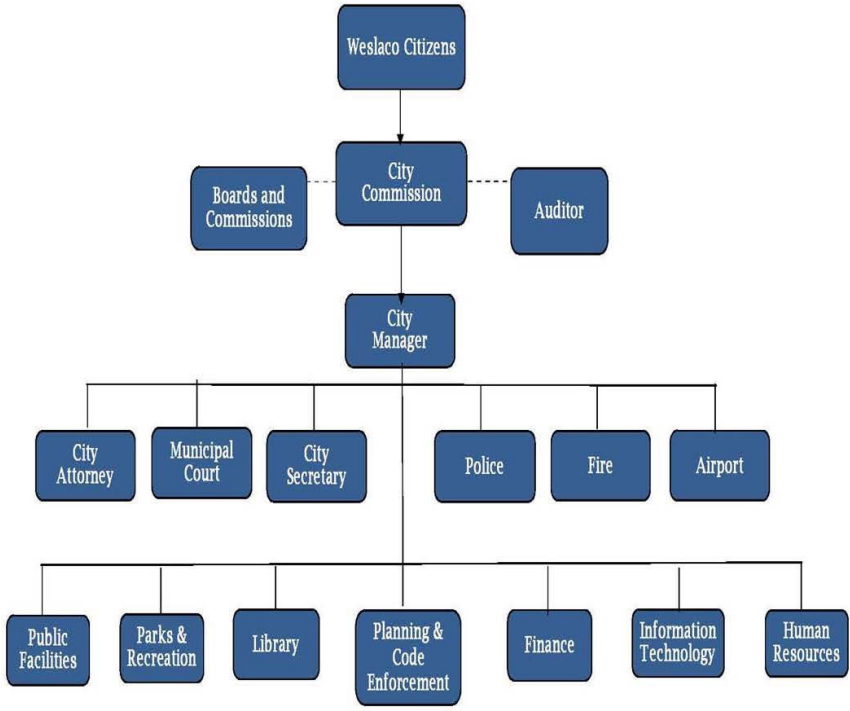
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

**City of Weslaco
Organizational Chart**





REPORT



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Commission
City of Weslaco, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Weslaco, Texas' basic financial statements as listed in the table of contents. We did not audit the financial statements of the Weslaco Economic Development Corporation, which is the only aggregate discretely presented component unit and represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit.

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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Weslaco Economic Development Corporation, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Weslaco Economic Development Corporation, is based solely on the report of the other auditors. 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 from 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 auditors consider internal control relevant to the entity'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 control. 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.

(This page intentionally left blank)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 management's discussion and analysis and required supplementary information on pages 15 through 23 and 94 through 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Weslaco, Texas' basic financial statements. The introductory section, other supplementary information, supplemental statements and schedules, bonded debt requirements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

(This page intentionally left blank)

The other supplementary information, supplemental statements and schedules, bonded debt requirements, and the schedule of expenditures of federal awards 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 other supplementary information, supplemental statements and schedules, bonded debt requirements, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2022 on our consideration of the City of Weslaco, Texas' 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 solely 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 effectiveness of the City of Weslaco, Texas' 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 City of Weslaco, Texas' internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
April 5, 2022

(This page intentionally left blank)

City of Weslaco, Texas

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Weslaco, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Weslaco for the fiscal year ended September 30, 2021. 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 City's total net position increased \$5,688,866 as a result of this year's operations. Net position from governmental activities increased by \$4,468,100, while net position from business-type activities increased \$1,220,766. This reflects a 7.3% increase to ending total net position.

- **Governmental Activities – Revenues and Expenses Compared to Last Year –** Total revenues increased \$91,404 from last year, with the majority increase in collection of taxes offset with losses in charges for services and grants. Sales and Franchise taxes showed a strong increase of \$1.9M or 15.8%, property tax revenues increased by \$906,829 while Intergovernmental revenues decreased by \$2.5M. Expenses increased \$992,198 from last year.
- **Business-Type Activities – Revenues and Expenses Compared to Last Year- Overall** total revenues saw an increase of \$1,168,857 from last year. Charges for all services increased by \$644,181. Expenses decreased by \$5,963 in water and wastewater services. Solid waste expenses saw an increase of \$232,517. Expenses from airport services also increased due an airport expansion project and general increase in operating expenses by \$77,761.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. The government-wide financial statements provide information about the activities of the City as a whole and present a longer-term view of the City's finances. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources of the City, and the statements are presented on the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

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).

Activities of the City as a whole include governmental activities, and business-type activities. Governmental activities are those activities which are financed primarily through taxes and grants.

City of Weslaco, Texas

Management's Discussion and Analysis

Most of the City's basic services are reported as governmental activities. Business-type activities are those activities that are intended to recover all or a significant portion of their costs through user fees and charges. Utility system operations are a common example of business-type activities.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Weslaco Economic Development Corporation (EDC), which is a legally separate entity, and reported as a discretely presented component unit. The City Commission appoints the EDC board members and sets expenditure caps over which the City of Weslaco Commissioners' approval is required. Financial information for this discretely presented component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 25-27 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 City, 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 City 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 evaluating 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 City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, 2021 Construction Fund, 2021B Construction Fund and Special Projects Fund which are the only reported major funds. Data from other nine 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 elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Hotel Occupancy Tax Fund, Capital Improvement Program Fund, and Fire Department Equipment Replacement Fund. In addition, the City also adopts an annual appropriated budget for its Water and Wastewater, Solid Waste, and Airport Proprietary Funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget in the required supplementary information of this report. All other budgetary comparison schedules have been provided for in the other supplementary information of this report.

The basic governmental fund financial statements can be found on pages 28-31 of this report.

City of Weslaco, Texas Management's Discussion and Analysis

Proprietary Funds

The City 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 City uses enterprise funds to account for its Water and Wastewater Fund, for its Solid Waste Fund and for its Airport Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Because 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 business-type activities section of the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Wastewater Fund, the Solid Waste Fund, and the Airport Fund, all of which are considered to be major enterprise funds of the City of Weslaco.

The basic proprietary fund financial statements can be found on pages 32-35 of this report.

Fiduciary Funds

Fiduciary funds are used to account 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 City of Weslaco's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City recognizes two fiduciary funds: the Firemen's Relief and Retirement Fund, which is a pension trust fund, and the Marion Booth Endowment Fund, which is a private purpose trust fund.

The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

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 begin on page 39 of this report. In fiscal year 2021, the City adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board. These newly adopted accounting standards, and other recently issued accounting pronouncements, can be found in Note 1.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$83,769,659 at the close of the most recent fiscal year.

On September 30, 2021, the City had an outstanding bonds balance of \$87,206,000, excluding \$600,000 in the component unit. The City has unspent bond proceeds on its recently issued 2018, 2019, 2021, 2021A, and 2021B bonds to be used for its drainage projects and purchase of equipment as well as the recent issues that will be used for a new Public Safety building and construction and rehabilitation of Library. At the end of the current fiscal year, the City of Weslaco reported negative balance of unrestricted net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The negative unrestricted net position is mainly due to the City's recognition of pension and OPEB liabilities in accordance with GASB Statement No. 68 and 75.

City of Weslaco, Texas Management's Discussion and Analysis

Table 1, below illustrates a comparative summary of the City's statement of net position at September 30, 2021 and 2020.

Table 1 City of Weslaco, Texas- Net Position Primary Government							
	Governmental Activities		Business-type Activities		Total		Total
	2021	2020	2021	2020	2021	2020	2020
Current assets	\$ 59,708,920	\$ 33,551,128	\$ 4,108,322	\$ 4,485,122	\$ 63,817,242	\$ 38,036,250	
Capital assets, net	60,167,997	53,904,990	98,856,874	100,224,704	159,024,871	154,129,694	
Total assets	119,876,917	87,456,118	102,965,196	104,709,826	222,842,113	192,165,944	
Deferred outflows of resources- deferred charge	721,152	178,082	1,997,310	1,778,044	2,718,462	1,956,126	
Deferred outflows of resources- pensions	1,178,361	2,060,259	92,675	100,318	1,271,036	2,160,577	
Deferred outflows of resources- OPEB	624,874	529,533	20,195	13,185	645,069	542,718	
Total deferred outflows of resources	2,524,387	2,767,874	2,110,180	1,891,547	4,634,567	4,659,421	
Total assets and deferred outflows of resources	\$ 122,401,304	\$ 90,223,992	\$ 105,075,376	\$ 106,601,373	\$ 227,476,680	\$ 196,825,365	
Current liabilities	\$ 12,005,996	\$ 4,244,423	\$ 2,330,403	\$ 1,816,646	\$ 14,336,399	\$ 6,061,069	
Non-current liabilities							
Due within one year	3,924,655	3,344,683	3,816,261	3,575,236	7,740,916	6,919,919	
Due in more than one year	54,547,528	34,264,513	50,306,742	53,803,190	104,854,270	88,067,703	
Municipal net pension liability	6,049,574	6,341,943	813,897	839,320	6,863,471	7,181,263	
Firemen's net pension liability	3,656,800	5,668,100	-	-	3,656,800	5,668,100	
OPEB liability- TMRS Supplemental death	959,152	800,860	85,058	71,293	1,044,210	872,153	
OPEB liability- reitree health care	2,259,574	2,021,161	-	-	2,259,574	2,021,161	
Total liabilities	83,403,279	56,685,683	57,352,361	60,105,685	140,755,640	116,791,368	
Deferred inflows of resources- pensions	2,695,014	1,704,229	138,067	132,018	2,833,081	1,836,247	
Deferred inflows of resources- OPEB	113,081	112,250	5,219	4,707	118,300	116,957	
Total deferred inflows of resources	2,808,095	1,816,479	143,286	136,725	2,951,381	1,953,204	
Net position							
Net investment in capital assets	38,744,671	34,782,635	49,661,132	47,636,213	88,405,803	82,418,848	
Restricted	2,070,926	1,411,010	1,013,102	1,012,923	3,084,028	2,423,933	
Unrestricted (deficit)	(4,625,667)	(4,471,815)	(3,094,505)	(2,290,173)	(7,720,172)	(6,761,988)	
Total net position	36,189,930	31,721,830	47,579,729	46,358,963	83,769,659	78,080,793	
Total liabilities, deferred inflows of resources and net position	\$ 122,401,304	\$ 90,223,992	\$ 105,075,376	\$ 106,601,373	\$ 227,476,680	\$ 196,825,365	

Governmental Activities

The property tax levy increased by \$545,643 (4.2%) from the prior year due mostly to increases in valuation and new improvements added to the rolls. The tax rate remained the same at \$0.6967 per \$100 for the 2020 tax year levy. A concerted effort on the part of the City Commission will continue to maintain or reduce the tax rate, while continuing to provide the same level of services. It is believed that this approach to making the City more attractive to business provides the stimulus to invest in further improvements that result in increased values.

Total sales taxes of the City amounted to \$16,390,032 for the year which is an increase of \$2,520,003 or 18% over the last fiscal year. 25% of the total amount collected goes to the Weslaco Economic Development Corporation. The remainder stays in the General Fund where it makes up about 38.8% of General Fund revenues in support of governmental functions, such as public safety, library services and recreation.

City of Weslaco, Texas Management's Discussion and Analysis

Operating grants for governmental activities amounted to \$3,708,547 in the General Fund, mostly due to federal funding received from CARES Act to aid in mitigating the COVID-19 pandemic. It is the practice of the City of Weslaco to seek opportunities for grants whenever possible to improve City services and quality of life in our community.

Table 2, below presents the cost of each of the City's programs, as well as the revenues generated to support those programs. The difference between the two is the change in net position.

Table 2 City of Weslaco, Texas- Changes in Net Position							
Primary Government							
	Governmental Activities		Business-type Activities		Total	Total	Percent
	2021	2020	2021	2020	2021	2020	2021
Program Revenues:							
Charges for services	\$ 3,281,081	\$ 3,426,349	\$ 19,188,201	\$ 18,544,020	\$ 22,469,282	\$ 21,970,369	39.08%
Operating grants and contributions	3,708,547	6,120,352	-	-	3,708,547	6,120,352	6.45%
Capital grants and contributions	384,979	435,057	1,911,184	1,381,244	2,296,163	1,816,301	3.99%
General Revenues:							
Property taxes	14,014,741	13,107,912	-	-	14,014,741	13,107,912	24.38%
Non-property taxes	14,738,430	12,690,487	-	-	14,738,430	12,690,487	25.64%
Unrestricted investment earnings	45,432	200,243	616	5,880	46,048	206,123	0.08%
Other income	218,809	320,215	-	-	218,809	320,215	0.38%
Total revenue	36,392,019	36,300,615	21,100,001	19,931,144	57,492,020	56,231,759	100.00%
Expenses							
General government	7,972,617	7,411,268	-	-	7,972,617	7,411,268	15.39%
Public safety	17,642,378	17,299,968	-	-	17,642,378	17,299,968	34.06%
Emergency medical services	305,756	200,937	-	-	305,756	200,937	0.59%
Public works	4,491,358	4,652,366	-	-	4,491,358	4,652,366	8.67%
Culture and recreation	2,394,698	2,282,570	-	-	2,394,698	2,282,570	4.62%
Interest on long term debt	1,227,674	1,195,174	-	-	1,227,674	1,195,174	2.37%
Water and sewer services	-	-	11,694,802	11,700,765	11,694,802	11,700,765	22.58%
Solid waste services	-	-	4,823,491	4,590,974	4,823,491	4,590,974	9.31%
Airport	-	-	1,250,380	1,172,619	1,250,380	1,172,619	2.41%
Total expenses	34,034,481	33,042,283	17,768,673	17,464,358	51,803,154	50,506,641	100.00%
Increase in net position before Transfers and special items	2,357,538	3,258,332	3,331,328	2,466,786	5,688,866	5,725,118	
Transfers	2,110,562	2,181,304	(2,110,562)	(2,181,304)	-	-	
Change in net position	4,468,100	5,439,636	1,220,766	285,482	5,688,866	5,725,118	
Net position- beginning	31,721,830	26,282,194	46,358,963	46,073,481	78,080,793	72,355,675	
Net position- ending	\$36,189,930	\$ 31,721,830	\$ 47,579,729	\$46,358,963	\$ 83,769,659	\$ 78,080,793	

Business-Type Activities

Business-type activities continue to account for about 56.8% of the City of Weslaco's net position. Water and sewer rates remained the same as prior years. Solid waste collection fees remained the same this year.

City of Weslaco, Texas

Management's Discussion and Analysis

The net position of the Water and Wastewater Fund increased by \$741,260 from current year operations which decreased from the prior year change in net position of \$1,027,743. This was the result of decrease in capital grants. Operating revenues increased by \$222,889 and operating expenses increased by \$108,271. Transfers to other funds also increased by \$312,797 to make the current payments on long-term debt.

The net position of the Solid Waste Fund decreased (\$335,524) due to continued transfers to the capital improvement fund. Operating revenues increased by \$236,982 and operating expenses increased by \$218,168. Transfers to other funds (to the Capital Improvements Program Fund) remained consistent with prior year.

The net position of the Airport Fund showed a positive effect of \$815,030, due mostly to an increase in capital grants. The Airport Fund revenues from fuel sales and hangar rentals increased by \$184,310. Expenditures increase slightly by \$60,436. Improvements continue at the Airport, yet the City will continue striving with a new business plan.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$46,090,248. Approximately 18% of this total amount, or \$8,405,677 constitutes unassigned fund balance, which is available for spending at the government's discretion. This represents 18% of operating expenditures. The remainder of fund balance is non-spendable, restricted, or assigned to indicate that it is not available for new spending because it has already been assigned for a specific purpose or restricted for debt or future capital projects.

The General Fund is the chief operating fund of the City of Weslaco. At the end of the current fiscal year, the general fund's unassigned fund balance was \$8,405,677, which decreased by \$745,784 from the prior unassigned fund balance of \$9,151,461, which was mainly attributed to acquisition of capital assets. 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. Unassigned fund balance represents 24.5% of the total General Fund expenditures, while total fund balance represents 24.6 % of the same amount. While it is recommended that the General Fund should have an unassigned fund balance of no less than 5% to 15% of operating expenditures, the City has placed the target unassigned fund balance in the General Fund at 25%.

The City Commission maintained the tax rate at \$0.6967 per \$100 assessed valuation for the 2020 tax year levy year. Sales tax revenues increased by 18% from prior year.

City of Weslaco, Texas

Management's Discussion and Analysis

The debt service, 2019 Series debt service, and the 2021B Series debt service funds have a total combined fund balance of \$932,264, all of which is restricted for the repayment of debt service. The scheduled tax supported debt service payments for fiscal year 2021 was \$3,451,437, including interest paid of \$926,437.

Proprietary Funds

The City of Weslaco's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position deficit of the Water and Wastewater Fund at the end of the year amounted to (\$2,688,948), which was a decrease of (\$74,269) from last year. Operating revenues increased by \$222,889 and operating expenses increased by \$108,271. The result was operating income increased by \$114,618 compared to last year.

The unrestricted net position of the Solid Waste Fund amounted to \$839,923 at the end of the year, a decrease of \$284,914 from the prior year. Operating revenue increased by \$236,982 from last year, while operating expenses increased by \$218,168. It should be noted that the decrease in net position of \$335,524 was affected by transfers of \$1,125,000 to other funds.

The unrestricted net position deficit for the Airport Fund amounted to \$(1,245,480). The airport will continue making improvements, yet operations are back to normal. The Airport commenced in the construction of additional hangers to accommodate demands.

General Fund Budgetary Highlights

The original budgeted revenue of \$28,014,890 represented a 2% increase over the previous year's budgeted amount. The 2021 budget was amended to recognize additional projected revenue, for a final revenue budget of \$33,538,864. Taxes represent about 73.4% of total General Fund budgeted revenue.

The original adopted General Fund expenditures were \$27,894,269. However, circumstances arose which required the expenditure of additional funds that were not foreseen prior to the commencement of the fiscal year. Each year the City performs a mid-year review of the budget. If it is determined that funds are available, certain amendments are proposed to the City Commission for their review and approval. These amendments increased the General Fund's appropriations by \$3,379,734, to \$31,274,003 of expenditures. The increase was attributed to overtime in the police and fire departments and capital outlay for the police department as well as additional transfer to the Economic 380 agreements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Weslaco's investment in capital assets for its governmental and business type activities as of September 30, 2021, amounts to \$159,024,871 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads and highways, and construction in progress. The City of Weslaco's investment in capital assets for the current fiscal year increased by 3%

City of Weslaco, Texas Management's Discussion and Analysis

Table 3
City of Weslaco- Capital Assets
Primary Government

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land,	\$ 6,270,499	\$ 6,227,175	\$ 4,622,884	\$ 3,952,884	\$ 10,893,383	\$ 10,180,059
Infrastructure	7,629,307	7,629,307	-	-	7,629,307	7,629,307
Buildings	20,411,626	20,411,626	1,679,646	1,679,646	22,091,272	22,091,272
Equipment	17,314,611	15,168,595	9,407,721	8,199,721	26,722,332	23,368,316
Improvements	47,323,003	45,667,355	129,997,305	129,540,911	177,320,308	175,208,266
Capital leases	7,790,170	6,911,937	7,581,072	7,474,943	15,371,242	14,386,880
Construction in progress	8,472,382	3,213,163	1,335,289	550,534	9,807,671	3,763,697
Totals at historical cost	115,211,598	105,229,158	154,623,917	151,398,639	269,835,515	256,627,797
Accumulated depreciation	(55,043,601)	(51,324,168)	(55,767,043)	(51,173,935)	(110,810,644)	(102,498,103)
Total capital assets, net	\$ 60,167,997	\$ 53,904,990	\$ 98,856,874	\$ 100,224,704	\$ 159,024,871	\$ 154,129,694

Additional information on the City of Weslaco's capital assets can be found in Note 5 starting on page 57 of this report.

Long-Term Debt

At year end of the current fiscal year, the City of Weslaco had total bonded debt outstanding of \$87,206,000, excluding \$600,000 in the component unit. Total bonded debt is comprised of debt backed by the full faith and credit of the government.

The City of Weslaco maintains an "AA-" rating from Standard and Poor's, which is the City's highest rating to date. Moody's rates the City at an "A2" for general obligation debt.

Additional information on the City of Weslaco's long-term debt can be found in Note 6 on page 59 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The employment rate for the City of Weslaco increased by 2% to 90% from 88.6% a year ago. This is for the fact that employees are being hired back after the COVID-19 Pandemic as well as growth in the commercial business. This rate compares to the state's average employment rate of 92.3%.

The property tax rate remained the same for the 2021 tax year, or fiscal year ending September 30, 2021. Sales tax is projected to increase by 1%. The 2021-2022 adopted budget is a fiscally responsible balanced budget.

City of Weslaco, Texas Management's Discussion and Analysis

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Weslaco'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 Office of the Finance Director, 255 S Kansas Avenue, Weslaco, Texas 78596.

(This page intentionally left blank)



FINANCIAL STATEMENTS



City of Weslaco, Texas

Statement of Net Position

September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 23,805,058	\$ 754,149	\$ 24,559,207	\$ 5,279,131
Cash and cash equivalents- restricted	6,483,662	1,255,489	7,739,151	-
Investments	21,399,523	-	21,399,523	-
Investments, restricted	-	1,292,229	1,292,229	-
Receivables, net	4,638,516	3,839,437	8,477,953	3,500
Due from primary government	-	-	-	321,024
Internal balances	3,350,281	(3,350,281)	-	-
Notes receivables	-	-	-	4,764,862
Assets held for sale	-	-	-	5,446,826
Other prepaid items	1,978	-	1,978	-
Inventories	29,902	317,299	347,201	-
Capital assets not being depreciated	22,372,188	5,958,173	28,330,361	-
Capital assets, net of depreciation	37,795,809	92,898,701	130,694,510	4,456,738
Total assets	119,876,917	102,965,196	222,842,113	20,272,081
Deferred Outflows of Resources				
Deferred charge on refunding	721,152	1,997,310	2,718,462	-
Deferred outflows related to pensions	1,178,361	92,675	1,271,036	-
Deferred outflows related to OPEB	624,874	20,195	645,069	-
Total Deferred Outflows of Resources	2,524,387	2,110,180	4,634,567	-
Total Assets and Deferred Outflows of Resources	\$ 122,401,304	\$ 105,075,376	\$ 227,476,680	\$ 20,272,081
Liabilities				
Accounts payable	\$ 1,695,907	\$ 1,890,318	\$ 3,586,225	\$ 725,001
Due to component unit	321,024	-	321,024	-
Accrued expenses	2,317,491	440,085	2,757,576	40,484
Unearned revenue	7,671,574	-	7,671,574	-
Non-current liabilities:				
Due within one year	3,924,655	3,816,261	7,740,916	350,742
Due in more than one year				
Other liabilities due in more than one year	54,547,528	50,306,742	104,854,270	1,875,428
Municipal net pension liability	6,049,574	813,897	6,863,471	-
Firemen's net pension liability	3,656,800	-	3,656,800	-
OPEB liability- TMRS SDB	959,152	85,058	1,044,210	-
OPEB liability- retiree health care	2,259,574	-	2,259,574	-
Total Liabilities	83,403,279	57,352,361	140,755,640	2,991,655
Deferred Inflows of Resources				
Deferred inflows related to pensions	2,695,014	138,067	2,833,081	-
Deferred inflows related to OPEB	113,081	5,219	118,300	-
Total Deferred Inflows of Resources	2,808,095	143,286	2,951,381	-
Net Position				
Net investment in capital assets	38,744,671	49,661,132	88,405,803	4,456,738
Restricted for:				
Debt service	932,264	999,512	1,931,776	320,000
Special revenue funds	1,138,662	-	1,138,662	-
Capital projects	-	13,590	13,590	-
Unrestricted	(4,625,667)	(3,094,505)	(7,720,172)	12,503,688
Total Net Position	36,189,930	47,579,729	83,769,659	17,280,426
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 122,401,304	\$ 105,075,376	\$ 227,476,680	\$ 20,272,081

The notes of the financial statements are an integral part of this statement

City of Weslaco, Texas

Statement of Activities

For the Fiscal Year Ended September 30, 2021

			Program Revenues	
Functions/programs	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 7,972,617	\$ 1,580,212	\$ -	\$ -
Public safety	17,642,378	800,253	3,708,547	82,748
Emergency medical services	305,756	895,395	-	-
Public works	4,491,358	-	-	177,231
Culture and recreation	2,394,698	5,221	-	125,000
Interest on long-term debt	1,227,674	-	-	-
Total governmental activities	34,034,481	3,281,081	3,708,547	384,979
Business-type activities:				
Water and Wastewater services	11,694,802	13,088,199	-	712,809
Solid waste services	4,823,491	5,612,967	-	-
Airport	1,250,380	487,035	-	1,198,375
Total business-type activities	17,768,673	19,188,201	-	1,911,184
Total primary government	\$ 51,803,154	\$ 22,469,282	\$ 3,708,547	\$ 2,296,163
Component Unit:				
General government and administration	\$ 178,408	\$ -	\$ -	\$ -
Property management	631,988	364,452	-	-
Promotion and development	292,917	-	3,845	-
Development services	1,553,429	-	-	-
Interest on long-term debt	60,795	-	-	-
Total componen unit	\$ 2,717,537	\$ 364,452	\$ 3,845	\$ -

General Revenues:

Taxes:

Ad valorem

Sales

Occupancy

Franchise and other

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Prior period adjustment

Net position at beginning of year, as adjusted

Net position at end of year

Net (Expenses) Revenue And Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (6,392,405)	\$ -	\$ (6,392,405)	\$ -
(13,050,830)	-	(13,050,830)	-
589,639	-	589,639	-
(4,314,127)	-	(4,314,127)	-
(2,264,477)	-	(2,264,477)	-
(1,227,674)	-	(1,227,674)	-
(26,659,874)	-	(26,659,874)	-
-	2,106,206	2,106,206	-
-	789,476	789,476	-
-	435,030	435,030	-
-	3,330,712	3,330,712	-
(26,659,874)	3,330,712	(23,329,162)	-
\$ -	\$ -	\$ -	\$ (178,408)
-	-	-	(267,536)
-	-	-	(289,072)
-	-	-	(1,553,429)
-	-	-	(60,795)
			(2,349,240)
14,014,741	-	14,014,741	-
12,292,524	-	12,292,524	4,097,508
481,792	-	481,792	-
1,964,114	-	1,964,114	-
45,432	616	46,048	116,370
218,809	-	218,809	46,410
2,110,562	(2,110,562)	-	-
31,127,974	(2,109,946)	29,018,028	4,260,288
4,468,100	1,220,766	5,688,866	1,911,048
31,721,830	46,358,963	78,080,793	13,874,198
-	-	-	1,495,180
31,721,830	46,358,963	78,080,793	15,369,378
\$ 36,189,930	\$ 47,579,729	\$ 83,769,659	\$ 17,280,426

City of Weslaco, Texas
Governmental Funds
Balance Sheet

September 30, 2021

	General Fund	2021 C.O. Construction Fund	2021B C.O. Construction Fund	Special Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 1,921,284	\$ 5,084,288	\$ 4,781,506	\$ 4,457,540	\$ 7,560,440	\$ 23,805,058
Cash and cash equivalents- restricted	479,963	-	-	-	6,003,699	6,483,662
Investments	4,132,039	5,752,690	5,218,494	-	6,296,300	21,399,523
Receivables (net of allowance for uncollectibles):						
Ad valorem taxes	664,305	-	-	-	270,401	934,706
Sales taxes	1,284,095	-	-	-	-	1,284,095
Ambulance fees	1,223,049	-	-	-	-	1,223,049
Other	904,138	-	-	-	292,528	1,196,666
Due from other funds	3,601,712	423,831	-	-	127,348	4,152,891
Prepaid items	1,978	-	-	-	-	1,978
Inventories	29,902	-	-	-	-	29,902
Total Assets	\$ 14,242,465	\$ 11,260,809	\$ 10,000,000	\$ 4,457,540	\$ 20,550,716	\$ 60,511,530
Liabilities						
Accounts payable	\$ 1,300,490	\$ -	\$ -	\$ -	\$ 716,441	\$ 2,016,931
Accrued salaries and payroll taxes	936,004	-	-	-	-	936,004
Other liabilities	798,663	-	-	-	-	798,663
Due to other funds	33,659	-	-	-	518,682	552,341
Payable from restricted assets	479,963	-	-	-	-	479,963
Unearned revenue	502,326	-	-	4,457,540	2,711,708	7,671,574
Total Liabilities	4,051,105	-	-	4,457,540	3,946,831	12,455,476
Deferred Inflows of Resources						
Unavailable revenue- ad valorem taxes	532,435	-	-	-	212,003	744,438
Unavailable revenue- EMS fees	1,221,368	-	-	-	-	1,221,368
Total Deferred Inflows of Resources	1,753,803	-	-	-	212,003	1,965,806
Fund Balances						
Nonspendable	31,880	-	-	-	-	31,880
Restricted	-	11,260,809	10,000,000	-	13,640,366	34,901,175
Assigned	-	-	-	-	2,751,516	2,751,516
Unassigned	8,405,677	-	-	-	-	8,405,677
Total Fund Balances	8,437,557	11,260,809	10,000,000	-	16,391,882	46,090,248
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,242,465	\$ 11,260,809	\$ 10,000,000	\$ 4,457,540	\$ 20,550,716	\$ 60,511,530

The notes to the financial statements are an integral part of this statement

City of Weslaco, Texas

**Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position**

September 30, 2021

	Governmental Activities
Total fund balance-governmental funds	\$ 46,090,248
Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	1,965,806
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental fund balance sheet. This is the amount of governmental assets \$115,211,598 net of accumulated depreciation totaling \$(55,043,601).	60,167,997
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.	(102,861)
Deferred outflows of resources related to amounts deferred on refundings of long-term debt are not reported in the governmental funds.	721,152
Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of certain internal service funds are included in the governmental activities statement of net position.	(250,269)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(58,472,183)
Included in the noncurrent assets/(liabilities) is the recognition of the City's net pension (liability) required by GASB Statement No 68 in the amount of \$(6,049,574), a deferred resource outflows in the amount of \$743,928, and a deferred resource inflow in the amount of \$(1,342,316). This resulted in a (decrease) in net position.	(6,647,962)
Included in the noncurrent (liabilities) is the recognition of the City Firemen's net pension (liability) required by GASB 68 in the amount of \$(3,656,800), a deferred resource outflows in the amount of \$434,433 and a deferred resource inflow in the amount of \$(1,352,698). This resulted in a (decrease) in net position.	(4,575,065)
Included in the noncurrent (liabilities) is the recognition of the City's total OPEB liability required by GASB 75 in the amount of \$(3,218,726), a deferred resource outflow in the amount of \$624,874, and a deferred resource inflow in the amount of \$(113,081). This resulted in a (decrease) in net position.	(2,706,933)
Net position of governmental activities	\$ 36,189,930

The notes to the financial statements are an integral part of this statement

City of Weslaco, Texas
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances

For the Fiscal Year Ended September 30, 2021

	General Fund	2021 C.O. Construction Fund	2021B C.O. Construction Fund	Special Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 10,351,876	\$ -	\$ -	\$ -	\$ 3,758,448	\$ 14,110,324
Nonproperty taxes	14,256,638	-	-	-	481,792	14,738,430
Fees and charges	2,209,633	-	-	-	94,161	2,303,794
Fines and forfeitures	487,067	-	-	-	-	487,067
Licenses and permits	794,183	-	-	-	-	794,183
Intergovernmental	3,338,079	-	-	700,000	259,978	4,298,057
Investment income	38,477	1,024	-	-	5,931	45,432
Miscellaneous	218,530	-	-	-	125,000	343,530
Total Revenues	31,694,483	1,024	-	700,000	4,725,310	37,120,817
Expenditures						
General government	9,456,198	603,651	-	-	671,161	10,731,010
Public safety	18,436,559	-	-	-	902,835	19,339,394
Public works	3,166,813	-	-	-	3,631,271	6,798,084
Culture and recreation	1,498,336	-	-	-	2,531,778	4,030,114
Economic development	949,003	-	-	-	-	949,003
Debt service:						
Principal	775,172	-	-	-	2,988,430	3,763,602
Interest and fees	34,628	137,092	144,632	-	1,019,922	1,336,274
Total Expenditures	34,316,709	740,743	144,632	-	11,745,397	46,947,481
Excess (deficiency) of revenues over expenditures	(2,622,226)	(739,719)	(144,632)	700,000	(7,020,087)	(9,826,664)
Other financing sources (uses):						
Proceeds from bond issuance	-	10,890,000	8,795,000	-	8,716,000	28,401,000
Proceeds from bond premium	-	1,534,359	1,364,374	-	-	2,898,733
Issuance of debt	-	-	-	-	878,233	878,233
Sale of capital assets	279	-	-	-	-	279
Payment to escrow agent	-	-	-	-	(5,305,982)	(5,305,982)
Transfers in	3,769,869	-	10,000,000	-	4,234,453	18,004,322
Transfers out	(4,755,187)	(423,831)	(10,014,742)	(700,000)	-	(15,893,760)
Total other financing sources (uses)	(985,039)	12,000,528	10,144,632	(700,000)	8,522,704	28,982,825
Net change in fund balances	(3,607,265)	11,260,809	10,000,000	-	1,502,617	19,156,161
Fund balances at beginning of year	12,044,822	-	-	-	14,889,265	26,934,087
Fund balances at end of year	\$ 8,437,557	\$ 11,260,809	\$ 10,000,000	\$ -	\$ 16,391,882	\$ 46,090,248

The notes to the financial statements are an integral part of this statement

City of Weslaco, Texas

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities**

For the Fiscal Year Ended September 30, 2021

	Governmental Activities
Net change in fund balances-total governmental funds	\$ 19,156,161
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$3,708,901) exceeded capital outlay \$9,982,440 in the current period. Not included in this amount is depreciation in the internal service fund of (\$10,532).	6,273,539
The change in compensated absences and accrued interest on long-term debt of (\$109,672) and \$24,612 are reported as a increase to expenditures in the statement of activities but not in the governmental funds.	(85,060)
Issuances of debt are recorded as other financing sources in the governmental funds while they are recorded as long term debt in the statement of net position.	(26,792,966)
Bond premiums, discounts, insurance, and deferred charges are recognized in the funds in the year the bonds are sold, but they are recorded as an asset, deferred resource outflow or liability and amortized over the life of the bonds in the statement of activities.	193,660
Some revenues, such as property taxes, EMS fees, and grants will not be collected for several months after the City's fiscal year end, therefore, they are not considered "available" revenues in the governmental funds.	(729,077)
Repayment of bond, capital lease and note payable principal, and liabilities under chapter 380 agreements are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	6,412,602
Internal Service funds are used by management to charge the costs of certain activities. The net revenue (loss) of the internal service funds is reported with governmental activities.	(10,532)
Governmental funds report the issuance of debt refundings as an other financing source and use, but in governmental activities the issuance of debt is recorded as a long-term liability. The effect of removing the bond proceeds of \$(5,385,000), the bond premium of \$117,640, the refunded debt of \$4,675,000, the prepaid bond insurance \$(55,477) and recording the deferred outflow on bond refunding of \$568,819 from the statement of activities is to increase the overall change in net position	(79,018)
GASB Statement No 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2020 caused the change in ending net position to increase in the amount of \$677,762. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$683,818). The City's reported TMRS net pension expense had to be recorded. The net pension expense increased the change in net position by \$140,955. The result of these changes is to (decrease) the change in net position.	134,899
Firemen pension contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increase net position.	296,087
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/19 caused the change in the ending net position to increase in the amount of \$21,231. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$14,447). The City's reported TMRS OPEB expense had to be recorded. The net OPEB expense (decreased) the change in net position by (\$90,341). In addition to this the City's reported Firemen Retiree Health Care OPEB expense had to be recorded. The net OPEB expense decreased the change in net position by (\$218,638). The result of these changes is to (decrease) the change in net position.	(302,195)
Change in net position of governmental activities	\$ 4,468,100

The notes to the financial statements are an integral part of this statement

City of Weslaco, Texas
Proprietary Funds
Statement of Net Position

September 30, 2021

	Business-Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Internal Service Fund
Assets					
Current Assets					
Cash and cash equivalents	\$ 754,049	\$ -	\$ 100	\$ 754,149	\$ -
Cash and cash equivalents- restricted	753,630	488,269	13,590	1,255,489	-
Investments- restricted	1,292,229	-	-	1,292,229	-
Receivables, net of allowances for uncollectibles	2,035,593	776,558	1,027,286	3,839,437	-
Due from other funds	-	2,000,000	-	2,000,000	-
Inventories	268,896	-	48,403	317,299	-
Total current assets	5,104,397	3,264,827	1,089,379	9,458,603	-
Non-current assets					
Land	665,175	421,247	3,536,462	4,622,884	-
Buildings	362,324	668,781	648,541	1,679,646	-
Equipment	6,356,298	2,106,765	944,658	9,407,721	4,997,658
Improvements	-	-	-	-	70,864
Infrastructure	116,168,877	64,461	13,763,967	129,997,305	-
Capital leases	6,934,391	646,681	-	7,581,072	-
Construction-in-progress	459,981	55,795	819,513	1,335,289	-
Total non-current assets	130,947,046	3,963,730	19,713,141	154,623,917	5,068,522
Accumulated depreciation	(47,263,642)	(2,451,741)	(6,051,660)	(55,767,043)	(5,068,522)
Total non-current assets, net	83,683,404	1,511,989	13,661,481	98,856,874	-
Total assets	88,787,801	4,776,816	14,750,860	108,315,477	-
Deferred outflows of resources					
Deferred outflows related to pensions	77,771	1,871	13,033	92,675	-
Deferred outflows related to OPEB	15,237	733	4,225	20,195	-
Deferred charge on refunding	1,997,310	-	-	1,997,310	-
Total deferred outflows of resources	2,090,318	2,604	17,258	2,110,180	-
Total assets and deferred outflows of resources	\$ 90,878,119	\$ 4,779,420	\$ 14,768,118	\$ 110,425,657	\$ -

The notes to the financial statements are an integral part of this statement

City of Weslaco, Texas
Proprietary Funds
Statement of Net Position- Continued

September 30, 2021

	Business-Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Internal Service Fund
Liabilities					
Current Liabilities:					
Accounts payable	\$ 1,147,072	\$ 405,827	\$ 337,419	\$ 1,890,318	\$ -
Accrued salaries and other liabilities	143,495	61,315	24,129	228,939	-
Due to other funds	2,000,000	1,571,619	1,778,662	5,350,281	250,269
Current portion of long term debt	3,529,348	228,831	58,082	3,816,261	-
Accrued interest on bonds	211,146	-	-	211,146	-
Total current liabilities	7,031,061	2,267,592	2,198,292	11,496,945	250,269
Noncurrent liabilities:					
Compensated absences	85,386	26,887	40,250	152,523	-
Customer deposits	1,374,760	-	3,594	1,378,354	-
Revenue bonds payable, net of unamortized premiums	41,001,423	-	-	41,001,423	-
Capital lease payable	5,264,315	830,423	-	6,094,738	-
Note payable	-	-	1,343,280	1,343,280	-
Landfill closure	-	336,424	-	336,424	-
Net pension liability	690,387	15,676	107,834	813,897	-
OPEB liability	64,829	2,915	17,314	85,058	-
Total noncurrent liabilities	48,481,100	1,212,325	1,512,272	51,205,697	-
Total liabilities	55,512,161	3,479,917	3,710,564	62,702,642	250,269
Deferred inflows of resources					
Deferred inflows related to pensions	110,390	3,778	23,899	138,067	-
Deferred inflows related to OPEB	3,914	196	1,109	5,219	-
Total deferred inflows of resources	114,304	3,974	25,008	143,286	-
Net Position					
Net investment in capital assets	36,941,090	455,606	12,264,436	49,661,132	-
Restricted for:					
Revenue bond retirement	999,512	-	-	999,512	-
Construction	-	-	13,590	13,590	-
Unrestricted (deficit)	(2,688,948)	839,923	(1,245,480)	(3,094,505)	(250,269)
Total net position	35,251,654	1,295,529	11,032,546	47,579,729	(250,269)
Total liabilities, deferred inflows of resources, and net position	\$ 90,878,119	\$ 4,779,420	\$ 14,768,118	\$ 110,425,657	\$ -

City of Weslaco, Texas
Proprietary Funds
Statement of Revenues, Expenses and
Changes in Net Position

For the Fiscal Year Ended September 30, 2021

	Business Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	Internal Service Fund
Operating Revenues:					
Water services	\$ 7,567,573	\$ -	\$ -	\$ 7,567,573	\$ -
Sewer services	5,463,388	-	-	5,463,388	-
Charges for services	-	5,588,971	451,544	6,040,515	-
Miscellaneous	57,238	23,996	35,491	116,725	-
Total operating revenues	13,088,199	5,612,967	487,035	19,188,201	-
Operating Expenses:					
Personal services	815,468	338,544	267,196	1,421,208	-
Other services and charges	2,229,124	483,704	184,798	2,897,626	-
Supplies	177,035	54,908	355,396	587,339	-
Contractual services	2,859,902	3,833,263	-	6,693,165	-
Depreciation	4,094,113	98,723	400,272	4,593,108	10,532
Total operating expenses	10,175,642	4,809,142	1,207,662	16,192,446	10,532
Operating income (loss)	2,912,557	803,825	(720,627)	2,995,755	(10,532)
Non-operating revenues (expenses)					
Investment income	616	-	-	616	-
Interest expense	(1,519,160)	(14,349)	(42,718)	(1,576,227)	-
Total non-operating (expenses)	(1,518,544)	(14,349)	(42,718)	(1,575,611)	-
Income (loss) before transfers and capital contributions	1,394,013	789,476	(763,345)	1,420,144	(10,532)
Transfers in (out) and capital contributions					
Capital Improvement fees	707,367	-	-	707,367	-
Capital grants	5,442	-	1,198,375	1,203,817	-
Transfers in	5,683,422	-	380,000	6,063,422	-
Transfers out	(7,048,984)	(1,125,000)	-	(8,173,984)	-
Total transfers and capital contributions	(652,753)	(1,125,000)	1,578,375	(199,378)	-
Change in net position	741,260	(335,524)	815,030	1,220,766	(10,532)
Net position- beginning	34,510,394	1,631,053	10,217,516	46,358,963	(239,737)
Net position- ending	\$ 35,251,654	\$ 1,295,529	\$ 11,032,546	\$ 47,579,729	\$ (250,269)

The notes to the financial statements are an integral part of this statement

City of Weslaco, Texas
Proprietary Funds
Statement of Cash Flows

For the Fiscal Year Ended September 30, 2021

	Business Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	Internal Service Fund
Cash flows from operating activities					
Cash received from customers	\$ 13,437,958	\$ 5,656,959	\$ 487,035	\$ 19,581,952	\$ -
Payments to suppliers	(5,061,798)	(4,308,496)	(251,322)	(9,621,616)	-
Payments to employees	(1,041,423)	(318,340)	(269,109)	(1,628,872)	-
Internal activity-payments from/to other funds	(259,258)	680,910	1,171,207	1,592,859	-
Net cash provided by (used in) operating activities	7,075,479	1,711,033	1,137,811	9,924,323	-
Cash flows from noncapital financing activities					
Transfers from other funds	5,683,422	-	380,000	6,063,422	-
Transfers to other funds	(7,048,984)	(1,125,000)	-	(8,173,984)	-
Net cash provided by (used in) noncapital financing activities	(1,365,562)	(1,125,000)	380,000	(2,110,562)	-
Cash flows from capital and related financing activities					
Purchase of capital assets	(930,601)	(533,661)	(1,755,224)	(3,219,486)	-
Refunding bonds issued	9,685,000	-	-	-	-
Payment to refunded bond escrow agent	(8,770,000)	-	-	(8,770,000)	-
Interest paid on debt	(2,603,857)	(14,349)	(42,718)	(2,660,924)	-
Capital lease proceeds	-	594,698	-	594,698	-
Principal paid on debt	(3,646,890)	(108,500)	(53,765)	(3,809,155)	-
Landfill closure costs	-	(35,952)	-	(35,952)	-
Capital grants	-	-	306,420	306,420	-
Capital improvement fees	707,367	-	-	707,367	-
Net cash provided by (used in) capital and related financing activities	(5,558,981)	(97,764)	(1,545,287)	(6,887,032)	-
Cash flow from investing activities:					
Interest on cash and investments	616	-	-	616	-
Purchase of investments	(729,548)	-	-	(729,548)	-
Net cash provided by investing activities	(728,932)	-	-	(728,932)	-
Net (decrease) in cash and cash equivalents	(577,996)	488,269	(27,476)	(9,802,203)	-
Cash and cash equivalents, beginning of year	2,085,675	-	41,166	2,126,841	-
Cash and cash equivalents, end of year	\$ 1,507,679	\$ 488,269	\$ 13,690	\$ (7,675,362)	\$ -
Reconciliation of operating income (loss) to net cash provided by used in operating activities					
Operating income (loss)	\$ 2,912,557	\$ 803,825	\$ (720,627)	\$ 2,995,755	\$ (10,532)
Adjustments to reconcile income (loss) from operations to net cash from operating activities:					
Depreciation	4,094,113	98,723	400,272	4,593,108	10,532
(Increase) decrease in accounts receivables	249,449	43,992	-	293,441	-
(Increase) decrease in inventories	(14,366)	-	(9,830)	(24,196)	-
(Increase) decrease in prepaid items	18,996	-	-	18,996	-
(Increase) decrease in deferred outflows	(218,791)	24	134	(218,633)	-
Decrease (increase) in accounts payable	199,633	63,355	298,702	561,690	-
Decrease (increase) in accrued salaries and other liabilities	(9,920)	12,093	(8,639)	(6,466)	-
Decrease (increase) in due to other funds	(259,258)	680,910	1,171,207	1,592,859	-
Decrease (increase) in customer deposits	100,310	-	-	100,310	-
Decrease (increase) in compensated absences	6,579	8,302	7,675	22,556	-
Decrease (increase) in net pension liability	(19,068)	(953)	(5,402)	(25,423)	-
Decrease (increase) in OPEB liability	10,324	516	2,925	13,765	-
Decrease (increase) in deferred inflows	4,921	246	1,394	6,561	-
Total adjustments	4,162,922	907,208	1,858,438	6,928,568	10,532
Net cash provided (used) by operations	\$ 7,075,479	\$ 1,711,033	\$ 1,137,811	\$ 9,924,323	\$ -
<i>Supplemental disclosure of noncash activities</i>					
Contributed capital assets from Urban County	\$ 5,442	\$ -	\$ -	\$ 5,442	\$ -

The notes to the financial statements are an integral part of this statement

City of Weslaco, Texas
Fiduciary Funds
Statement of Fiduciary Net Position

September 30, 2021

	Pension Trust fund	Private-purpose Trust fund
	Firemen's Relief and Retirement Fund	Marion Booth Endowment Fund
Assets		
Cash	\$ 8,296	\$ 280,672
Investments, at fair value:		
Certificates of deposit	-	241,048
Equities	12,302,653	-
Mutual funds	3,167,419	-
Corporate bonds	-	-
Money market mutual funds	476,212	-
Municipal bonds	-	-
Total Assets	\$ 15,954,580	\$ 521,720
Liabilities		
Accounts payable	\$ -	\$ -
Total Liabilities	-	-
Net Position		
Net position restricted for pensions and other purposes	15,954,580	521,720
Total Net Position	15,954,580	521,720
Total Liabilities and Net Position	\$ 15,954,580	\$ 521,720

The notes to the financial statements are an integral part of this statement

City of Weslaco, Texas
Fiduciary Funds
Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended September 30, 2021

	Pension Trust fund	Private-purpose Trust fund
	Firemen's Relief and Retirement Fund	Marion Booth Endowment Fund
Additions		
Contributions		
Employer contributions	\$ 614,778	\$ -
Plan member contributions	614,778	-
Total contributions	1,229,556	-
Investment income		
Net appreciation in fair value of investments	2,592,870	-
Interest and dividends	322,495	11,396
Other income	4,355	-
Total investment income	2,919,720	11,396
Less investment expense	(62,281)	-
Net investment income	2,857,439	11,396
Total additions	4,086,995	11,396
Deductions		
Benefits paid	668,099	-
Refunds of contributions	257,309	-
Administrative expenses	39,364	-
Total deductions	964,772	-
Net change in fiduciary net position	3,122,223	11,396
Net position, beginning of year	12,832,357	510,324
Net position, end of year	\$ 15,954,580	\$ 521,720

The notes to the financial statements are an integral part of this statement

(This page intentionally left blank)



NOTES TO FINANCIAL STATEMENTS



City of Weslaco, Texas

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Weslaco, Texas (the “City”) was incorporated September 18, 1919, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, solid waste, health and social services, culture and recreation, education, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments includes those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

Financial Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member governing commission (the “Commission”). The accompanying financial statements present the City and its component unit, the entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

Discretely Presented Component Unit

The Economic Development Corporation of Weslaco (the “EDC”) was merged and incorporated under the provisions of the Development Corporation Act of 1979, as amended, for the purpose of promoting economic development within the City. The EDC has separate corporate powers that distinguish it as being a legally separate entity from the City. The City has the ability to impose its will, and has a financial benefit and financial accountability over the EDC. The EDC is governed by seven members who are appointed by and serve at the pleasure of the Mayor. A copy of the EDC’s financial statements can be obtained by contacting the Weslaco Economic Development Corporation at 275 S. Kansas, Weslaco, Texas 78596.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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. 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 fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

City of Weslaco, Texas

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The proprietary, pension trust fund, and private-purpose trust funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the City has one discretely presented component unit. While the Economic Development Corporation of Weslaco is considered to be a major component unit, it is nevertheless shown in separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's wastewater and sanitation services functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *2021 C.O. Construction fund* is used to account for bond proceeds used to fund for acquisition and construction of capital activities related to City projects.

The *2021B C.O. Construction fund* is used to account for bond proceeds used to fund for acquisition and construction of capital activities related to City projects.

The *Special Projects fund* is used to account proceeds from the Coronavirus State and Local Fiscal Recovery Fund grant under the American Rescue Plan and related activity.

City of Weslaco, Texas
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The City reports the following major enterprise funds:

The *Water and Wastewater Fund* is used to account for the provision of water and wastewater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and wastewater system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

The *Solid Waste Fund* is used to account for operations of solid waste collection and disposal services. All costs are financed through charges to solid waste customers.

The *Airport Fund* accounts for the provision of airport facilities to area residents. All activities necessary to provide such services are accounted for in this fund. The fund is financed primarily by the City of Weslaco operating grants, hangar rentals and tie-down fees.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

The *debt service fund* is used to account for the accumulation of resources that are restricted for the payment of principal and interest on long-term obligations of governmental funds.

Capital projects funds account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

Internal Service Fund which is used to account for the capital acquisitions and leasing services provided to departments of the City.

The *pension trust funds* account for the activities of the Weslaco Firemen's Relief and Retirement Fund, which accumulate resources for pension benefit payments to qualified public safety employees.

The *private-purpose trust fund* accounts for contributions made on behalf of outside parties.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

City of Weslaco, Texas

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General, Hotel/Motel Tax- Special Revenue, Debt Service Fund, Capital Improvement Program, Storm Water Improvement Fund, 2019 Bond Series Fund and Fire Department Equipment Replacement- Capital Project Funds. Other capital projects funds are appropriated on a project-length basis. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year. In addition, the Water and Wastewater, Solid Waste, and Airport Proprietary Funds also employ formal budgetary integration as a management control device during the year. Budgets for these funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The City's Special Projects fund, which is reported as a major special revenue fund, did not have a legally adopted budget.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the commission. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget or are canceled pursuant to state regulations.

City of Weslaco, Texas
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

Excess of expenditures over appropriations

At September 30, 2021, expenditures exceeded appropriations in nine departments in the General Fund. These amounts were attributed to underestimation of actual expenditures and unforeseen cost in overtime, supplies, utilities, and maintenance of city vehicles. The departments and the excess expenditures over appropriations are as follows:

City Manager	\$ 9,298
Municipal Court	9,246
Planning & Code Enforcement	16,216
Law	24,277
General government Non-departmental	2,902,562
Fire Department	276,481
Emergency Management Department	24,675
Other Economic Development	606,546
Debt Service- principal and interest	114,379

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

The City'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.

Cash of all funds, including restricted cash is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled cash are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

Negative balances incurred in pooled cash at year-end are treated as inter-fund receivables of the General Fund and inter-fund payables of the deficit fund.

Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in the TexPool public fund investment pool (Pool). The pool meets all of the specified criteria in Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the pool is equal to the value of the pooled shares.

Other investments are carried at fair value as defined in GASB Statement No. 72 "*Fair Value Measurement and Application*". Consistent with GASB Statement No 72, the City categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the City's Firemen's Relief and Retirement Fund Investments a detail of the fair value hierarchy of investments held by the City are disclosed in Note 3 to the financial statements.

City of Weslaco, Texas
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and payables

Unbilled receivables – An amount for unbilled revenue is recorded in the Water and Wastewater Fund and Solid Waste Fund for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when on fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are funds are netted as part of the reconciliation to the government-wide presentation.

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer deposit accounts – Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

Bond and capital activities– Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or future capital activities.

City of Weslaco, Texas

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reflected at acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000 or more and over one year of useful life. Infrastructure assets capitalized have an original cost of \$5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 - 50 years
Water and Wastewater System	30 - 50 years
Infrastructure	20 - 35 years
Machinery and Equipment	5 - 10 years
Improvements	20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The City has three (3) items that qualify for reporting as deferred outflows of resources, the *deferred amount on refunding*, the *deferred outflows related to pensions*, and the *deferred outflows related to OPEB*, each reported in the government-wide and proprietary funds statements of net position. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions and OPEB are an aggregate of items related to pensions and other post-employment benefits as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions and OPEB will be recognized as either pension or OPEB expense or a reduction in the net pension liability or OPEB liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two (2) items that qualify for reporting as deferred inflows of resources. The *deferred inflows related to pensions and OPEB* are an aggregate of items related to pensions and other post-employment benefits as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions and OPEB will be recognized as a reduction to pension or OPEB expense in future reporting years.

City of Weslaco, Texas
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The City's policy allows employees to accumulate unused sick leave on an unlimited basis and vacation leave up to 30 days except vacation leave accrued prior to December 1990, which shall be refunded in full.

Non-civil service employees who were hired before October 1, 2008 and who have completed ten years of employment are entitled to be paid up to 30 days of accumulated sick leave, 60 days for those employees with 11 to 20 years and 90 days for 21 years or more and any accumulated vacation up to 30 days, upon termination. Employees who were hired after October 1, 2008 shall be refunded in full one hundred and twenty (120) hours upon separation of employment, from accumulated vacation leave.

Civil service employees hired are entitled to be paid any accumulated vacation, but must complete five years of employment with the City to be entitled to be paid up to 90 days of accumulated sick leave upon termination. Sick leave in excess of maximum limits is not paid upon termination, but will be paid only upon illness while employed by the City.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

City of Weslaco, Texas

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Texas Municipal Retirement System (TMRS) Supplemental Death Benefit and the Firefighter Retiree Healthcare benefit has been determined using the flow of economic resources measurement focus and full accrual basis of accounting.

This includes for purposes of measuring the total OPEB liability, deferred outflows and inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from the applicable OPEB's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. Information regarding the City's total OPEB liability related to the TMRS Supplemental Death Benefit is obtained from TMRS through a report prepared by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Information regarding the City's total OPEB liability related to the Firefighter Retiree Healthcare is obtained from a report prepared by the City's consulting actuary, Retirement Horizons, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied. The City reported deficit net position in the Internal Service Fund in the amount of (\$239,737).

Fund balance flow assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

City of Weslaco, Texas

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity (Continued)

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The governing commission has by resolution authorized the City Manager to assign fund balance. The commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – fund balance of the General Fund that is not constrained for any particular purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount.

Revenues and Expenditures/Expenses

Program revenues – 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied as of October 1. The county appraisal district certifies the tax roll by July 25th. This tax roll is used by the City to adopt a tax rate by September 1st or soon thereafter. The tax bills are mailed on October 1 or soon thereafter and are due and payable upon receipt. The billings become delinquent as of February 1 of the following calendar year and penalties and interest may be assessed by the City.

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Wastewater Fund, Solid Waste Fund, Airport Fund and internal service funds are charges to customers for sales and services. The Water and Wastewater Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Weslaco, Texas
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 5, 2022 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In fiscal year 2021, the City implemented GASB Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. 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. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

City of Weslaco, Texas
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

The City is evaluating the requirements of the above statements and the impact on reporting.

NOTE 2: PRIOR PERIOD ADJUSTMENT

Prior year notes receivable and capital assets for the Weslaco Economic Development Corporation Component Unit were restated. In addition, prior year professional fees expensed were restated to assets held for sale. The prior year has been restated to account for the prior period adjustment for these changes. The effect of the adjustment was an increase to beginning General Fund balance in the amount of \$17,000 and increase to beginning net position in the amount of \$1,495,180.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 3: DEPOSITS AND INVESTMENTS

It is the City's policy, as well as a requirement in its depository agreement, for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2021. At year-end, the respective bank balance totaled \$32,986,887. Of the total bank balance, \$500,000 was covered by Federal Depository Insurance Corporation (FDIC). The remainder was covered by collateral with a value of \$43,500,000. The collateral was held at third party banks (safekeeping banks) in the City's name under a joint safekeeping agreement between various banks and the City.

Investments

State statutes, city bond ordinances, city resolutions, and an investment policy adopted by the City Commission authorize the City's investments. The City is authorized to invest in obligations of the United States of America, its agencies and instrumentalities, direct obligations of the State of Texas and agencies thereof, obligations of the states (agencies thereof, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating equivalent), certificates of deposit of state and national banks domiciled in Texas, fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by law, and commercial paper with a 270 day limit and an A1P1 rating by two rating agencies.

Investment with investment maturities, including accrued interest, as of September 30, 2021 are as follows:

	Investment Maturities (in years)		Greater than 1 year
	Value	1 or less	
Primary Government			
TexPool	\$ 22,691,752	\$ 22,691,752	\$ -

A reconciliation of cash and investments follows:

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Cash and cash equivalents	\$ 23,805,058	\$ 754,149	24,559,207	\$ 5,279,131
Restricted cash	6,483,662	1,255,489	7,739,151	-
Total cash and cash equivalents	30,288,720	2,009,638	32,298,358	5,279,131
Investments:				
TexPool	21,399,523	-	21,399,523	-
TexPool - Restricted	-	1,292,229	1,292,229	-
Total investments	21,399,523	1,292,229	22,691,752	-
Total cash and investments	\$ 51,688,243	\$ 3,301,867	\$ 54,990,110	\$ 5,279,131

See Note 6 for components of cash and investment restrictions.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment.

Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations. The investment policy states that the dollar weighted average maturity of 12 months or less will be calculated using the stated final maturity date of each security.

Credit Risk

As of September 30, 2021, the investments in TexPool investment pools were rated AAAM by Standard and Poor's.

The City's investment policy limits authorized investments to certain Texas government investments pools, obligations of or guaranteed by the U. S. and State of Texas and their agencies thereof, certificates of deposit of Texas banks and fully collateralized repurchase agreements.

Public Funds Investment Pools

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safekeep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

The City reports its local government investment pools at amortized cost as permitted by Section 150: *Investments* of the GASB Codification. In addition, the pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Firemen's Relief and Retirement Fund Investments

The Firemen's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2021. The composition of these investments is as follows:

	Fair Value
Equities	\$ 12,302,653
Mutual funds	3,167,419
Fixed income:	
Money market mutual funds	476,212
Total investments	\$ 15,946,284

The Firemen's fund has adopted the provisions of GASB Statement 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under generally accepted accounting principles. All investments of the Firemen's fund are valued using level 1 inputs, which are quoted prices in active markets for identical assets.

Because of the complexity of the portfolio, the Firemen's Board of Trustees relies on its consultant to provide the necessary guidance to accomplish the Plan's objective. The Board also understands that return objectives can be achieved while assuming market volatility. The Board is willing to forgo potential return in strong markets in return for protection against a severe decline during weak periods.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name. All investment securities are held in the Plan's name.

Concentration of Credit Risk

The allocation of assets among various asset classes is set by the Board with the objective of optimizing the investment return of the Plan within a framework of acceptable risk and diversification. For major asset classes (e.g., domestic equities, international equities, fixed income, alternative investments, private equity and real estate, and specialty), the investment policy establishes a minimum and maximum percentage allocation for each classification of investments.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Firemen's Relief and Retirement Fund Investments - Continued

Interest Rate Risk

The Plan invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest. Instruments may have an investment grade or noninvestment grade rating. Purchases and sales, investment selection and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and the Plan's Investment Policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates, but rather mandates such limits within the Investment Management Services Contract.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan does not have a formal policy limiting investment credit risk, but rather mandates such limits within the Investment Management Services Contract.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Realized and unrealized gains and losses on investments which result from changes in foreign currency exchange rates have been included in the net appreciation (depreciation) in fair value of investments.

NOTE 4: RECEIVABLES

Receivables at September 30, 2021, consist of the following:

	Primary Government								
	Governmental			Business-type				Total Primary Government	Component Unit
	General Fund	Other Governmental Funds	Total	Water and Wastewater	Solid Waste	Airport Fund	Total		
Ad valorem taxes	\$ 1,145,603	\$ 433,146	\$ 1,578,749	\$ -	\$ -	\$ -	\$ -	\$ 1,578,749	\$ -
Sales taxes	1,284,095	-	1,284,095	-	-	-	-	1,284,095	321,024
Customer charges	-	-	-	3,644,706	1,474,238	5,287	5,124,231	5,124,231	-
Hotel/Motel taxes	-	212,445	212,445	-	-	-	-	212,445	-
Ambulance fees	10,042,045	-	10,042,045	-	-	-	-	10,042,045	-
Other	986,691	104,680	1,091,371	-	-	1,021,999	1,021,999	2,113,370	3,500
Gross receivables	13,458,434	750,271	14,208,705	3,644,706	1,474,238	1,027,286	6,146,230	20,354,935	324,524
Less allowance for uncollectibles	(9,382,847)	(187,342)	(9,570,189)	(1,609,113)	(697,680)	-	(2,306,793)	(11,876,982)	-
Net total receivables	\$ 4,075,587	\$ 562,929	\$ 4,638,516	\$ 2,035,593	\$ 776,558	\$ 1,027,286	\$ 3,839,437	\$ 8,477,953	\$ 324,524

City of Weslaco, Texas

Notes to Financial Statements

NOTE 4: RECEIVABLES (Continued)

Property tax revenues are recognized when they become available in the fund statements. Available includes those property tax receivables expected to be collected within sixty days after year end.

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied as of October 1. The county appraisal district certifies the tax roll by July 25th. This tax roll is used by the City to adopt a tax rate by September 1st or soon thereafter. The tax bills are mailed on October 1, or soon thereafter, and are due and payable upon receipt. The billings become delinquent as of February 1 of the following calendar year and penalties and interest may be assessed by the City.

As an inducement to expand their business operations to the City's Industrial Park, the Economic Development Corporation of Weslaco, accepted notes from various businesses. These notes are for cash loans, and sale of industrial park lots. The loans carry various credit incentives up to the amounts of the loans and sometimes beyond the initial loans. The credits vary by individual entities. The credits involve construction of buildings, leasing of existing properties at the industrial park, employing local residents and the purchase of goods and services from merchants in the local area. All notes receivable carry incentives to the extent of the note receivable balance.

The following is a summary of notes receivable payable to the EDC at September 30, 2021:

Loan to CIL Properties	\$ 68,194
Loan to CIL Hangars, LLC	142,989
Loan to Valley Striping	88,834
Promissory note from LRGVDC (Building Sale)	1,123,950
Promissory note from SDI Weslaco Holdings, Inc.	1,943,850
Promissory note from City of Weslaco	1,397,045
Total notes receivable	<u>\$ 4,764,862</u>

Total note receivable from SDI Weslaco Holdings, LLC (SDI) was \$2,213,255 at 8% interest rate. This note is secured by a Chapter 380 Economic Development Agreement between the City of Weslaco, Texas and SDI. SDI has assigned the annual payments due from the City to the Economic Development Corporation, of Weslaco, Texas until the note is paid in full. The note is payable in annual payments, until March 1, 2030. The 380 Agreement was to facilitate the construction of infrastructure improvements for a commercial development. The EDC spurred the development by advancing \$2,213,255 of the \$3,300,000 project. In the current year, the City of Weslaco paid \$226,306 under the 380 Agreement.

Notes with Economic Incentives

The economic incentive portion of the notes receivable balances have been recognized as expenditures in current year operations, as well as the long-term note receivable advance. As the entities earn their incentives, the note balances will be reduced accordingly, with an equal offset to unavailable revenue. That is to control compliance with the agreements. The long-term note receivable principal payments are recognized as revenues, with equal off-set to unavailable revenue. Note balances had equal unavailable revenue at September 30, 2021.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 is as follows:

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 6,227,175	\$ 43,324	\$ -	\$ -	\$ 6,270,499
380 Agreements Infrastructure	7,629,307	-	-	-	7,629,307
Construction-in-progress	3,213,163	6,407,238	(1,148,019)	-	8,472,382
Total capital assets, not being depreciated	17,069,645	6,450,562	(1,148,019)	-	22,372,188
Capital assets being depreciated					
Buildings	20,411,626	-	-	-	20,411,626
Equipment	15,168,595	2,146,016	-	-	17,314,611
Improvements	45,667,355	507,629	1,148,019	-	47,323,003
Capital Leases	6,911,937	878,233	-	-	7,790,170
	88,159,513	3,531,878	1,148,019	-	92,839,410
Less accumulated depreciation for:					
Buildings	8,765,469	510,291	-	-	9,275,760
Equipment	10,648,971	1,137,174	-	-	11,786,145
Improvements	28,346,041	1,507,890	-	-	29,853,931
Capital Leases	3,563,687	564,078	-	-	4,127,765
Total accumulated depreciation	51,324,168	3,719,433	-	-	55,043,601
Total capital assets being depreciated, net	36,835,345	(187,555)	1,148,019	-	37,795,809
Governmental activities, capital assets, net	\$ 53,904,990	\$ 6,263,007	\$ -	\$ -	\$ 60,167,997

Depreciation expense was charged as a direct expense to governmental functions of the primary government as follows:

Governmental activities	
General government	\$ 450,232
Public safety	865,034
Emergency medical services	289,543
Public works	1,569,467
Culture and recreation	545,157
	\$ 3,719,433

City of Weslaco, Texas
Notes to Financial Statements

NOTE 5: CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Transfers/ Reclassification	Retirements	Ending Balance
Business-type Activities:					
Capital assets not being depreciated					
Land	\$ 3,952,884	\$ 670,000	\$ -	\$ -	\$ 4,622,884
Construction in progress	550,534	843,813	(59,058)	-	1,335,289
Total capital assets not being depreciated	4,503,418	1,513,813	(59,058)	-	5,958,173
Capital assets being depreciated					
Buildings	1,679,646	-	-	-	1,679,646
Equipment	8,199,721	1,208,000	-	-	9,407,721
Improvements	129,540,911	397,336	59,058	-	129,997,305
Capital leases	7,474,943	106,129	-	-	7,581,072
Total capital assets being depreciated	146,895,221	1,711,465	59,058	-	148,665,744
Less accumulated depreciation for:					
Building	1,390,764	20,353	-	-	1,411,117
Equipment	7,562,184	728,835	-	-	8,291,019
Improvements	42,220,987	3,843,920	-	-	46,064,907
Total accumulated depreciation	51,173,935	4,593,108	-	-	55,767,043
Total capital assets being depreciated, net	95,721,286	(2,881,643)	59,058	-	92,898,701
Business-type activities capital assets, net	\$ 100,224,704	\$ (1,367,830)	\$ -	\$ -	\$ 98,856,874

Depreciation expense was charged as direct expense to business-type functions of the primary government as follows:

Business-type activities:	
Water and wastewater	\$ 4,094,113
Solid waste	98,723
Airport	400,272
Total depreciation expense- Business-type activities	\$ 4,593,108

	Beginning Balance	Additions	Transfers/ Reclassification	Retirements	Ending Balance
Component Unit:					
Capital assets being depreciated					
Buildings	4,991,305	-	-	-	4,991,305
Machinery and equipment	179,668	18,564	-	-	198,232
Total capital assets being depreciated	5,170,973	18,564	-	-	5,189,537
Less accumulated depreciation	580,298	152,501	-	-	732,799
Total capital assets being depreciated, net	4,590,675	(133,937)	-	-	4,456,738
Component Unit capital assets, net	\$ 4,590,675	\$ (133,937)	\$ -	\$ -	\$ 4,456,738

Depreciation of \$152,501 was charged to general government functions.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 6: LONG-TERM DEBT

Business-Type Activities Bonded Debt

Business-type activities bonded debt as of September 30, 2021 is as follows:

\$9,075,000 Tax and Revenue Certificate of Obligation, Series 2014, dated March 1, 2014, due in annual installments varying from \$75,000 to \$1,355,000 through February 15, 2034, bearing interest rates of 4.50%.	\$ 75,000
\$15,750,000 Limited Tax Refunding Bonds, Series 2016, dated June 7, 2016, due in annual installments varying from \$290,000 to \$2,285,000 through August 15, 2032, bearing interest rates of 4.00%-5.00%.	12,150,000
\$19,545,000 Limited Tax Refunding Bonds, Series 2017, dated August 16, 2017, due in annual installments varying from \$500,000 to \$2,285,000 through February 15, 2027, bearing interest rates of 4.00%-5.00%.	19,045,000
\$9,685,000 Limited Tax Refunding Bonds, Series 2020, dated November 12, 2020, due in annual installments varying from \$75,000 to \$1,370,000 through February 15, 2034, bearing interest rates of 0.635%-2.262%.	9,435,000
Total Business-Type Activities Bonded Debt	<u>\$40,705,000</u>

Business-Type Activities Capital Leases

Business-type activities capital lease debt as of September 30, 2021 is as follows:

\$434,278 Kansas State Bank lease agreement dated January 18, 2019. The terms of the capital lease include annual payments of \$58,552 beginning March 2019. The lease was used to fund purchase of equipment.	\$ 293,215
\$7,446,877 Frost Municipal lease agreement dated December 1, 2017. The terms of the capital lease include annual payments of \$606,289 beginning January 2019. The lease was used to fund building lighting, HVAC upgrades, and replacing traffic light signals. A portion of this lease and annual payments are recorded in the City's Governmental Activities.	5,406,333
\$570,485 Government Capital Corporation lease agreement dated June 16, 2020. The terms of the capital lease include 5 annual payments of \$122,848 beginning July 2, 2021. The lease was used to fund the purchase of a vehicle, tractor, and grapple truck.	461,985
\$594,398 Government Capital Corporation lease agreement dated August 26, 2021. The terms of the capital lease include 5 annual payments of \$125,288 beginning August 1, 2022. The lease was used to fund the purchase garbage bins.	594,398
Total Business-Type Activities Capital Lease Debt	<u>\$ 6,755,931</u>

City of Weslaco, Texas
Notes to Financial Statements

NOTE 6: LONG-TERM DEBT (Continued)

Business-type Activities Note Payable

Business-type activities Note Payable from direct borrowing as of September 30, 2021 is as follows:

A note dated November 20, 2019 and payable to the Economic Development Corporation of Weslaco for \$1,450,810. Interest on the note is payable on June 20 and December 20 of each year commencing on June 20, 2020 and annual principal payments of \$53,765 beginning December 20, 2020, continuing annually thereafter until December 20, 2024. The interest rate is a fixed 3.00%. The note is secured by a vendor's lien and superior title. \$ 1,397,045

Governmental Activities Bonded Debt

Governmental activities bonded debt as of September 30, 2021 is as follows:

\$3,940,000 Certificates of Obligation, Series 2018, dated October 1, 2018 due in annual installments of \$279,756 to \$288,471 through February 19, 2038, bearing interest at 3.0% to 5.0%.	\$3,525,000
\$11,915,000 Limited Tax Refunding Bonds, Series 2012, Dated August 15, 2013, due in annual installments varying from \$980,000 to \$1,470,000 through February 15, 2023, bearing interest rates of 2.00% - 3.00%.	2,900,000
\$6,750,000 Tax and Revenue Certificate of Obligation, Series 2013, dated September 19, 2013, due in annual installments varying from \$90,000 to \$570,000 through August 15, 2033, bearing interest rates of 2.00% - 5.00%.	760,000
\$3,735,000 Limited Tax Refunding Bonds, Series 2016, dated June 7, 2016, due in annual installments varying from \$265,000 to \$530,000 through February 15, 2027, bearing interest rates of 4.00%-5.00%.	2,620,000
\$8,850,000 General Obligation Bonds, Series 2019, dated September 15, 2019, due in annual installments varying from \$190,000 to \$670,000 through February 15, 2039, bearing interest rates of 1.00%-3.00%.	8,440,000
\$10,890,000 Tax and Revenue Certificate of Obligation, Series 2021, dated April 15, 2021, due in annual installments varying from \$85,000 to \$780,000 through February 15, 2041, bearing interest rates of 3.00%-5.00%.	10,890,000
\$3,331,000 Tax and Revenue Certificate of Obligation, Series 2021A, dated August 12, 2021, due in annual installments varying from \$110,000 to \$116,000 through February 15, 2051, with no interest.	3,331,000
\$8,795,000 Tax and Revenue Certificate of Obligation, Series 2021B, dated August 15, 2021, due in annual installments varying from \$285,000 to \$600,000 through February 15, 2043, bearing interest rates of 3.00%-5.00%.	8,795,000

City of Weslaco, Texas
Notes to Financial Statements

NOTE 6: LONG-TERM DEBT (Continued)

\$5,385,000 Limited Tax Refunding Bonds, Series 2020, dated November 12, 2020, due in annual installments varying from \$145,000 to \$565,000 through February 15, 2033, bearing interest rates of 0.635%-2.212%.

5,240,000

Total Governmental Activities Bonded Debt **\$46,501,000**

Governmental Activities Capital Leases

Governmental activities capital lease debt as of September 30, 2021 is as follows:

\$525,000 Frost Municipal lease agreement dated January 28, 2016. The terms of the capital lease include annual payments of \$60,288 beginning October 2016. The lease was used to purchase a fire truck. 276,839

\$670,000 Frost Municipal lease agreement dated December 12, 2016. The terms of the capital lease include annual payments of \$76,883 beginning September 2017. The lease was used to purchase a fire truck. 354,444

\$218,544 Frost Municipal lease agreement dated January 17, 2017. The terms of the capital lease include annual payments of \$47,041 beginning February 2018. The lease was used to purchase an ambulance and other vehicle. 45,805

\$60,564 Frost Municipal lease agreement dated July 12, 2017. The terms of the capital lease include annual payments of \$13,153 beginning February 2016. The lease was used to purchase a brush truck. 12,772

\$7,446,877 Frost Municipal lease agreement dated December 1, 2017. The terms of the capital lease include annual payments of \$606,289 beginning January 2019. The lease was used to fund building lighting, HVAC upgrades, and replacing traffic light signals. A portion of this lease and annual payments are recorded in the City's Water and Wastewater fund. 784,797

\$225,000 City National Capital Finance lease agreement dated December 8, 2017. The terms of the capital lease include annual payments of \$25,602 beginning December 2018. The lease was used to purchase public safety equipment. 163,054

\$87,728 City National Capital Finance lease agreement dated February 28, 2018. The terms of the capital lease include annual payments of \$19,074 beginning February 2019. The lease was used to purchase a vehicle. 36,577

\$450,000 City National Capital Finance lease agreement dated April 7, 2018. The terms of the capital lease include annual payments of \$98,035 beginning April 2019. The lease was used to purchase police vehicles. 187,805

City of Weslaco, Texas
Notes to Financial Statements

NOTE 6: LONG-TERM DEBT (Continued)

\$150,000 City National Capital Finance lease agreement dated June 8, 2018. The terms of the capital lease include annual payments of \$31,847 beginning June 2018. The lease was used to purchase an ambulance.	30,566
\$74,562 City National Capital Finance lease agreement dated January 18, 2019. The terms of the capital lease include annual payments of \$16,374 beginning January 2020. The lease was used to purchase vehicles.	40,335
\$878,233 Government Capital Corporation lease agreement dated August 3, 2021. The terms of the capital lease include annual payments of \$99,940 beginning August 2022. The lease was used to purchase a fire ladder truck.	878,233
<u>Total Governmental Activities Capital Lease Debt</u>	<u>\$2,811,227</u>

Governmental Activities Note Payable

Governmental activities Note Payable debt as of September 30, 2021 is as follows:

A note dated December 9, 2016 and payable to Carlos J. Garza, Christiaan Van Der Graaff and Ysabella Van Der Graaff for \$456,707. The terms of the note include principal and interest payments of \$5,421 beginning January 9, 2017, continuing monthly thereafter until December 9, 2021, when the entire balance, including principal and interest will be due and payable. The interest rate is a fixed 7.00%. The note is secured by a vendor's lien and superior title.	\$ 272,151
A note dated October 18, 2019 and payable to Valley Growers Gin and Supply Company for \$440,000. Terms of payment include 36 monthly installments of interest only of \$2,200 beginning on November 18, 2019, continuing thereafter until October 18, 2022 when the entire principal balance shall be due and payable. The note is secured by a vendor's lien and superior title.	440,000
<u>Total Governmental Activities Note Payable from Direct Borrowing</u>	<u>\$ 712,151</u>

Component Unit Debt

Component Unit bonded debt as of September 30, 2021 is as follows:

\$2,870,000 Economic Development Sales Tax Revenue Refunding Bond Series 2012, due in annual installments not exceeding \$305,000 beginning February 15, 2013 through February 15, 2023, with interest of 3.40%.	\$600,000
\$1,626,170 note payable dated May 4, 2021. The terms of the note include 20 principal and interest payments of \$54,473, beginning January 15, 2022. The note payable was for the purchase of land.	\$1,626,170
<u>Total</u>	<u>\$2,226,170</u>

City of Weslaco, Texas

Notes to Financial Statements

Transactions for the year ended September 30, 2021 are summarized as follows:

	Balance October 1	Additions	Deletions	Balance September 30	Due Within One Year
Governmental Activities:					
Notes Payable	\$ 756,053	\$ -	\$ 43,902	\$ 712,151	\$ 486,973
Total notes from direct borrowings	756,053	-	43,902	712,151	486,973
General Obligation Bonds	8,630,000	-	190,000	8,440,000	200,000
Certificates of Obligation	16,670,000	28,401,000	7,010,000	38,061,000	2,370,000
Capital Leases	2,494,617	878,233	561,623	2,811,227	492,983
Bond Premium	1,832,879	2,898,733	337,049	4,394,563	-
380 Agreement Infrastructure	3,588,327	-	3,282,077	306,250	-
Compensated Absences	3,637,320	1,551,060	1,441,388	3,746,992	374,699
Municipal net pension liability	6,341,943	-	292,369	6,049,574	-
Firemen's net pension liability	5,668,100	-	2,011,300	3,656,800	-
OPEB liability- SDB	800,860	158,292	-	959,152	-
OPEB liability- Retiree health care	2,021,161	238,413	-	2,259,574	-
Total Governmental Activities	52,441,260	34,125,731	15,169,708	71,397,283	3,924,655
Business-Type Activities:					
Notes Payable	\$ 1,450,810	\$ -	\$ 53,765	\$ 1,397,045	\$ 53,765
Total notes from direct borrowings	1,450,810	-	53,765	1,397,045	53,765
Certificate of Obligation and Refunding Bonds	43,015,000	9,685,000	11,995,000	40,705,000	3,085,000
Bond Premium	4,424,653	-	1,043,230	3,381,423	-
Capital Leases	6,692,281	594,398	530,748	6,755,931	661,193
Compensated Absences	145,262	82,487	58,923	168,826	16,303
Customer deposits	1,278,044	100,310	-	1,378,354	-
Landfil Closure	372,376	15,267	51,219	336,424	-
Municipal net pension liability	839,320	-	25,423	813,897	-
OPEB liability- SDB	71,293	13,765	-	85,058	-
Total Business-Type Activities	58,289,039	10,491,227	13,758,308	55,021,958	3,816,261
Total Primary Government	\$ 110,730,299	\$ 44,616,958	\$ 28,928,016	\$ 126,419,241	\$ 7,740,916
Component Unit:					
Revenue Bonds	\$ 880,000	\$ -	\$ 280,000	\$ 600,000	\$ 295,000
Notes Payable	-	1,626,170	-	1,626,170	55,742
Total Component Unit	\$ 880,000	\$ 1,626,170	\$ 280,000	\$ 2,226,170	\$ 350,742

General Obligation Bonds and Certificates of Obligation

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time that taxes are levied, the rate of tax required to provide (in each year that bonds are outstanding) the funds to pay for interest and principal at maturity. The City is in compliance with this requirement. No General Obligation bonds were issued for the fiscal year ended September 30, 2021. The City issued Series 2021, 2021A, and 2021B Certificates of Obligation for the fiscal year ended September 30, 2021.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 6: LONG-TERM DEBT (Continued)

Revenue Bonds

Water and Wastewater Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the Water and Sewer system.

The Revenue Bonds are collateralized by the revenue of the water and wastewater system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds remaining revenue may then be used for any lawful purpose.

The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special fund noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2021.

Sales Tax Revenue Bonds are direct obligations issued on a pledge of the City's sales tax revenues allocated to the Economic Development Corporation, in accordance with state statutes.

No Revenue Bonds were issued for the fiscal year ended September 30, 2020.

Tax Notes

On March 1, 2014, the City issued the Tax and Revenue Certificate of Obligation Note, Series 2014 for \$9,075,000. The proceeds of the certificate will be used for financing, the design construction, equipping, renovation, and/or rehabilitation of the City's Waterworks and Wastewater Systems.

Advance Refunding

In November 2020, the City issued \$15,070,000 Limited Tax Refunding Bonds, Series 2020 to advance refund a portion of the City's outstanding debt in order to lower the overall debt service requirements of the City. The advance refunding was authorized to refund \$4,675,000 of the Series 2013 Tax and Revenue Certificates of Obligation in governmental activities and \$8,770,000 of the Series 2014 Tax and Revenue Certificates of Obligation in business-type activities and to cover costs of issuance.

The bonds are collateralized by property taxes levied against all taxable property within the limits prescribed by law and are further secured by net revenues from the operation of the City's combined waterworks and sewer system. The bonds will be repaid over a 15 year period, which began August 15, 2021 and have interest payment dates of February 15 and August 15. The refunding was undertaken to take advantage of favorable interest rates. The advance refunding resulted in an economic gain (difference between the present value of the debt service payment of the old and net debt) of \$1,684,990 and gross savings of \$1,847,681. At September 30, 2021, the defeased portion of the Series 2013 and Series 2014 Certificates of Obligation bonds had a balance of \$4,675,000 and \$8,770,000, respectively.

Defeased Bonds Outstanding

The City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. The balance of defeased debt outstanding as of September 30, 2021 amounted to \$48,490,000.

City of Weslaco, Texas

Notes to Financial Statements

NOTE 6: LONG-TERM DEBT (Continued)

Bonds Authorized and Unissued - At September 30, 2021, the City had no General Obligations Bonds and Revenue Bonds which were authorized and unissued.

The following table summarizes the restricted cash and investments as of September 30, 2021:

	Governmental Activities	Business-Type Activities	Primary Government
Restricted cash:			
Cash restricted for construction	\$ -	\$ 500,312	\$ 500,312
Cash restricted from PEG fee collection	479,963	-	479,963
Cash restricted for bond retirement	-	253,319	253,319
Cash in escrow	6,003,699	501,859	6,505,558
Total restricted cash	\$ 6,483,662	\$ 1,255,490	\$ 7,739,152
Restricted investments:			
Restricted for construction	\$ -	\$ 546,035	\$ 546,035
Restricted for bond retirement	-	746,193	746,193
Total restricted investments	\$ -	\$ 1,292,228	\$ 1,292,228

Debt service requirements to maturity for governmental activities and business-type activities are as follows:

General Obligation Bonds

Governmental Activities			
Year Ending September 30,	Principal	Interest	Total Requirements
2022	\$ 200,000	\$ 356,200	\$ 556,200
2023	210,000	345,950	555,950
2024	350,000	331,950	681,950
2025	370,000	313,950	683,950
2026	390,000	294,950	684,950
2027-2031	2,240,000	1,175,900	3,415,900
2032-2036	2,745,000	670,500	3,415,500
2037-2039	1,935,000	118,100	2,053,100
Total	\$ 8,440,000	\$ 3,607,500	\$ 12,047,500

Certificates of Obligations and Refunding Bonds

Governmental Activities				Business-Type Activities		
Year Ending September 30,	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2022	\$ 2,370,000	\$ 1,207,051	\$ 3,577,051	\$ 3,085,000	\$ 1,644,667	\$ 4,729,667
2023	2,535,000	996,031	3,531,031	3,230,000	1,501,967	4,731,967
2024	1,910,000	911,206	2,821,206	3,500,000	1,354,237	4,854,237
2025	1,985,000	844,206	2,829,206	3,650,000	1,194,238	4,844,238
2026	2,060,000	632,875	2,692,875	3,830,000	1,012,039	4,842,039
2027-2031	9,185,000	3,032,281	12,217,281	17,095,000	2,930,180	20,025,180
2032-2036	8,275,000	1,843,500	10,118,500	6,315,000	295,038	6,610,038
2037-2041	7,430,000	721,794	8,151,794	-	-	-
2042-2046	1,735,000	1,180,000	2,915,000	-	-	-
2047-2051	576,000	-	576,000	-	-	-
Total	\$ 38,061,000	\$ 11,368,945	\$ 49,429,945	\$ 40,705,000	\$ 9,932,367	\$ 50,637,367

City of Weslaco, Texas
Notes to Financial Statements

NOTE 6: LONG-TERM DEBT (Continued)

Notes Payable

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2022	\$ 486,973	\$ 44,479	\$ 531,452	\$ 53,765	\$ 41,105	\$ 94,870
2023	50,266	14,786	65,052	53,765	39,492	93,257
2024	53,797	11,255	65,052	53,765	37,879	91,644
2025	57,583	7,469	65,052	53,765	18,536	72,301
2026	61,525	3,409	64,934	1,181,985	-	1,181,985
2027-2031	2,007	92	2,099	-	-	-
Total	\$ 712,151	\$ 81,490	\$ 793,641	\$ 1,397,045	\$ 137,012	\$ 1,534,057

Debt service requirements to maturity for the component unit are as follows:

Year Ending September 30,	Component Unit					Total
	Notes Payable		Revenue Bonds			
	Principal	Interest				
2022	\$ 55,742	\$ 107,677	\$ 295,000	\$ 15,385	\$ 473,804	
2023	134,256	83,636	305,000	5,185	528,077	
2024	141,794	76,098	-	-	217,892	
2025	149,755	68,137	-	-	217,892	
2026	158,163	59,729	-	-	217,892	
2027	986,460	26,565	-	-	1,013,025	
Total	\$ 1,626,170	\$ 421,842	\$ 600,000	\$ 20,570	\$ 2,668,582	

The following is a schedule of the future minimum lease payments under capital leases as of September 30, 2021:

Capital Leases

Year Ending September 30,	Governmental Activities			
	City National Capital Finance Lease	Frost Municipal Lease	Frost Municipal Lease	Frost Municipal Lease
2022	\$ 16,374	\$ 60,288	\$ 13,153	\$ 47,041
2023	16,374	60,288	-	-
2024	16,374	60,288	-	-
2025	-	60,288	-	-
2026	-	60,288	-	-
2027-2031	-	-	-	-
2032-2036	-	-	-	-
Total minimum lease payments	49,122	301,440	13,153	47,041
Less the amount representing Interest	(8,787)	(24,601)	(381)	(1,236)
Present value of net minimum lease payments	\$ 40,335	\$ 276,839	\$ 12,772	\$ 45,805

City of Weslaco, Texas
Notes to Financial Statements

NOTE 6: LONG-TERM DEBT (Continued)

Year Ending September 30,	Governmental Activities				
	Frost Municipal Lease	Frost Municipal Lease	City National Capital Finance Lease	City National Capital Finance Lease	City National Capital Finance Lease
2022	\$ 76,883	\$ 76,935	\$ 25,602	\$ 19,074	\$ 98,035
2023	76,883	76,935	25,602	19,074	98,035
2024	76,883	76,935	25,602	-	-
2025	76,883	76,935	25,602	-	-
2026	76,883	76,935	25,602	-	-
2027-2031	-	384,675	51,204	-	-
2032-2036	-	153,870	-	-	-
Total minimum lease payments	384,415	923,220	179,214	38,148	196,070
Less the amount representing Interest	(29,971)	(138,423)	(16,160)	(1,571)	(8,265)
Present value of net minimum lease payments	\$ 354,444	\$ 784,797	\$ 163,054	\$ 36,577	\$ 187,805

Year Ending September 30,	Governmental Activities		Total Requirements
	City National Capital Finance Lease	Government Capital Corporation	
2022	\$ 31,847	\$ 99,940	\$ 565,172
2023	-	99,940	473,131
2024	-	99,940	356,022
2025	-	99,940	339,648
2026	-	99,940	339,648
2027-2031	-	499,700	935,579
2032-2036	-	-	153,870
Total minimum lease payments	31,847	999,400	3,163,070
Less the amount representing Interest	(1,281)	(121,167)	(351,843)
Present value of net minimum lease payments	\$ 30,566	\$ 878,233	\$ 2,811,227

Year Ending September 30,	Business-Type Activities				
	City National Capital Finance Lease	Kansas State Bank Lease	Government Capital Corporation	Frost Municipal Lease	Total Requirements
2022	\$ 529,354	\$ 58,552	\$ 122,848	\$ 125,288	\$ 836,042
2023	529,354	58,552	122,848	125,288	836,042
2024	529,354	209,639	122,848	125,288	987,129
2025	529,354	-	122,848	125,288	777,490
2026	529,354	-	-	125,288	654,642
2027-2031	2,646,770	-	-	-	2,646,770
2032-2036	1,058,708	-	-	-	1,058,708
Total minimum lease payments	6,352,248	326,743	491,392	626,440	7,796,823
Less the amount representing Interest	(945,915)	(33,528)	(29,407)	(32,042)	(1,040,892)
Present value of net minimum lease payments	\$ 5,406,333	\$ 293,215	\$ 461,985	\$ 594,398	6,755,931

City of Weslaco, Texas

Notes to Financial Statements

NOTE 7: PROPERTY TAX

The State of Texas Constitution limits the City's ad valorem tax rate for all purposes to \$2.50 per one hundred dollars of assessed valuation. Ad valorem tax revenue during the year ended September 30, 2021 was levied using a rate of \$.6967 per one hundred dollars of assessed valuation based on 100 percent of estimated market value.

Legislation has been passed by the Texas Legislature which affects the methods of property appraisal in the City. This legislation, with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles (unless specifically authorized by resolution of the governing body) from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county appraisal districts and for a state property board.

The appraisal of property within the city is the responsibility of the Hidalgo County Tax Appraisal District.

The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100 percent of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on city property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate of the previous year by more than 8 percent, qualified voters of the city may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the effective tax rate.

The City bills and collects its own property taxes through a contractual agreement with the County of Hidalgo. Collections of the city taxes and remittance of them are accounted for in the County of Hidalgo Tax Collection Agency Fund. City property tax revenues are recognized when levied to the extent that they result in current receivables. January 1 is the assessment date. March 31 is the end of the rendition period for the Appraisal District.

By September 30, the City adopts the tax rate. Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax liens are automatic on January 1 each year. The tax lien is part of a lawsuit for property that can be filed any time after taxes become delinquent (February 1). The City usually waits until after July 1 to file suits on real estate property. As of July 1, 15% collection costs may be added to all delinquent accounts. Current tax collections for the year ended September 30, 2021, were 99.2% of the tax levy.

Property taxes at the fund level are recorded as receivables and deferred inflows at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

Inter-fund balances at September 30, 2021 consisted of the following individual fund receivables and payables:

Receivable Fund	Payable Fund						
	General Fund	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Other Governmental Funds	Internal Service Fund	Total
General Fund	\$ 1,004	\$ -	\$ 1,571,619	\$ 1,778,662	\$ 158	\$ 250,269	\$ 3,601,712
2021 C. O. Construction Fund	-	-	-	-	423,831	-	423,831
Other Governmental Funds	32,655	-	-	-	94,693	-	127,348
Solid Waste Fund	-	2,000,000	-	-	-	-	2,000,000
	\$ 33,659	\$ 2,000,000	\$ 1,571,619	\$ 1,778,662	\$ 518,682	\$ 250,269	\$ 6,152,891

Interfund balances are due to timing on cash transfers and to cover deficits at year end. These are expected to be funded once reimbursement is received in the respective funds. There is a long-term advance from the Solid Waste Fund to the Water and Wastewater fund adopted by resolution in September of 2015 to be repaid over future years.

NOTE 9: TRANSFERS

Transfers at September 30, 2021 consisted of the following:

Transfer Out Funds	Transfer in Funds					Total
	General Fund	2021B C.O. Construction Fund	Other Governmental Funds	Water and Wastewater Fund	Airport Fund	
General Fund	\$ 1,579,307	\$ -	\$ 2,795,880	\$ -	\$ 380,000	\$ 4,755,187
2021 C. O. Construction Fund	-	-	423,831	-	-	423,831
2021B C.O. Construction Fund	-	10,000,000	14,742	-	-	10,014,742
Special Projects Fund	700,000	-	-	-	-	700,000
Water and Wastewater Fund	1,365,562	-	-	5,683,422	-	7,048,984
Solid Waste Fund	125,000	-	1,000,000	-	-	1,125,000
	\$ 3,769,869	\$ 10,000,000	\$ 4,234,453	\$ 5,683,422	\$ 380,000	\$ 24,067,744

Transfers to the capital improvement fund and firemen's equipment replacement fund were made in accordance with ordinances to fund City projects and replace old equipment. In addition, there was a transfer out of the general fund to supplement the airport fund for expenditures in excess of revenues. There was a transfer from the solid waste the capital improvement fund for the payment certain capital improvements. There were transfers from water and wastewater and solid waste funds to the general fund in accordance with City policy to fund future projects.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 10: DEFINED BENEFIT - PENSION PLANS

A. Texas Municipal Retirement System (TMRS)

Plan Description

The City of Weslaco participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with TMRS act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefits are calculated as if the sum of the employee's contributions, with interest, and the city-financing monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	170
Inactive employees entitled to but not yet receiving benefits	173
Active employees	<u>245</u>
	<u>588</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 10: DEFINED BENEFIT - PENSION PLANS (Continued)

Employees for the City of Weslaco, Texas were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.52% and 8.30% in calendar 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$1,015,438 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	1.85% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2020 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 10: DEFINED BENEFIT - PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	<u>10.0%</u>	7.75%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the 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.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 10: DEFINED BENEFIT - PENSION PLANS (Continued)

Schedule of Changes in Net Pension Liability

The change in the City's net pension liability for TMRS pension for the fiscal year ended September 30, 2021 is as follows:

	Increase (Decrease)		
	(a)	(b)	(a)-(b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2019	\$ 49,331,072	\$ 42,149,809	\$ 7,181,263
Changes for the year			
Service cost	1,688,972	-	1,688,972
Interest	3,312,115	-	3,312,115
Difference Between expected/actual experience	(282,741)	-	(282,741)
Changes of assumptions	-	-	-
Contributions- employer	-	1,022,020	(1,022,020)
Contributions- employee	-	839,688	(839,688)
Net investment income	-	3,195,941	(3,195,941)
Benefit payments, including refunds of employee contributions	(2,214,372)	(2,214,372)	-
Administrative expenses	-	(20,703)	20,703
Other charges	-	(808)	808
Net changes	2,503,974	2,821,766	(317,792)
Balance at December 31, 2020	\$ 51,835,046	\$ 44,971,575	\$ 6,863,471

Net pension liability amounts are allocated between the governmental activities and business-type activities in the statement of net position by \$6,049,574 and \$813,897, respectively.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would have been if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 14,300,521	\$ 6,863,471	\$ 553,070

City of Weslaco, Texas
Notes to Financial Statements

NOTE 10: DEFINED BENEFIT - PENSION PLANS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized pension expense in the amount of \$868,809. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 43,129	\$ 290,495
Changes in actuarial assumptions	56,776	-
Differences between expected and actual investment earnings (net of current year amortization)	-	1,189,888
Contributions subsequent to measurement date	736,698	-
Total	\$ 836,603	\$ 1,480,383

Deferred outflows/inflows of resources related to pensions are allocated between the governmental activities and business-type activities in the statement of net position. Please see Note 13 for the aggregate amount of deferred outflows/inflows of resources, pension and OPEB liabilities, and pension and OPEB expenses.

\$736,698 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	
2022	\$ (492,110)
2023	\$ (35,622)
2024	\$ (782,581)
2025	\$ (70,165)

City of Weslaco, Texas
Notes to Financial Statements

NOTE 10: DEFINED BENEFIT - PENSION PLANS (Continued)

B. Firemen's Pension Plan

Plan Description

The Board of Trustees of the Weslaco Firemen's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. The Firemen's Relief and Retirement Fund is considered part of the City of Weslaco's financial reporting entity and is included in the City's financial reports as a pension trust fund.

A stand-alone report for the Firemen's Relief and Retirement fund is publicly available at City Hall located at 255 S. Kansas Avenue, Weslaco, Texas 78596, and complies with GASB Statement No. 67 *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25.

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	28
Current employees	<u>69</u>
Total	<u>97</u>

The Firemen's Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits. These benefits vest after twenty years of credited service. Employees may retire at age 55 with twenty years of service. The monthly benefit at retirement is equal to a base benefit of 2.65% of the highest 60-month average salary multiplied by his years of service, with a maximum of 20 years, but not less than \$1,000; plus a longevity benefit equal to \$132 for each year of service in excess of 20 years. Under this plan, Weslaco firefighters are required to contribute 12% of their pay to the fund. The City of Weslaco is required to make contributions which will equal 12% of pay.

The City of Weslaco Firemen's Relief and Retirement Plan was organized under the Texas Local Fire Fighters Retirement Act (TLFFRA). TLFFRA allows for paid and part-paid fire departments and volunteer fire departments in participating cities to administer their own local retirement systems. The Act provides a general framework for the establishment of TLFFRA systems, including some investment restrictions, but leaves administration, plan design, contributions, and specific investments to each system's local board. Systems operating under TLFFRA are entirely locally funded.

In 2013 the Office of the Fire Fighter's Pension Commissioner was abolished under the Senate Bill 220 by the Texas Sunset Commission. Accordingly, the duties and responsibilities assigned to the Commissioner were transferred to the Texas Pension Review Board (PRB).

The Texas Pension Review Board (PRB) is mandated to oversee all Texas public retirement systems, both state and local, in regard to their actuarial soundness and compliance with state law. The PRB monitors the financial and actuarial soundness of 93 actuarially funded defined benefit public retirement systems in Texas, as well as their compliance with state law.

City of Weslaco, Texas

Notes to Financial Statements

NOTE 10: DEFINED BENEFIT - PENSION PLANS (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Weslaco Firemen's Relief and Retirement Fund's financial statements are prepared using the accrual basis of accounting. The fund operates on a fiscal year and employee and employer contributions are recognized as revenue in the period in which they are received by the fund.

Method Used to Value Investments

The Weslaco Firemen's Relief and Retirement Fund's investments are reported at fair value. There is no provision for the amortization of premium or discount in the purchase price of these assets. Investment income is recognized as it is received. Gains and losses on the sale of assets are recognized as of the transaction date.

Net Pension Liability

The City's Net Pension Liability (NPL) for the Firemen's Fund was measured as of September 30, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of September 30, 2020.

Actuarial Assumptions

Valuation date	September 30, 2020
Actuarial cost method	Entry age - normal
Remaining amortization period	16.3 years, closed
Asset valuation method	market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	3.25% per annum
Inflation	2.5%

There were no changes in actuarial assumptions or benefits from the prior valuation.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates 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 (assumed 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of September 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return (Arithmetic)</u>
Equity	6.0%
Fixed Income	4.0%
Cash	0.0%

City of Weslaco, Texas
Notes to Financial Statements

NOTE 10: DEFINED BENEFIT - PENSION PLANS (Continued)

Discount rate: The discount rate used to measure the total pension liability was 7.25% net of investment expense. The projection of cash flows used to determine the discount rate assumed that the City contribution would equal 12% of payroll and that member contributions would equal 12% of compensation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of benefit payments to determine the total pension liability.

Schedule of Changes in Net Pension Liability- The change in net pension liability for the Firemen's Fund for the fiscal year ended September 30, 2021 is as follows:

	Increase (Decrease)		
	(a)	(b)	(a)-(b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at September 30, 2020	\$ 18,500,451	\$ 12,832,351	\$ 5,668,100
Changes for the year			
Service cost	678,796	-	678,796
Interest	1,357,536	-	1,357,536
Difference Between expected/actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions- employer	-	614,778	(614,778)
Contributions- employee	-	614,778	(614,778)
Net investment income	-	2,857,440	(2,857,440)
Benefit payments, including refunds of employee contributions	(925,403)	(925,403)	-
Administrative expenses	-	(39,364)	39,364
Changes in benefit terms	-	-	-
Net changes	1,110,929	3,122,229	(2,011,300)
Balance at September 30, 2021	\$ 19,611,380	\$ 15,954,580	\$ 3,656,800

Sensitivity of the Net Pension Liability to Changes in the Discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.25% as well as what the City's net pension liability would be if it were to be calculated using the discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
City's net pension liability	\$ 6,809,441	\$ 3,656,800	\$ 1,104,657

City of Weslaco, Texas
Notes to Financial Statements

NOTE 10: DEFINED BENEFIT - PENSION PLANS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021 the City recognized pension expense in the amount of \$318,689. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 200,307	\$ 280,401
Changes in actuarial assumptions	234,126	94,370
Differences between expected and actual investment earnings (net of current year amortization)	-	977,927
Total	\$ 434,433	\$ 1,352,698

Please see Note 13 for total deferred outflows/inflows of resources from other pension and OPEB liabilities.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	
2022	\$ (161,671)
2023	\$ (128,828)
2024	\$ (256,231)
2025	\$ (367,645)
2026	\$ (1,360)
Thereafter	\$ (2,530)

C. Other Plans

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 10: DEFINED BENEFIT - PENSION PLANS (Continued)

C. Other Plans (continued)

In prior years the Internal Revenue code specified that the plan's assets were the property of the City until paid or made available to participants, subject only on an equal basis to the claims of the City's general creditors. A 1996 federal law now requires all assets and income of the Internal Revenue Code 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries.

Assets of the City's plan are administered by private corporations under contract with the City. The private administrators have amended the plans to comply with the federal law. Consequently, the plan's assets and liabilities have been removed from the City's financial statements.

D. Summary of Pension Plans

	City- TMRS	Firemen's Pension Plan	Total City- TMRS and Firemen's Pension Plan
Total pension liability	\$ 51,835,045	\$ 19,611,380	\$ 71,446,425
Plan fiduciary net position	44,971,574	15,954,580	60,926,154
Net pension liability	\$ 6,863,471	\$ 3,656,800	\$ 10,520,271
Deferred outflows of resources	\$ 836,603	\$ 434,433	\$ 1,271,036
Deferred inflows of resources	\$ 1,480,383	\$ 1,352,698	\$ 2,833,081
Pension expense	\$ 868,809	\$ 318,689	\$ 1,187,498

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

A. TMRS Supplemental Death Benefit Fund (SBDF)

The City also participates in a single-employer, defined benefit group-term life insurance known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). This is a voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

City of Weslaco, Texas

Notes to Financial Statements

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	133
Inactive employees entitled to but not yet receiving benefits	35
Active employees	<u>245</u>
	<u>413</u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees for the City of Weslaco were required to contribute 0.17% of their annual gross earnings during the fiscal year. The contribution rates for the City of Weslaco were 0.18% and 0.26% in calendar year 2020 and 2021, respectively. The City's contributions to the SDBF for the year ended September 30, 2021 were \$28,966, and were equal to the required contributions.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation date:	12/31/2020
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount rate*	2.00%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates- service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

*the discount rate was based on the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2020.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date. The following presents a summary of the changes in Total OPEB liability:

	Increase (Decrease)
	Total OPEB Liability
Balance at December 31, 2019	\$ 872,153
Changes for the year:	
Service cost	39,585
Interest	24,430
Difference between expected/actual experience	(26,336)
Changes of assumptions	141,575
Benefit payments, including refunds of employee contributions	(7,197)
Net changes	172,057
Balance at December 31, 2020	\$ 1,044,210

Total OPEB liability amounts are allocated between the governmental activities and business-type activities in the statement of net position by \$959,152 and \$85,058, respectively.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current rate.

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City's total OPEB liability	\$ 1,282,566	\$ 1,044,210	\$ 861,184

OPEB Expense and Deferred Outflows of Resources Related to OPEBs

For the year ended September 30, 2021 the City recognized combined OPEB expense in the amount of \$105,395. At September 30, 2021 the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 40,619
Changes in actuarial assumptions	227,725	24,631
Contributions subsequent to the measurement date	23,077	-
Total	\$ 250,802	\$ 65,250

City of Weslaco, Texas
Notes to Financial Statements

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Deferred outflows of resources related to the total OPEB liability related to the supplemental death benefit are allocated between the governmental activities and business-type activities in the statement of net position. Please see Note 13 for the aggregate amount of deferred outflows/inflows of resources, pension and OPEB liabilities, and pension and OPEB expenses.

The \$23,077 which are reported as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,		
2022	\$	41,380
2023	\$	38,113
2024	\$	34,721
2025	\$	36,097
2026	\$	12,164

B. Firefighter Retiree Health Care

As part of the City's collective bargaining agreement the City makes available health care benefits to all firefighters who retire from the City under a single-employer health insurance plan. All current full-time firefighters covered under the collective bargaining agreement are eligible for the plan after age 55 with at least 20 years of service. The City's coverage continues until the retiree is eligible for Medicare. Under the plan retired firefighters pay 50% of the insurance premium for their coverage with the other 50% coverage being paid by the City. Retired firefighters must pay 100% of the insurance premium coverage to cover their spouse.

Firefighters who are eligible for retirement, but instead choose to terminate employment, are not eligible for coverage under the plan. In addition, retirees who elect to opt-out of the plan do not receive any cash payment in lieu of participating in the plan.

Spouses and dependents are eligible for COBRA coverage for 18 months (or up to 36 months under certain circumstances) following members retirement date. Spouse and dependent(s) are responsible for payment of the full premium amount. Retirees are required to enroll in Medicare once eligible. Retirees pay Medicare premiums. The City does not provide subsidized retiree vision or dental care coverage. Nor does the City provide subsidized retiree life insurance coverage. Life insurance coverage carried at the time of retirement is portable.

Employees covered by benefit terms

At the September 30, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Active employees	<u>66</u>
	67

City of Weslaco, Texas

Notes to Financial Statements

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy and Annual Firefighter Retiree Health Care Plan Cost

The City's annual firefighter retiree health care plan cost is based upon the annual actuarially determined contribution of the employer ("ADC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ADC represents an accrual that, if expensed annually, will recognize the normal cost each year and an amount to amortize any unfunded actuarial liabilities (or funding excess) over thirty years. The City has not established a trust to fund the Firefighter Retiree Health Care Plan liability and intend to continue the pay-as-you-go funding method. The plan does not issue a separate financial report.

Actuarial assumptions:

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date: September 30, 2020

Methods and Assumptions

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	2.19% as of September 30, 2021
Inflation	2.5%
Salary Increases	3.25% per annum for wage inflation. 5.16% grading down to 0.00% per annum for longevity and promotion based on years of service
Mortality Rates	SOA Public Safety Mortality tables with generational mortality projection using Scale MP-20193 Separate rates for employees and retirees. Separate rates for males and females.
Health Care Trend Rates	7.75% for 2020 decreasing by 0.25% per year until the ultimate rate of 4.50% is reached in 2033.
Retirement Rates	50% for those retiring between age 55-59; 100% for those retiring at age 60. No participation after retiree reaches eligibility age for Medicare.

Other Information:

Notes: The discount rate changed from 2.40% as of October 1, 2020 to 2.19% as of September 30, 2021

Discount Rate: For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.19% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 2.40% as of the prior measurement date.

Plan Assets: There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The City's Total OPEB Liability related to the Firefighter Retiree Health Care OPEB was measured as of September 30, 2021, and was determined by an actuarial valuation as of September 30, 2020.

The following presents a summary of the changes in Total OPEB liability:

	Total OPEB Liability
Balance at September 30, 2020	\$ 2,021,161
Changes for the year:	
Service cost	156,366
Interest	51,805
Difference between expected/actual experience	-
Changes of assumptions	49,218
Contributions - employer	(18,976)
Changes in benefit terms	-
Net changes	238,413
Balance at September 30, 2021	\$ 2,259,574

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

Sensitivity of Total OPEB Liability to the Discount Rate Assumption: Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 2.40%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease in Discount Rate (1.19%)	Discount Rate (2.19%)	1% Increase in Discount Rate (3.19%)
City's total OPEB liability	\$ 2,512,947	\$ 2,259,574	\$ 2,026,701

City of Weslaco, Texas
Notes to Financial Statements

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption: Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease in trend	Current trend	1% Increase in trend
City's total OPEB liability	\$ 1,914,583	\$ 2,259,574	\$ 2,677,992

OPEB Expense and Deferred Inflows of Resources Related to Firefighter Retiree Health Care OPEB.

For the year ended September 30, 2021, the City recognized OPEB expense of \$237,614. At September 30, 2021, the City reported deferred inflows of resources related to Firefighter Retiree Health Care OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,044	\$ -
Changes in assumptions	381,223	53,050
Total	\$ 394,267	\$ 53,050

Amounts reported as deferred inflows of resources related to Firefighter Retiree Health Care OPEB will be recognized in OPEB expense as follows:

2022	\$ 29,449
2023	\$ 29,449
2024	\$ 29,449
2025	\$ 29,449
2026	\$ 29,449
Thereafter	\$ 193,972

City of Weslaco, Texas
Notes to Financial Statements

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

C. Summary of Other Post-Employment Benefits

	City TMRS SDBF Plan	Firefighter Retiree Health Care Plan	Total City- TMRS SDB and Firefighter Retiree Health Care Plan
Total OPEB liability	\$ 1,044,210	\$ 2,259,574	\$ 3,303,784
Plan fiduciary net position	-	-	-
Net pension liability	\$ 1,044,210	\$ 2,259,574	\$ 3,303,784
Deferred outflows of resources	\$ 250,802	\$ 394,267	\$ 645,069
Deferred inflows of resources	\$ 65,250	\$ 53,050	\$ 118,300
OPEB expense	\$ 105,395	\$ 237,614	\$ 343,009

NOTE 12: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The statement of net position reports deferred outflows of resources in connection with the consumption of net position that applies to a future period. The components of deferred outflows of resources are as follows:

	Governmental Activities	Business-type Activities	Total Primary Government
Deferred outflows of resources:			
Pensions:			
Deferred outflows related to TMRS pension	\$ 743,928	\$ 92,675	\$ 836,603
Deferred outflows related to Firemen's pension	434,433	-	434,433
Total deferred outflows related to pensions	1,178,361	92,675	1,271,036
OPEB:			
Deferred outflows related to TMRS Supplemental Death Benefit OPEB	230,607	20,195	250,802
Deferred outflows related to Firefighter Retiree Health Care OPEB	394,267	-	394,267
Total deferred outflows related to OPEB	624,874	20,195	645,069
Other:			
Deferred outflows related to deferred charge on refunding	721,152	1,997,310	2,718,462
Total deferred outflows of resources	\$ 2,524,387	\$ 2,110,180	\$ 4,634,567

City of Weslaco, Texas

Notes to Financial Statements

NOTE 12: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

In addition to deferred outflows of resources the governmental activities reported \$7,671,574 in unearned revenue related to deposits received on park dedication fees, Coronavirus State and Local Fiscal Recovery funds under the American Rescue Plan Act, and deposits from Texas Water Development fund grant proceeds.

The statement of net position reports deferred inflows of resources in connection with an acquisition of net position that applies to a future period. The components of deferred inflows of resources are as follows:

	Governmental Activities	Business-type Activities	Total Primary Government
Deferred inflows of resources:			
Pensions:			
Deferred inflows related to TMRS pension	\$ 1,342,316	\$ 138,067	\$ 1,480,383
Deferred inflows related to Firemen's pension	1,352,698	-	1,352,698
Total deferred inflows related to pensions	2,695,014	138,067	2,833,081
OPEB:			
Deferred inflows related to TMRS Supplemental Death Benefit OPEB	\$ 60,031	\$ 5,219	\$ 65,250
Deferred inflows related to Firefighter Retiree Health Care OPEB	53,050	-	53,050
Total deferred inflows related to OPEB	113,081	5,219	118,300
Total deferred outflows of resources	\$ 2,808,095	\$ 143,286	\$ 2,951,381

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The City reported deferred inflows of resources as of September 30, 2021 as follows:

	General Fund	Debt Service Fund	Total Governmental Funds	Component Unit
Deferred inflows of resources:				
Unavailable revenues- property taxes	\$ 532,435	\$ 212,003	\$ 744,438	\$ -
Unavailable revenues- EMS fees	1,221,368	-	1,221,368	-
Unavailalbe revenues- notes receivable	-	-	-	4,764,862
	\$ 1,753,803	\$ 212,003	\$ 1,965,806	\$ 4,764,862

NOTE 13: CITY ADVISORY NON-PROFIT CORPORATION

There are five non-profit corporations owned by the City of Weslaco that are used to attract and promote industry, hospital and housing facilities. The City Hospital and Housing Corporations (four) act as advisory boards which review and provide recommendations to the City Commission. There are no financial transactions involved. Weslaco Development Committee, Inc. dissolved during the 2002 fiscal year. The Weslaco Economic Development Corporation absorbed the Weslaco Development Committee, Inc. assets and liabilities. The EDC operations are reported as a discretely presented component unit.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 14: PROPRIETARY FUND-SANITARY LANDFILL

Recognition of closure and post-closure costs

State and federal EPA laws require final cover closure as well as post-closure care of the City of Weslaco landfill site in Alton, Texas. The Governmental Accounting Standards Board issued Statement No. 18-*Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs*. This statement addresses the financial statement effect of the EPA rules and state rules and requires that all closure and post-closure costs be recognized during the operating life of the landfill. The City's landfill is currently inactive.

The closure and post-closure costs considered are based on this inactive state. If the landfill begins receiving wastes, the closure and post-closure and related liability balance will have to be revised based on the capacity of the landfill that will be used.

Approximately twenty-five percent of the landfill capacity has been used to date. Based on the current capacity used, \$336,424 was estimated as a closure and post-closure cost. This includes cost related to the transfer station, underground petroleum storage tanks, and landfill closure and post-closure costs and is adjusted for inflation. The landfill has been closed and post-closure costs liability is estimated at \$336,424. These costs are currently reflected in the financial statements of the Solid Waste Fund. As costs are incurred during the year, the liability will be reduced. The City met the state's financial assurance requirements during the current fiscal year. The landfill remains in an inactive status as of September 30, 2021. The post-closure costs include lab tests, gas monitoring, leachate disposal and general monitoring maintenance during its inactive status.

NOTE 15: COMMITMENTS

At September 30, 2021, the City had ongoing commitments related to the following:

Project	Original Amount	Expensed	Remaining Commitment
Governmental Activities:			
Stormwater improvements and RDF	\$ 4,967,700	\$ 396,019	\$ 4,571,681
FM 1015 Road Improvement Phase 1	815,871	815,871	-
Westgate Road Improvement Project	753,741	753,741	-
North Side Park	3,425,000	2,227,933	1,197,067
Pleasant View Project	4,775,000	3,543,143	1,231,857
New Police and Fire Station	11,250,000	735,656	10,514,344
Total governmental Activities	25,987,312	8,472,363	17,514,949
Business-Type Activities:			
Hangar expansion and development project	1,769,500	819,514	949,986
Total business-type activities	1,769,500	819,514	949,986
Total Primary Government	\$ 27,756,812	\$ 9,291,877	\$ 18,464,935

Construction in progress amounts for which project contracts have not been finalized are not reflected in the schedule.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 15: COMMITMENTS (Continued)

The Economic Development Corporation of Weslaco extended economic incentives to the following entities as follows:

Incentives	Paid in Commitment	Paid in Prior Year	Paid in Current Year	Balance Due
A3H Foods II, LP	75,000	25,000	-	50,000
A3H Foods II, LP (Project Box)	150,000	-	-	150,000
Agree Limited PTP (Harbor Freight)	106,378	-	35,459	70,919
Bio Safe Truck Wash	41,847	-	-	41,847
CIL Properties (Project 200)	93,000	-	-	93,000
City of Weslaco (Alley)	30,000	4,750	-	25,250
City of Weslaco (Sports Complex)	500,000	100,000	100,000	300,000
Clean Label LLC (Project Falcon)	362,300	-	-	362,300
Dance Time (Project Angie)	5,000	-	-	5,000
De Figs (Project Park)	48,256	-	-	48,256
Domain Development Corp.	350,000	116,667	116,667	116,666
Golden Chick	70,000	-	-	70,000
Kapal Millwork	62,414	48,114	-	14,300
La Abuela Mexican Food, Inc.	129,000	23,000	-	106,000
LF Trinity (Project Fire & Water)	67,092	-	-	67,092
Pharmaceutical Processing (Project Eli)	52,500	-	-	52,500
Project Centro	1,000,000	-	-	1,000,000
RGV Solar Power Systems	50,000	25,000	-	25,000
RL Lozano Leasing (Project Myra)	93,260	-	-	93,260
Rudy's Plaza	9,563	-	-	9,563
V&M Prints	19,500	-	-	19,500
Weslaco Glass (Project Windshield)	24,950	-	12,475	12,475
Total Monetary Incentives	\$ 3,340,060	\$ 342,531	\$ 264,601	\$ 2,732,928

Subsequent year balances of \$2,732,928 are contingent on the business entities maintaining agreed upon employment levels and other conditions of the loan/grant incentives. This amount is not recognized as a liability in the financial statements.

NOTE 16: RISK MANAGEMENT

The City is exposed to various risks or torts; theft of, damage to, and destruction of assets; injuries to employees, citizens and the general public; and natural disasters. The City has purchased group health insurance, life insurance, general liability insurance, and workmen's compensation insurance. The City has also purchased insurance coverage for fire and extended coverage on buildings and contents; and fire, lightning, and windstorm insurance for its vehicles for damages in excess of certain limits. There were no significant reductions in insurance coverage from coverage in the prior year by major category risk. In addition, there were no material insurance settlements exceeding insurance coverage in any of the past three years.

NOTE 17: CONTINGENT LIABILITIES

The City participates in a number of federally assisted grant programs such as the Community Development Block Grants, and the Texas Department of Transportation. These programs are subject to program compliance audits by the grantors or their representatives. The audit of these programs for/or including the year ended September 30, 2021 have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 17: CONTINGENT LIABILITIES (Continued)

The City is involved in litigation claims against it from time to time that are generally incidental to its operations. However, it is the opinion of the City's management that the City's liability in those cases that are not covered by liability insurance will not be material to the financial statements for these contingent liabilities. The City is currently involved in one litigation claim that presents possible exposure not covered by liability insurance. The City is actively defending the case and the amount, if any, of ultimate liability has not yet been determined.

NOTE 18: 380 ECONOMIC DEVELOPMENT PROGRAM AGREEMENT

The City of Weslaco is committed to the promotion of high quality development in all parts of the City and to an ongoing improvement in the quality of life for its citizens. The City of Weslaco has previously developed economic development programs and incentives designed to encourage high quality business, commercial, professional sports and manufacturing concerns to locate, remain, and expand in the City of Weslaco. Now the City of Weslaco seeks to enhance its economic development efforts to attract and retain high quality development and jobs by establishing Chapter 380 Economic Development Program Agreements.

These 380 Economic Development Program Agreements are established in an effort to develop and expand the local economy by promoting and encouraging development and redevelopment projects that enhance the City's economic base, and diversify and expand job opportunities or by promoting and encouraging projects that create additional revenue for the City without substantially increasing the demand on City services or infrastructure. The ultimate goal and public purpose of programs established is to protect and enhance the City's fiscal ability to provide high quality municipal services for the safety, comfort and enjoyment of Weslaco residents.

The following table lists the total Economic Development Program Agreements of the active Chapter 380 Economic Development Program Agreements:

Agreement	Total Payments	Payments		Balance
		Prior Years	Current Year	
SDI Weslaco Holdings, LLC	\$ 3,300,000	\$ 2,887,249	\$ 324,686	\$ 88,065
HEB Grocery Company, LP	3,530,000	3,003,424	308,391	218,185
	<u>\$ 6,830,000</u>	<u>\$ 5,890,673</u>	<u>\$ 633,077</u>	<u>\$ 306,250</u>

City of Weslaco, Texas
Notes to Financial Statements

NOTE 18: 380 ECONOMIC DEVELOPMENT PROGRAM AGREEMENT- (Continued)

Sales Tax Rebate Agreements

In addition to the Chapter 380 Agreements, the City also offered sales rebates as additional incentives to the developer and retail establishments, locating within the SDI development project. These rebates are not recorded as a liability or commitment, as the individual amounts are not known until the sales taxes are collected. The total rebates have been set at \$10,500,000. These are to be reimbursed over ten years, beginning April 1, 2011. Total reimbursed sales tax proceeds to date is \$6,157,999, of which \$324,632 is current proceeds reimbursed. Total rebates balance owed is \$4,342,001.

NOTE 19: FUND BALANCES

Nonspendable – balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

Restricted – external parties have restricted these funds to be used for their intended purpose.

Committed – the City Commission has authorized the City to use these funds for specifically identified purposes.

Unassigned – the unassigned fund balance has no constraints.

The City of Weslaco reported fund balances in the following classifications as of September 30, 2021:

	General Fund	2021 C.O. Construction Fund	2021B C.O. Construction Fund	Other Governmental Funds	Total
Nonspendable:					
Inventories	\$ 29,902	\$ -	\$ -	\$ -	\$ 29,902
Prepaid items	1,978	-	-	-	1,978
Nonspendable total	31,880	-	-	-	31,880
Restricted for:					
Street improvements and other capital projects	-	11,260,809	10,000,000	11,569,440	32,830,249
Tourism	-	-	-	862,585	862,585
Library activities	-	-	-	14,364	14,364
Project development	-	-	-	261,713	261,713
Debt Service	-	-	-	932,264	932,264
Restricted total	-	11,260,809	10,000,000	13,640,366	34,901,175
Assigned:					
Assigned for debt service	-	-	-	-	-
Assigned for capital projects	-	-	-	2,751,516	2,751,516
Total assigned	-	-	-	2,751,516	2,751,516
Unassigned	8,405,677	-	-	-	8,405,677
Total Fund Balance	\$ 8,437,557	\$ 11,260,809	\$ 10,000,000	\$ 16,391,882	\$ 46,090,248

City of Weslaco, Texas
Notes to Financial Statements

NOTE 20: NET POSITION

Net position is composed of three categories: net investment in capital assets, restricted and unrestricted.

	Governmental Activities	Business-type Activities	Component Unit
Net investment in capital assets:			
Capital assets, net of accumulated depreciation	\$ 60,167,997	\$ 98,856,874	\$ 4,456,738
Less related liabilities	(50,330,628)	(48,857,976)	-
Less unamortized bond premium	(4,394,563)	(3,381,423)	-
Plus deferred charge on refunding	721,152	1,997,310	-
Plus unexpended bond proceeds	32,580,713	1,046,347	-
Net investment in capital assets	38,744,671	49,661,132	4,456,738
Restricted net position consists of the following:			
Debt service	932,264	999,512	320,000
Tourism	862,585	-	-
Library activities	14,364	-	-
Building depreciation fund	261,713	-	-
Capital projects	-	13,590	-
Restricted net position	2,070,926	1,013,102	320,000
Unrestricted net position (deficit)	(4,625,667)	(3,094,505)	12,503,688
Total net position	\$ 36,189,930	\$ 47,579,729	\$ 17,280,426

NOTE 21: RELATED PARTY TRANSACTIONS

On November 20, 2019, the City of Weslaco entered into a promissory note with the Economic Development Corporation of Weslaco for \$1,450,810 for the purchase of land. Interest on the note is payable on June 20 and December 20 of each year commencing on June 20, 2020 and annual principal payments of \$53,765 beginning December 20, 2020, continuing annually thereafter until December 20, 2024 at which time total principal plus interest is due. The interest rate is fixed at 3.00%. The note is secured by a vendor's lien and superior title.

During the fiscal year ended September 30, 2021, the City entered into a grant agreement with the Economic Development Administration (EDA) for construction on an airport hangar project. The total project cost is estimated at \$1,416,667. The Economic Development Corporation of Weslaco agreed to contribute the local match required by the EDA grant in the amount of \$566,667. The payment was made to the City during the fiscal year.

In June 2019 the Economic Development Corporation of Weslaco agreed to assist the City of Weslaco to undertake drainage improvements to address flooding in the City's commercial and industrial areas in the amount of \$415,468. In the current fiscal year the payment was made to the City.

Other City projects are supported by the Economic Development Corporation of Weslaco. This includes an annual payment of \$100,000 to the City of Weslaco for certain park project developments.

City of Weslaco, Texas
Notes to Financial Statements

NOTE 22: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



REQUIRED SUPPLEMENTARY INFORMATION



City of Weslaco, Texas
Schedule of Revenues, Expenditures and
Changes in Fund Balance- Budget and Actual
General Fund

For the Year Ended September 30, 2021

	Budget			Variance Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes - including penalty and interest	\$ 10,318,561	\$10,503,561	\$ 10,351,876	\$ (151,685)
Nonproperty taxes	12,079,000	14,101,471	14,256,638	155,167
Fees and charges	2,752,500	2,831,500	2,209,633	(621,867)
Fines and forfeitures	491,500	491,500	487,067	(4,433)
Licenses and permits	566,800	756,800	794,183	37,383
Intergovernmental	1,427,029	4,055,004	3,338,079	(716,925)
Investment income	203,000	203,000	38,477	(164,523)
Miscellaneous	176,500	596,028	218,530	(377,498)
Total revenues	28,014,890	33,538,864	31,694,483	(1,844,381)
EXPENDITURES				
General government				
City Commission	122,397	102,397	81,880	20,517
City Manager	432,475	427,465	436,763	(9,298)
City Secretary	384,118	368,118	358,701	9,417
Finance	879,768	867,868	845,652	22,216
Human resources	301,833	356,033	282,221	73,812
Building Maintenance	844,531	842,531	775,333	67,198
Municipal Court	263,759	263,759	273,005	(9,246)
Planning & Code Enforcement	1,042,643	1,135,341	1,151,557	(16,216)
Information Technology	961,878	1,056,678	1,030,484	26,194
Law	291,500	291,500	315,777	(24,277)
Non-departmental activities	694,549	1,002,263	3,904,825	(2,902,562)
Total general government	6,219,451	6,713,953	9,456,198	(2,742,245)
Public safety				
Police Department	8,920,230	10,078,535	9,906,053	172,482
Fire Department	6,394,876	6,930,376	7,206,857	(276,481)
Emergency Medical Services Department	281,185	385,892	384,456	1,436
Emergency Management Department	50,908	914,518	939,193	(24,675)
Total public safety	15,647,199	18,309,321	18,436,559	(127,238)
Public works				
Public Works Administration	281,106	394,106	365,533	28,573
Streets Department	1,333,329	1,455,939	1,338,536	117,403
Drain Ditch Department	850,748	835,748	759,524	76,224
Fleet Maintenance Shop Department	394,204	394,204	359,968	34,236
Engineering	453,068	463,068	343,252	119,816
Total public works	3,312,455	3,543,065	3,166,813	376,252
Culture and Recreation				
Parks & Recreation Department	722,866	722,366	628,621	93,745
Library Department	954,419	947,419	869,715	77,705
Total culture and recreation	1,677,286	1,669,786	1,498,336	171,450
Other Economic Development	342,457	342,457	949,003	(606,546)
Debt service				
Principal retirement	665,090	665,090	775,172	(110,082)
Interest and fees	30,331	30,331	34,628	(4,297)
Total debt service	695,421	695,421	809,800	(114,379)
Total expenditures	27,894,269	31,274,003	34,316,709	(3,042,706)

City of Weslaco, Texas
Schedule of Revenues, Expenditures and
Changes in Fund Balance- Budget and Actual
General Fund- Continued

For the Year Ended September 30, 2021

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	\$ -	\$ -	\$ 279	\$ 279
Transfers in	2,508,831	3,109,868	3,769,869	660,001
Transfers out	2,323,270	4,598,307	(4,755,187)	9,353,494
Total other financing sources	4,832,101	7,708,175	(985,039)	(8,693,214)
NET CHANGE IN FUND BALANCE	\$ 4,952,722	\$ 9,973,036	(3,607,265)	\$ (13,580,301)
Fund balance -- beginning			12,044,822	
Fund balance -- ending			\$ 8,437,557	

The accompanying notes to required supplementary information are an integral part of this schedule.

City of Weslaco, Texas
Schedule of Changes in Net Pension Liability and Related Ratios- Texas Municipal
Retirement System

<i>For the Plan Years Ended December 31,</i>	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 1,688,972	\$ 1,548,576	\$ 1,489,094	\$ 1,511,814	\$ 1,414,112	\$ 1,184,809	\$ 1,162,103
Interest (on the total pension liability)	3,312,115	3,140,037	2,968,169	2,805,747	2,738,324	2,603,802	2,504,972
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(282,741)	(156,422)	155,641	93,970	(1,124,865)	734,282	(303,648)
Changes of assumptions	-	112,715	-	-	-	828,135	-
Benefit payments, including refunds of employee contributions	(2,214,372)	(2,117,240)	(2,075,643)	(1,912,199)	(2,242,933)	(1,947,228)	(1,978,636)
Net change in total pension liability	2,503,974	2,527,666	2,537,261	2,499,332	784,638	3,403,800	1,384,791
Total pension liability – beginning	49,331,072	46,803,406	44,266,145	41,766,813	40,982,175	37,578,375	36,193,584
Total pension liability – ending (a)	\$ 51,835,046	\$ 49,331,072	\$ 46,803,406	\$ 44,266,145	\$ 41,766,813	\$ 40,982,175	\$ 37,578,375
Plan Fiduciary Net Position							
Contributions – employer	\$ 1,022,020	871,252	\$ 833,181	\$ 741,999	\$ 572,328	\$ 561,365	\$ 542,202
Contributions – employee	839,688	761,861	729,948	710,237	662,199	611,176	591,732
Net investment income	3,195,941	5,707,131	(1,157,250)	4,762,284	2,240,914	50,055	1,882,469
Benefit payments, including refunds of employee contributions	(2,214,372)	(2,117,240)	(2,075,643)	(1,912,199)	(2,242,933)	(1,947,228)	(1,978,636)
Administrative expense	(20,703)	(32,286)	(22,377)	(24,692)	(25,318)	(30,493)	(19,657)
Other	(808)	(971)	(1,169)	(1,251)	(1,365)	(1,506)	(1,616)
Net change in plan fiduciary net position	2,821,766	5,189,747	(1,693,310)	4,276,378	1,205,825	(756,631)	1,016,494
Plan fiduciary net position – beginning	42,149,809	36,960,062	38,653,372	34,376,994	33,171,169	33,927,800	32,911,306
Plan fiduciary net position – ending (b)	\$ 44,971,575	\$ 42,149,809	\$ 36,960,062	\$ 38,653,372	\$ 34,376,994	\$ 33,171,169	\$ 33,927,800
Net Pension Liability – Ending (a) – (b)	\$ 6,863,471	\$ 7,181,263	\$ 9,843,344	\$ 5,612,773	\$ 7,389,819	\$ 7,811,006	\$ 3,650,575
Plan fiduciary net position as a percentage of total pension liability	86.76%	85.44%	78.97%	87.32%	82.31%	80.94%	90.29%
Covered payroll	\$ 11,995,540	\$ 10,851,968	\$ 10,427,824	\$ 10,119,236	\$ 9,452,621	\$ 8,731,090	\$ 8,453,317
Net pension liability as a percentage of covered payroll	57.22%	66.17%	94.39%	55.47%	78.18%	89.46%	43.19%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-year trend is compiled, this schedule provides the information of those years for which information is available.

City of Weslaco, Texas

Schedule of Changes in Net Pension Liability and Related Ratios- Firemen's Pension

<i>For the Plan Years Ended September 30,</i>	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 678,796	\$ 594,954	\$ 555,465	\$ 497,258	\$ 463,644	\$ 421,208	\$ 398,097
Interest (on the total pension liability)	1,357,536	1,235,267	1,159,947	1,087,522	995,631	848,579	845,051
Changes of benefit terms	-	514,707	-	-	445,218	427,638	-
Difference between expected and actual experience	-	(270,772)	-	(99,445)	-	479,811	-
Changes of assumptions	-	286,156	-	-	-	(226,052)	-
Benefit payments, including refunds of employee contributions	(925,403)	(595,725)	(832,135)	(764,180)	(548,162)	(645,296)	(833,923)
Net change in total pension liability	1,110,929	1,764,587	883,277	721,155	1,356,331	1,305,888	409,225
 Total pension liability – beginning	 18,500,451	 16,735,864	 15,852,587	 15,131,432	 13,775,101	 12,469,213	 12,059,988
Total pension liability – ending (a)	\$ 19,611,380	\$ 18,500,451	\$ 16,735,864	\$ 15,852,587	\$ 15,131,432	\$ 13,775,101	\$ 12,469,213
 Plan Fiduciary Net Position							
Contributions – employer	\$ 614,778	\$ 599,436	\$ 519,826	\$ 516,557	\$ 483,771	\$ 440,112	\$ 394,360
Contributions – employee	614,778	599,436	513,232	509,963	476,078	425,463	388,865
Net investment income	2,857,440	328,295	207,493	928,177	882,963	755,912	(127,198)
Benefit payments, including refunds of employee contributions	(925,403)	(595,725)	(832,135)	(764,180)	(548,162)	(645,296)	(833,923)
Administrative expense	(39,364)	(28,930)	(55,756)	(42,719)	(51,417)	(45,252)	(85,190)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	3,122,229	902,512	352,660	1,147,798	1,243,233	930,939	(263,086)
 Plan fiduciary net position – beginning	 12,832,351	 11,929,839	 11,577,179	 10,429,381	 9,186,148	 8,255,209	 8,518,295
Plan fiduciary net position – ending (b)	\$ 15,954,580	\$ 12,832,351	\$ 11,929,839	\$ 11,577,179	\$ 10,429,381	\$ 9,186,148	\$ 8,255,209
 Net Pension Liability – Ending (a) – (b)	 \$ 3,656,800	 \$ 5,668,100	 \$ 4,806,025	 \$ 4,275,408	 \$ 4,702,051	 \$ 4,588,953	 \$ 4,214,004
 Plan fiduciary net position as a percentage of total pension liability	 81.35%	 69.36%	 71.28%	 73.03%	 68.93%	 66.69%	 66.20%
 Covered payroll	 \$ 5,123,150	 \$ 4,995,300	 \$ 4,276,933	 \$ 4,249,692	 \$ 3,967,317	 \$ 3,545,525	 \$ 3,119,208
 Net pension liability as a percentage of covered payroll	 71.38%	 113.47%	 112.37%	 100.61%	 118.52%	 129.43%	 135.10%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-year trend is compiled, this schedule provides the information of those years for which information is available.

City of Weslaco, Texas
Schedule of Contributions
For Texas Municipal Retirement System Pension Plan and
Firemen's Pension Plan

<i>For the years ended September 30,</i>	2021	2020	2019	2018	2017	2016	2015
Primary Government- Texas Municipal Retirement System							
Actuarial determined contribution	\$ 1,015,438	\$ 946,759	\$ 858,290	\$ 817,077	\$ 714,301	\$ 613,090	\$ 562,443
Contributions in relation to actuarially determined contribution	(1,015,438)	(946,759)	(858,290)	(817,077)	(714,301)	(613,090)	(562,443)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll	\$12,147,463	\$11,267,095	\$10,731,656	\$ 10,428,523	\$ 9,900,449	\$ 9,710,623	\$ 8,538,660
Contributions as a percentage of covered payroll	8.36%	8.40%	8.00%	7.84%	7.21%	6.31%	6.59%

<i>For the years ended September 30,</i>	2021	2020	2019	2018	2017	2016	2015
Primary Government- Firemen's Pension							
Actuarial determined contribution	\$ 614,778	\$ 599,436	\$ 513,232	\$ 516,557	\$ 476,078	\$ 425,463	\$ 379,251
Contributions in relation to actuarially determined contribution	(614,778)	(599,436)	(519,826)	(516,557)	(483,771)	(440,112)	(394,360)
Contribution deficiency (excess)	-	-	(6,594)	-	(7,693)	(14,649)	(15,109)
Covered payroll	\$ 5,123,150	\$ 4,995,300	\$ 4,276,933	\$ 4,249,692	\$ 3,967,317	\$ 3,545,525	\$ 3,119,208
Contributions as a percentage of covered payroll	12.00%	12.00%	12.00%	12.16%	12.00%	12.00%	12.16%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-year trend is compiled, this schedule provides the information of those years for which information is available.

City of Weslaco, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios
Texas Municipal Retirement System- Supplemental Death Benefits Fund

For the Plan Year ended December 31,	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 39,585	\$ 24,960	\$ 27,112	\$ 22,262
Interest (on the total OPEB liability)	24,430	26,224	24,287	23,866
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(26,336)	(15,235)	(19,296)	-
Change of assumptions	141,575	144,552	(52,100)	60,004
Benefit payments, including refunds of employee contributions	(7,197)	(5,425)	(6,257)	(6,072)
Net Change in Total OPEB Liability	172,057	175,076	(26,254)	100,060
Total OPEB Liability - Beginning	872,153	697,077	723,331	623,272
Total OPEB Liability - Ending (a)	\$ 1,044,210	\$ 872,153	\$ 697,077	\$ 723,332
 Covered Employee Payroll	 \$ 11,995,540	 \$ 10,851,968	 \$ 10,427,824	 \$ 10,119,236
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 8.70%	 8.04%	 6.68%	 7.15%

Notes to Schedule:

- (1) Schedule is intended to show 10 years. Additional years will be presented as the information becomes available.
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
- (3) Due to the SDBF being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

City of Weslaco, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios
Firefighter Retiree Health Care Plan

For the Plan Year ended September 30,	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 156,366	\$ 194,173	\$ 148,081	\$ 152,688
Interest (on the total OPEB liability)	51,805	72,446	80,682	69,225
Changes of benefit terms	-	(847,947)	-	-
Difference between expected and actual experience	-	15,219	-	-
Change of assumptions	49,218	147,060	267,652	(73,262)
Benefit payments, including refunds of employee contributions	(18,976)	(14,704)	(12,780)	(5,084)
Net Change in Total OPEB Liability	238,413	(433,753)	483,635	143,567
Total OPEB Liability - Beginning	2,021,161	2,454,914	1,971,279	1,827,712
Total OPEB Liability - Ending (a)	\$ 2,259,574	\$ 2,021,161	\$ 2,454,914	\$ 1,971,279
 Covered Employee Payroll	 \$ 3,107,641	 \$ 4,995,300	 \$ 4,276,933	 \$ 4,249,692
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 72.71%	 40.46%	 57.40%	 46.39%

Notes to Schedule:

- (1) Schedule is intended to show 10 years. Additional years will be presented as the information becomes available.
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
- (3) Due to the Firefighter Retiree Health Care Plan being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

City of Weslaco, Texas
Notes to Schedule of Contributions
For Texas Municipal Retirement System Pension Plan and
Firemen's Pension Plan

Texas Municipal Retirement System Pension Plan

Valuation Date: Actuarially determined contribution rates are calculated as December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	14 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience – based table based on rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(1) mortality tables, with the Public Safety table used for males and the general employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information:	1) Granted 30% ad hoc COLA. 2) Granted 50% ad hoc USC with transfer.

Firemen's Pension

Contributions to the fund are based on negotiations between the members and the City rather than an actuarially determined rate. The funding policy of the Weslaco Firemen's Relief and Retirement Fund requires contributions from both the City and the firefighters. The City's contribution rate is currently 12.0% of member payroll for firefighters. Each active member contributes 12.0% of member payroll.

The base benefit was increased from 2.5% to 2.65% per year of service, with a maximum of 20 years. This change increased the service retirement and pre-retirement death benefit. There have been no other plan changes since the prior valuation.

There were no changes to actuarial methods since the prior valuation. The mortality assumption was updated to the Society of Actuaries Public Safety 2010 tables with generational projection using Scale MP-2019. There have been no other assumption changes since the prior valuation. The investment rate of return was 7.25%.

City of Weslaco, Texas
Notes to Required Supplementary Information

Budgetary Information

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a) The city manager prepares a proposed budget for the next succeeding fiscal year and submits it to the Commission prior to October 1. The recommended budget includes proposed expenditures and the sources of receipts to finance them.
- b) Complete copies of the proposed budget are made available for public inspection. Public hearings are conducted to obtain taxpayers' comments.
- c) The budget is enacted through passage of an ordinance and becomes the basis for the tax rates levied by the commission.
- d) The city manager is authorized to transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department must be approved by the council. Expenditures may not exceed legal appropriations at the department level. All appropriations lapse at year end.
- e) Formal budgetary integration is employed as a management control device during the year for the General, Hotel/Motel Tax - Special Revenue, Debt Service Fund, and Capital Improvement Program, 2019 Bond Construction fund, and Fire Department Equipment Replacement- capital project funds. In addition, the Water and Wastewater, Solid Waste, and Airport Proprietary Funds and the Equipment Replacement Internal Service Fund also employ formal budgetary integration as a management control device during the year. Budgets for these funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The City's Special Projects fund, which is reported as a major special revenue fund, did not have a legally adopted budget.
- f) Budgets are legally adopted on a basis consistent with GAAP except for transfers, debt service, and certain intragovernment amounts.
- g) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.



OTHER SUPPLEMENTARY INFORMATION



City of Weslaco, Texas

Non-Major Governmental Fund Statements and Component Unit

Special revenue fund: **Hotel/Motel Tax Fund** was established to account for monies collected from local hotel occupancy taxes. The funds are used for expenditures that enhance and promote tourism and benefit the convention and hotel industry.

Special revenue fund: **Library Fund** was established to account for monies that have been collected from the sole use of the city's Library through fund raising donations from various charitable organizations.

Special revenue fund: **Building Depreciation Fund** was established to account for monies that have been collected from the rental agreement between the City and Weslaco Economic Development Corporation for the Weslaco Business Visitor and Event Center.

Capital project fund: **Capital Improvement Fund** was established to account for financial resources to be used for the acquisition or construction of major capital facilities.

Capital project fund: **Fire Department Equipment Replacement fund** is used to fund an apparatus replacement program for all fire and emergency medical services.

Capital project fund: **2013 Certificate of Obligation Construction Fund** was established to account for improvements to streets, parks, downtown, and the City's cemetery.

Capital project fund: **Stormwater Improvement Fund** was established to account for improvements to drainage throughout the City.

Capital project fund: **2019 Bond Construction Fund** was established to account for improvements to drainage throughout the City.

Capital project fund: **Series 2021A TWDB Fund** was established to account for improvements to drainage throughout the City.

Debt Service Fund: **Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City.

Debt Service Fund: **2019 Series Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on the 2019 Series General Obligation Bonds primarily from taxes levied by the City.

Debt Service Fund: **2021B Series Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on the 2020B Series Limited Tax and Certificates of Obligation City.

Weslaco Economic Development Corporation (EDC): The five-member board of directors is appointed by the City Commission. The EDC is authorized to administer the distribution of the proceeds of any development bonds issued and the proceeds of certain development sales taxes received on behalf of the City. The EDC's operational and capital budget must be approved by the City Commission.

City of Weslaco, Texas

Non-Major Governmental Funds Combining Balance Sheet

September 30, 2021

	Special Revenue Funds			Capital Projects Fund		
	Hotel/ Motel Tax Fund	Library Fund	Building Depreciation Fund	Capital Improvement Fund	Fire Department Equipment Replacement Fund	2013 Certificate of Obligation Construction Fund
Assets						
Cash and cash equivalents	\$ 655,824	\$ 14,364	\$ 258,861	\$ 962,884	\$ 265,788	\$ 189,005
Cash and cash equivalents- restricted	-	-	-	-	-	-
Investments	-	-	-	2,444,915	-	206,279
Receivables (net of allowance for uncollectibles):						
Ad valorem taxes	-	-	-	-	-	-
Other	212,445	-	2,852	-	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	\$ 868,269	\$ 14,364	\$ 261,713	\$ 3,407,799	\$ 265,788	\$ 395,284
Liabilities						
Accounts payable	\$ 5,684	\$ -	\$ -	\$ 498,240	\$ -	\$ -
Due to other funds	-	-	-	423,831	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	5,684	-	-	922,071	-	-
Deferred Inflows of Resources						
Unavailable revenue- ad valorem taxes	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balances						
Restricted	862,585	14,364	261,713	-	-	395,284
Assigned	-	-	-	2,485,728	265,788	-
Total Fund Balance	862,585	14,364	261,713	2,485,728	265,788	395,284
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 868,269	\$ 14,364	\$ 261,713	\$ 3,407,799	\$ 265,788	\$ 395,284

Capital Projects Fund				Debt Service Funds			
Stormwater Improvement Fund	Series 2021A TWDB Fund	2019 Bond Construction Fund	Total	Debt Service Fund	2019 Series Debt Service Fund	2021B Series Debt Service Fund	Total Non Major Governmental Funds
\$ 1,873,842	\$ -	\$ 2,937,571	\$ 7,158,139	\$ 372,210	\$ 23,042	\$ 7,049	\$ 7,560,440
-	6,003,699	-	6,003,699	-	-	-	6,003,699
-	-	3,206,038	5,857,232	406,226	25,149	7,693	6,296,300
-	-	-	-	257,225	13,176	-	270,401
77,231	-	-	292,528	-	-	-	292,528
92,978	-	-	92,978	34,370	-	-	127,348
\$ 2,044,051	\$ 6,003,699	\$ 6,143,609	\$ 19,404,576	\$ 1,070,031	\$ 61,367	\$ 14,742	20,550,716
\$ 75,395		\$ 137,122	\$ 716,441	\$ -	\$ -	\$ -	\$ 716,441
-		92,978	516,809	-	1,873	-	518,682
-	2,711,708	-	2,711,708	-	-	-	2,711,708
75,395	2,711,708	230,100	3,944,958	-	1,873	-	3,946,831
-	-	-	-	204,124	7,879	-	212,003
-	-	-	-	204,124	7,879	-	212,003
1,968,656	3,291,991	5,913,509	12,708,102	865,907	51,615	14,742	13,640,366
-	-	-	2,751,516	-	-	-	2,751,516
1,968,656	3,291,991	5,913,509	15,459,618	865,907	51,615	14,742	16,391,882
\$ 2,044,051	\$ 6,003,699	\$ 6,143,609	\$ 19,404,576	\$ 1,070,031	\$ 61,367	\$ 14,742	\$ 20,550,716

City of Weslaco, Texas
Non-Major Governmental Funds Combining
Statement of Revenues, Expenditures, and
Changes in Fund Balances

For the Fiscal Year Ended September 30, 2021

	Special Revenue Funds			Capital Projects Funds		
	Hotel/ Motel Tax Fund	Library Fund	Building Depreciation Fund	Capital Improvement Fund	Fire Department Equipment Replacement Fund	2013 Certificate of Obligation Construction Fund
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	481,792	-	-	-	-	-
Fees and charges	-	-	94,161	-	-	-
Intergovernmental	-	-	-	100,000	82,747	-
Investment income	-	-	-	-	-	-
Miscellaneous	-	-	-	125,000	-	-
Total Revenue	481,792	-	94,161	225,000	82,747	-
Expenditures						
General government	-	-	-	-	-	671,161
Public safety	-	-	-	24,602	878,233	-
Public works	-	-	-	379,217	-	-
Culture and recreation	322,128	-	-	2,209,650	-	-
Debt service:						
Principal	-	-	-	206,495	256,935	-
Interest and fees	-	-	-	21,150	33,326	-
Total Expenditures	322,128	-	-	2,841,114	1,168,494	671,161
Excess (deficiency) of revenues over expenditures	159,664	-	94,161	(2,616,114)	(1,085,747)	(671,161)
Other financing sources (uses)						
Proceeds from bond issuance	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-
Issuance of debt	-	-	-	-	878,233	-
Transfers in	-	-	-	3,932,831	186,880	-
Total other financing sources (uses)	-	-	-	3,932,831	1,065,113	-
Net change in fund balances	159,664	-	94,161	1,316,717	(20,634)	(671,161)
Fund balances- beginning of year	702,921	14,364	167,552	1,169,011	286,422	1,066,445
Fund balances at end of year	\$ 862,585	\$ 14,364	\$ 261,713	\$ 2,485,728	\$ 265,788	\$ 395,284

Capital Projects Funds				Debt Service Funds			
Stormwater Improvement Fund	Series 2021A TWDB Fund	2019 Bond Construction Fund	Total	Debt Service Fund	2019 Series Debt Service Fund	2021B Series Debt Service Fund	Total Non Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 3,153,026	\$ 605,422	\$ -	\$ 3,758,448
-	-	-	481,792	-	-	-	481,792
-	-	-	94,161	-	-	-	94,161
77,231	-	-	259,978	-	-	-	259,978
99	-	512	611	5,320	-	-	5,931
-	-	-	125,000	-	-	-	125,000
77,330	-	512	961,542	3,158,346	605,422	-	4,725,310
-	-	-	671,161	-	-	-	671,161
-	-	-	902,835	-	-	-	902,835
308,997	-	2,943,057	3,631,271	-	-	-	3,631,271
-	-	-	2,531,778	-	-	-	2,531,778
-	-	-	463,430	2,335,000	190,000	-	2,988,430
-	39,009	-	93,485	560,487	365,950	-	1,019,922
308,997	39,009	2,943,057	8,293,960	2,895,487	555,950	-	11,745,397
(231,667)	(39,009)	(2,942,545)	(7,332,418)	262,859	49,472	-	(7,020,087)
-	3,331,000	-	3,331,000	5,385,000	-	-	8,716,000
-	-	-	-	(5,305,982)	-	-	(5,305,982)
-	-	-	878,233	-	-	-	878,233
100,000	-	-	4,219,711	-	-	14,742	4,234,453
100,000	3,331,000	-	5,097,944	79,018	-	14,742	5,191,704
(131,667)	3,291,991	(2,942,545)	1,096,526	341,877	49,472	14,742	1,502,617
2,100,323	-	8,856,054	14,363,092	524,030	2,143	-	14,889,265
\$ 1,968,656	\$ 3,291,991	\$ 5,913,509	\$ 15,459,618	\$ 865,907	\$ 51,615	\$ 14,742	16,391,882

City of Weslaco, Texas
General Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 1,921,284	\$ 1,213,862
Cash and cash equivalents- restricted	479,963	413,775
Investments	4,132,039	4,665,642
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	664,305	738,406
Sales taxes	1,284,095	1,133,096
Ambulance fees	1,223,049	1,525,330
Other	904,138	3,989,829
Due from other funds	3,601,712	2,021,913
Assets held for sale	-	2,874,000
Prepaid items	1,978	10,306
Inventories	29,902	9,055
Total Assets	\$ 14,242,465	\$ 18,595,214
Liabilities		
Accounts payable	\$ 1,300,490	\$ 1,937,882
Accrued salaries and payroll taxes	936,004	727,918
Other liabilities	798,663	617,265
Due to to other funds	33,659	86,529
Payable from restricted assets	479,963	413,775
Unearned revenue	502,326	308,779
Total Liabilities	4,051,105	4,092,148
Deferred Inflows of Resources		
Unavailable revenue- ad valorem taxes	532,435	603,382
Unavailable revenue- grants	-	329,532
Unavailable revenue- EMS fees	1,221,368	1,525,330
Total Deferred Inflows of Resources	1,753,803	2,458,244
Fund Balances		
Nonspendable	31,880	19,361
Assigned	-	2,874,000
Unassigned	8,405,677	9,151,461
Total Fund Balances	8,437,557	12,044,822
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,242,465	\$ 18,595,214

City of Weslaco, Texas
General Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Property taxes	\$ 10,351,876	\$ 9,619,717
Nonproperty taxes	14,256,638	12,309,448
Fees and charges	2,209,633	2,271,717
Fines and forfeitures	487,067	356,116
Licenses and permits	794,183	653,513
Intergovernmental	3,338,079	6,120,352
Investment income	38,477	162,416
Miscellaneous	218,530	320,215
Total Revenues	31,694,483	31,813,494
Expenditures		
General government	9,456,198	6,430,299
Public safety	18,436,559	17,260,498
Public works	3,166,813	2,829,452
Culture and recreation	1,498,336	1,459,934
Economic development	949,003	591,644
Debt service:		
Principal	775,172	879,965
Interest and fees	34,628	36,291
Total Expenditures	34,316,709	29,488,083
Excess (deficiency) of revenues over expenditures	(2,622,226)	2,325,411
Other financing sources (uses):		
Sale of capital assets	279	-
Transfers in	3,769,869	2,683,817
Transfers out	(4,755,187)	(2,315,086)
Total other financing sources (uses)	(985,039)	368,731
Net change in fund balances	(3,607,265)	2,694,142
Fund balances at beginning of year	12,044,822	9,350,680
Fund balances at end of year	\$ 8,437,557	\$ 12,044,822

City of Weslaco, Texas
Special Revenue Funds
Hotel/Motel Tax
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 655,824	\$ 573,022
Receivables (net of allowance for uncollectibles):		
Other	212,445	193,106
Total assets	\$ 868,269	\$ 766,128
Liabilities		
Accounts payable	\$ 5,684	\$ 63,207
Total liabilities	5,684	63,207
Fund balance		
Restricted	862,585	702,921
Total fund balance	862,585	702,921
Total liabilities and fund balance	\$ 868,269	\$ 766,128

City of Weslaco, Texas
Special Revenue Funds
Hotel/Motel Tax

**Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances**

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Nonproperty taxes	\$ 481,792	\$ 381,039
Total revenues	481,792	381,039
Expenditures		
Culture and recreation	322,128	360,793
Total expenditures	322,128	360,793
Net change in fund balances	159,664	20,246
Fund balances at beginning of year	702,921	682,675
Fund balances at end of year	\$ 862,585	\$ 702,921

City of Weslaco, Texas
Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance- Budget and Actual-
Hotel/Motel Tax

For the Fiscal Year Ended September 30, 2021

	Budget			Variance
	Original	Final	Actual	With Final Budget
Revenues				
Nonproperty taxes	\$ 350,000	\$ 350,000	\$ 481,792	\$ 131,792
Expenditures				
Culture and recreation				
Parks & recreation department	352,135	352,135	322,128	30,007
Net change in fund balances	\$ (2,135)	\$ (2,135)	\$ 159,664	\$ 161,799
Fund balances at beginning of year			702,921	
Fund balances at end of year			\$ 862,585	

City of Weslaco, Texas
Special Revenue Funds
Library Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 14,364	\$ 14,364
Total assets	\$ 14,364	\$ 14,364
Liabilities	\$ -	\$ -
Fund balance		
Restricted	14,364	14,364
Total fund balances	14,364	14,364
Total liabilities and fund balance	\$ 14,364	\$ 14,364

City of Weslaco, Texas
Special Revenue Funds
Library Fund

**Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances**

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues	\$ -	\$ -
Expenditures	-	-
Net change in fund balances	-	-
Fund balances at beginning of year	14,364	14,364
Fund balances at end of year	\$ 14,364	\$ 14,364

City of Weslaco, Texas
Special Revenue Funds
Building Depreciation Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 258,861	\$ 158,401
Receivables (net of allowance for uncollectibles):		
Other	2,852	9,151
Total assets	\$ 261,713	\$ 167,552
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
Fund balance		
Restricted	261,713	167,552
Total fund balance	261,713	167,552
Total liabilities and fund balance	\$ 261,713	\$ 167,552

City of Weslaco, Texas
Special Revenue Funds
Building Depreciation Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Fees and charges	\$ 94,161	\$ 113,322
Total revenues	94,161	113,322
Expenditures		
Culture and recreation	-	1,400
Total expenditures	-	1,400
Net change in fund balances	94,161	111,922
Fund balances at beginning of year	167,552	55,630
Fund balances at end of year	\$ 261,713	\$ 167,552

City of Weslaco, Texas
Special Revenue Funds
Special Projects Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 4,457,540	\$ -
Total assets	\$ 4,457,540	\$ -
Liabilities		
Unearned revenue	\$ 4,457,540	\$ -
Total liabilities	4,457,540	-
Fund balance		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ 4,457,540	\$ -

City of Weslaco, Texas
Special Revenue Funds
Special Projects Fund

**Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances**

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Property taxes		
Intergovernmental	700,000	-
Total revenues	700,000	-
Expenditures	-	-
Excess (deficiency) of revenues over expenditures	700,000	-
Other financing sources (uses):		
Transfers out	(700,000)	-
Total other financing sources (uses)	(700,000)	-
Net change in fund balances	-	-
Fund balances at beginning of year	-	-
Fund balances at end of year	\$ -	\$ -

City of Weslaco, Texas
Capital Projects Funds
2013 Certificates of Obligation Construction Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 189,005	\$ 986,374
Investments	206,279	55,474
Receivables (net of allowance for uncollectibles):		
Other	-	24,597
Total assets	\$ 395,284	\$ 1,066,445
Liabilities		
Accounts payable	\$ -	\$ -
Due to to other funds	-	-
Total liabilities	-	-
Fund balance		
Restricted	395,284	1,066,445
Total fund balances	395,284	1,066,445
Total liabilities and fund balance	\$ 395,284	\$ 1,066,445

City of Weslaco, Texas
Capital Projects Funds
2013 Certificates of Obligation Construction Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Intergovernmental	\$ -	\$ 5,525
Total revenues	-	5,525
Expenditures		
General government	671,161	295,087
Total expenditures	671,161	295,087
Net change in fund balances	(671,161)	(289,562)
Fund balances at beginning of year	1,066,445	1,356,007
Fund balances at end of year	\$ 395,284	\$ 1,066,445

City of Weslaco, Texas
Capital Projects Funds
Capital Improvement Program Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 962,884	\$ 283,059
Investments	2,444,915	909,862
Total assets	\$ 3,407,799	\$ 1,192,921
Liabilities		
Accounts payable	\$ 498,240	\$ 23,910
Due to to other funds	423,831	-
Total liabilities	922,071	23,910
Fund balance		
Assigned	2,485,728	1,169,011
Total fund balances	2,485,728	1,169,011
Total liabilities and fund balance	\$ 3,407,799	\$ 1,192,921

City of Weslaco, Texas
Capital Projects Funds
Capital Improvement Program Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Intergovernmental revenue	\$ 100,000	\$ 100,000
Miscellaneous revenue	125,000	-
Total Revenues	225,000	100,000
Expenditures		
Public safety	24,602	1,794,183
Public works	379,217	653,740
Culture and recreation	2,209,650	204,737
Debt service:		
Principal	206,495	203,631
Interest and fees	21,150	48,214
Total expenditures	2,841,114	2,904,505
Deficiency of revenues over expenditures	(2,616,114)	(2,804,505)
Other financing sources (uses):		
Proceeds from sale of assets	-	194,261
Issuance of debt	-	440,000
Transfers in	3,932,831	1,520,000
Total other financing sources	3,932,831	2,154,261
Net change in fund balances	1,316,717	(650,244)
Fund balances at beginning of year	1,169,011	1,819,255
Fund balances at end of year	\$ 2,485,728	\$ 1,169,011

City of Weslaco, Texas
Capital Projects Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance- Budget and Actual-
Capital Improvement Program Fund

For the Fiscal Year Ended September 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	\$ 600,000	\$ 600,000	\$ 100,000	\$ (500,000)
Miscellaneous	125,000	125,000	125,000	-
Total Revenues	725,000	725,000	225,000	(500,000)
Expenditures				
Public safety				
Police Department	12,050,000	12,050,000	24,602	12,025,398
Fire Department	150,000	150,000	-	150,000
Public works				
Streets Department	480,000	480,000	379,217	100,783
Culture and Recreation				
Parks & Recreation Department	1,090,000	1,090,000	2,209,650	(1,119,650)
Debt service:				
Principal	159,207	159,207	206,495	(47,288)
Interest and fees	3,386	3,386	21,150	(17,764)
Total Expenditures	13,932,593	13,932,593	2,841,114	11,091,479
Deficiency of revenues over expenditures	(13,207,593)	(13,207,593)	(2,616,114)	10,591,479
Other financing sources (uses):				
Issuance of debt	12,000,000	12,000,000	-	(12,000,000)
Transfers in	1,570,000	1,570,000	3,932,831	2,362,831
Total other financing sources	13,570,000	13,570,000	3,932,831	(9,637,169)
Net change in fund balances	\$ 362,407	\$ 362,407	1,316,717	\$ 954,310
Fund balances at beginning of year			1,169,011	
Fund balances at end of year			\$ 2,485,728	

City of Weslaco, Texas
Capital Projects Funds
Fire Department Equipment Replacement Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 265,788	\$ 286,422
Total Assets	\$ 265,788	\$ 286,422
Liabilities	\$ -	\$ -
Fund Balance		
Assigned	265,788	286,422
Total Liabilities and Fund Balance	\$ 265,788	\$ 286,422

City of Weslaco, Texas
Capital Projects Funds
Fire Department Equipment Replacement Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Intergovernmental revenue	\$ 82,747	-
Total Revenues	82,747	-
Expenditures		
Public safety	878,233	-
Debt service:		
Principal	256,935	285,613
Interest and fees	33,326	41,410
Total Expenditures	1,168,494	327,023
Deficiency of revenues over expenditures	(1,085,747)	(327,023)
Other financing sources (uses):		
Transfers in	186,880	192,573
Issuance of debt	878,233	-
Total other financing sources	1,065,113	192,573
Net change in fund balances	(20,634)	(134,450)
Fund balances at beginning of year	286,422	420,872
Fund balances at end of year	\$ 265,788	\$ 286,422

City of Weslaco, Texas
Capital Projects Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance- Budget and Actual-
Fire Department Equipment Replacement Fund

For the Fiscal Year Ended September 30, 2021

	Budget			Variance
	Original	Final	Actual	With Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 82,747	\$ 82,747
Total Revenues	-	-	82,747	82,747
Expenditures				
Public safety				
Fire Department	887,000	887,000	878,233	8,767
Debt service:				
Principal	356,668	356,668	256,935	99,733
Interest and fees	33,593	33,593	33,326	267
Total Expenditures	1,277,261	1,277,261	1,168,494	108,767
Deficiency of revenues over expenditures	(1,277,261)	(1,277,261)	(1,085,747)	191,514
Other financing sources (uses):				
Other financing sources	887,000	887,000	878,233	(8,767)
Transfers in	425,000	715,496	186,880	(528,616)
Total other financing sources	1,312,000	1,602,496	1,065,113	(537,383)
Net change in fund balance	\$ 34,739	\$ 325,235	(20,634)	\$ (345,869)
Fund balance at beginning of year			286,422	
Fund balance at end of year			\$ 265,788	

City of Weslaco, Texas
Capital Projects Funds
Storm Water Improvement Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 1,873,842	\$ 2,108,287
Receivables (net of allowance for uncollectibles)		-
Other	77,231	-
Due from other funds	92,978	-
Total Assets	\$ 2,044,051	\$ 2,108,287
Liabilities		
Accounts Payable	75,395	\$ 7,964
Total Liabilities	75,395	7,964
Fund Balance		
Restricted	1,968,656	2,100,323
Total Liabilities and Fund Balance	\$ 2,044,051	\$ 2,108,287

City of Weslaco, Texas
Capital Projects Funds
Storm Water Improvement Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Intergovernmental revenue	\$ 77,231	\$ -
Investment income	99	-
Total Revenues	77,330	-
Expenditures		
Public works	308,997	916,705
Total Expenditures	308,997	916,705
Deficiency of revenues over expenditures	(231,667)	(916,705)
Other financing sources (uses):		
Transfers in	100,000	100,000
Net change in fund balances	(131,667)	(816,705)
Fund balances at beginning of year	2,100,323	2,917,028
Fund balances at end of year	\$ 1,968,656	\$ 2,100,323

City of Weslaco, Texas
Capital Projects Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance- Budget and Actual-
Storm Water Improvement Fund

For the Fiscal Year Ended September 30, 2021

	Budget			Variance
	Original	Final	Actual	With Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 77,231	\$ 77,231
Investment income	-	-	99	99
Total Revenues	-	-	77,330	77,330
Expenditures				
Public works				
Drain Ditch Department	500,000	500,000	308,997	191,003
Total Expenditures	500,000	500,000	308,997	191,003
Deficiency of revenues over expenditures	(500,000)	(500,000)	(231,667)	268,333
Other financing sources (uses):				
Transfers in	100,000	100,000	100,000	-
Total other financing sources	100,000	100,000	100,000	-
Net change in fund balance	\$ (400,000)	\$ (400,000)	(131,667)	<u>\$ 268,333</u>
Fund balance at beginning of year			2,100,323	
Fund balance at end of year			\$ 1,968,656	

City of Weslaco, Texas
Capital Projects Funds
2019 Bond Construction Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 2,937,571	\$ 8,399,895
Investments	3,206,038	472,409
Total Assets	\$ 6,143,609	\$ 8,872,304
Liabilities		
Accounts Payable	\$ 137,122	\$ 16,250
Due to to other funds	92,978	-
Total Liabilities	230,100	16,250
Fund Balance		
Restricted	5,913,509	8,856,054
Total Liabilities and Fund Balance	\$ 6,143,609	\$ 8,872,304

City of Weslaco, Texas
Capital Projects Funds
2019 Bond Construction Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Investment income	\$ 512	\$ -
Total Revenues	512	-
Expenditures		
Public works	2,943,057	1,143,946
Total Expenditures	2,943,057	1,143,946
Net change in fund balances	(2,942,545)	(1,143,946)
Fund balances at beginning of year	8,856,054	10,000,000
Fund balances at end of year	\$ 5,913,509	\$ 8,856,054

City of Weslaco, Texas
Capital Projects Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance- Budget and Actual-
2019 Bond Construction Fund

For the Fiscal Year Ended September 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Investment income	-	-	512	512
Total Revenues	-	-	512	512
Expenditures				
Public works				
Drain Ditch Department	9,480,950	9,480,950	2,943,057	6,537,893
Total Expenditures	9,480,950	9,480,950	2,943,057	6,537,893
Net change in fund balance	\$ (9,480,950)	\$ (9,480,950)	(2,942,545)	\$ 6,538,405
Fund balance at beginning of year			8,856,054	
Fund balance at end of year			\$ 5,913,509	

City of Weslaco, Texas
Capital Projects Funds
2021 C.O. Construction Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 5,084,288	\$ -
Investments	5,752,690	-
Due from other funds	423,831	-
Total Assets	\$ 11,260,809	\$ -
Liabilities		
Accounts Payable	\$ -	\$ -
Total Liabilities	-	-
Fund Balance		
Restricted	11,260,809	-
Total Liabilities and Fund Balance	\$ 11,260,809	\$ -

City of Weslaco, Texas
Capital Projects Funds
2021 C.O. Construction Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Investment income	\$ 1,024	\$ -
Total Revenues	1,024	-
Expenditures		
General government	603,651	-
Debt service:		
Interest and fees	137,092	-
Total Expenditures	740,743	-
Deficiency of revenues over expenditures	(739,719)	-
Other financing sources (uses):		
Transfers out	(423,831)	-
Proceeds from bond issuance	10,890,000	-
Proceeds from bond premium	1,534,359	-
Total other financing sources	12,000,528	-
Net change in fund balances	11,260,809	-
Fund balances at beginning of year	-	-
Fund balances at end of year	\$ 11,260,809	\$ -

City of Weslaco, Texas
Capital Projects Funds
2021B C.O. Construction Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 4,781,506	\$ -
Investments	5,218,494	-
Total Assets	\$ 10,000,000	\$ -
Liabilities		
Accounts Payable	\$ -	\$ -
Total Liabilities	-	-
Fund Balance		
Restricted	10,000,000	-
Total Liabilities and Fund Balance	\$ 10,000,000	\$ -

City of Weslaco, Texas
Capital Projects Funds
2021B C.O. Construction Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Investment income	\$ -	\$ -
Total Revenues	-	-
Expenditures		
Debt service:		
Interest and fees	\$ 144,632	\$ -
Total Expenditures	144,632	-
Deficiency of revenues over expenditures	(144,632)	-
Other financing sources (uses):		
Transfers in	10,000,000	-
Transfers out	(10,014,742)	-
Proceeds from bond issuance	8,795,000	-
Proceeds from bond premium	1,364,374	-
Total other financing sources	10,144,632	-
Net change in fund balances	10,000,000	-
Fund balances at beginning of year	-	-
Fund balances at end of year	\$ 10,000,000	\$ -

City of Weslaco, Texas
Capital Projects Funds
Series 2021A- TWDB Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents- restricted	\$ 6,003,699	\$ -
Total Assets	\$ 6,003,699	\$ -
Liabilities		
Unearned revenue	\$ 2,711,708	\$ -
Total Liabilities	2,711,708	-
Fund Balance		
Restricted	3,291,991	-
Total Liabilities and Fund Balance	\$ 6,003,699	\$ -

City of Weslaco, Texas
Capital Projects Funds
Series 2021A- TWDB Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Investment income	\$ -	\$ -
Total Revenues	-	-
Expenditures		
Debt service:		
Interest and fees	\$ 39,009	\$ -
Total Expenditures	39,009	-
Deficiency of revenues over expenditures	(39,009)	-
Other financing sources (uses):		
Proceeds from bond issuance	3,331,000	-
Total other financing sources	3,331,000	-
Net change in fund balances	3,291,991	-
Fund balances at beginning of year	-	-
Fund balances at end of year	\$ 3,291,991	\$ -

City of Weslaco, Texas
Debt Service Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 372,210	\$ 381,990
Investments	406,226	21,483
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	257,225	268,769
Due from other funds	34,370	75,736
Total assets	\$ 1,070,031	\$ 747,978
Liabilities	\$ -	\$ -
Total liabilities	-	-
Deferred inflows of resources		
Unavailable revenue- ad valorem taxes	204,124	223,948
Total deferred inflows of resources	204,124	223,948
Fund balance		
Restricted	865,907	524,030
Total liabilities, deferred inflows of resources and fund balances	\$ 1,070,031	\$ 747,978

City of Weslaco, Texas
Debt Service Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Property taxes	\$ 3,153,026	\$ 2,929,325
Investment income	5,320	37,827
Total revenues	3,158,346	2,967,152
Expenditures		
Debt service:		
Principal	2,335,000	2,130,000
Interest and fees	560,487	695,225
Total expenditures	2,895,487	2,825,225
Excess (deficiency) of revenues over expenditures	262,859	141,927
Other financing sources (uses):		
Proceeds from bond refunding	5,385,000	-
Payment to escrow agent	(5,305,982)	-
Total other financing sources (uses)	79,018	-
Net change in fund balance	341,877	141,927
Fund balances at beginning of year	524,030	382,103
Fund balances at end of year	\$ 865,907	\$ 524,030

City of Weslaco, Texas
Schedule of Revenues, Expenditures and
Changes in Fund Balance- Budget and Actual-
Debt Service Fund

For the Fiscal Year Ended September 30, 2021

	Budget			Variance With Final Budget
	Original	Final	Actual	
Revenues				
Property taxes	\$ 3,132,318	\$ 3,132,318	\$ 3,153,026	\$ 20,708
Investment income	46,000	46,000	5,320	(40,680)
Total revenues	3,178,318	3,178,318	3,158,346	(19,972)
Expenditures				
Debt service:				
Principal	2,190,000	2,190,000	2,335,000	(145,000)
Interest and fees	628,703	628,703	560,487	68,216
Total expenditures	2,818,703	2,818,703	2,895,487	76,784
 Excess (deficiency) of revenues over expenditures	 359,615	 359,615	 262,859	 (96,756)
 Other financing sources (uses):				
Proceeds from bond refunding	-	-	5,385,000	5,385,000
Payment to escrow agent	-	-	(5,305,982)	(5,305,982)
Total other financing sources (uses)		-	79,018	79,018
 Net change in fund balance	 \$ 359,615	 359,615	 \$ 341,877	 \$ (17,738)
 Fund balance at beginning of year			 524,030	
 Fund balance at end of year			 \$ 865,907	

City of Weslaco, Texas
Series 2019 Debt Service Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 23,042	\$ -
Investments	25,149	-
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	13,176	18,263
Due from other funds	-	7,003
Total assets	\$ 61,367	\$ 25,266
Liabilities		
Due to to other funds	1,873	10,432
Total liabilities	1,873	10,432
Deferred inflows of resources		
Unavailable revenue- ad valorem taxes	7,879	12,691
Total deferred inflows of resources	7,879	12,691
Fund balance		
Restricted	51,615	2,143
Total liabilities, deferred inflows of resources and fund balances	\$ 61,367	\$ 25,266

City of Weslaco, Texas
Series 2019 Debt Service Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues		
Property taxes	\$ 605,422	\$ 554,873
Total revenues	605,422	554,873
Expenditures		
Debt service:		
Principal	190,000	220,000
Interest and fees	365,950	332,730
Total expenditures	555,950	552,730
Net change in fund balance	49,472	2,143
Fund balances at beginning of year	2,143	-
Fund balances at end of year	\$ 51,615	\$ 2,143

City of Weslaco, Texas
Schedule of Revenues, Expenditures and
Changes in Fund Balance- Budget and Actual-
Series 2019 Debt Service Fund

For the Fiscal Year Ended September 30, 2021

	Budget			Variance
	Original	Final	Actual	With Final Budget
Revenues				
Property taxes	\$ 589,933	\$ 589,933	\$ 605,422	\$ 15,489
Total revenues	589,933	589,933	605,422	15,489
Expenditures				
Debt service:				
Principal	190,000	190,000	190,000	-
Interest and fees	365,950	365,000	365,950	(950)
Total expenditures	555,950	555,000	555,950	950
Net change in fund balance	\$ 33,983	34,933	\$ 49,472	\$ 14,539
Fund balance at beginning of year			2,143	
Fund balance at end of year			\$ 51,615	

City of Weslaco, Texas
Series 2021B Debt Service Fund
Comparative Balance Sheets

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 7,049	\$ -
Investments	7,693	-
Total assets	\$ 14,742	\$ -
Liabilities		
Due to to other funds	-	-
Total liabilities	-	-
Fund balance		
Restricted	14,742	-
Total liabilities, deferred inflows of resources and fund balances	\$ 14,742	\$ -

(This page intentionally left blank)

City of Weslaco, Texas
Series 2021B Debt Service Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Revenues	\$ -	\$ -
Expenditures	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	-	-
Other financing sources (uses):		
Transfers in	14,742	-
Net change in fund balance	14,742	-
Fund balances at beginning of year	-	-
Fund balances at end of year	\$ 14,742	\$ -

City of Weslaco, Texas
Enterprise Funds
Water and Wastewater Fund
Comparative Statements of Net Position

<i>September 30,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 754,049	\$ 432,813
Cash and cash equivalents- restricted	753,630	1,652,862
Investments- restricted	1,292,229	562,681
Receivables, net of allowances for uncollectibles	2,035,593	2,285,042
Inventories	268,896	254,530
Prepaid items	-	18,996
Total current assets	5,104,397	5,206,924
Non-current assets		
Land	665,175	665,175
Buildings	362,324	362,324
Equipment	6,356,298	5,824,096
Infrastructure	116,168,877	115,771,542
Capital Leases	6,934,391	6,934,391
Construction-in-progress	459,981	453,476
Total non-current assets	130,947,046	130,011,004
Accumulated depreciation	(47,263,642)	(43,169,530)
Total non-current assets, net	83,683,404	86,841,474
Total assets	88,787,801	92,048,398
Deferred outflows of resources		
Deferred outflows related to pensions	77,771	83,503
Deferred outflows related to OPEB	15,237	9,980
Deferred charge on refunding	1,997,310	1,778,044
Total deferred outflows of resources	2,090,318	1,871,527
Total assets and deferred outflows of resources	\$ 90,878,119	\$ 93,919,925

City of Weslaco, Texas
Enterprise Funds
Water and Wastewater Fund
Comparative Statements of Net Position- Continued

<i>September 30,</i>	2021	2020
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,147,072	\$ 947,439
Accrued salaries and other liabilities	143,495	153,415
Due to other funds	2,000,000	2,259,258
Current portion of long term debt	3,529,348	3,407,201
Accrued interest on bonds	211,146	252,613
Total current liabilities	7,031,061	7,019,926
Noncurrent liabilities:		
Compensated absences	85,386	78,807
Customer deposits	1,374,760	1,274,450
Capital lease payable	5,264,315	5,698,351
Revenue bonds payable, net of unamortized premiums	41,001,423	44,464,654
Net pension liability	690,387	709,455
OPEB liability	64,829	54,505
Total noncurrent liabilities	48,481,100	52,280,222
Total liabilities	55,512,161	59,300,148
Deferred inflows of resources		
Deferred inflows related to pensions	110,390	105,853
Deferred inflows related to OPEB	3,914	3,530
Total deferred inflows of resources	114,304	109,383
Net Position		
Net investment in capital assets	36,941,090	36,274,278
Restricted for:		
Revenue bond retirement	999,512	999,333
Unrestricted	(2,688,948)	(2,763,217)
Total net position	35,251,654	34,510,394
Total liabilities, deferred inflows of resources, and net position	\$ 90,878,119	\$ 93,919,925

City of Weslaco, Texas
Enterprise Funds
Water and Wastewater Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Operating revenues:		
Water services	\$ 7,567,573	\$ 7,483,073
Sewer services	5,463,388	5,318,493
Miscellaneous	57,238	63,744
Total operating revenues	13,088,199	12,865,310
Operating expenses:		
Personal services	815,468	845,022
Other services and charges	2,229,124	2,035,775
Supplies	177,035	209,394
Contractual services	2,859,902	3,037,989
Depreciation	4,094,113	3,939,191
Total operating expenses	10,175,642	10,067,371
Operating income	2,912,557	2,797,939
Non-operating revenues (expenses)		
Investment income	616	5,880
Interest and fees expense	(1,519,160)	(1,633,394)
Total non-operating revenues (expenses)	(1,518,544)	(1,627,514)
Income (loss) before transfers and capital contributions	1,394,013	1,170,425
Transfers in (out) and capital contributions		
Transfers in	5,683,422	5,429,883
Transfers out	(7,048,984)	(6,736,187)
Capital improvement fees	707,367	696,141
Capital grants	5,442	467,481
Total transfers and capital contributions	(652,753)	(142,682)
Change in net position	741,260	1,027,743
Net position- beginning	34,510,394	33,482,651
Net position- ending	\$ 35,251,654	\$ 34,510,394

City of Weslaco, Texas
Enterprise Funds Water and Wastewater Fund
Comparative Statements Cash Flows

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Cash flows from operating activities		
Cash received from customers	\$ 13,437,958	\$ 12,662,443
Payments to suppliers	(5,061,798)	(5,075,884)
Payments to employees	(1,041,423)	(614,132)
Internal activity-payments from/to other funds	(259,258)	-
Net cash provided by operating activities	7,075,479	6,972,427
Cash flows from noncapital financing activities		
Transfers from other funds	5,683,422	5,429,883
Transfers to other funds	(7,048,984)	(6,736,187)
Net cash used in noncapital financing activities	(1,365,562)	(1,306,304)
Cash flows from capital and related financing activities		
Purchase of capital assets	(930,601)	(1,521,318)
Refunding bonds issued	9,685,000	-
Payment to refunded bond escrow agent	(8,770,000)	-
Interest paid on debt	(2,603,857)	(2,456,712)
Principal paid on debt	(3,646,890)	(2,811,750)
Capital improvement fees	707,367	696,141
Net cash used in capital and related financing activities	(5,558,981)	(6,093,639)
Cash flow from investing activities:		
Interest on cash and investments	616	5,880
Purchase of investments	(729,548)	226,974
Net cash provided by (used) in investing activities	(728,932)	232,854
Net (decrease) in cash and cash equivalents	(577,996)	(194,662)
Cash and cash equivalents, beginning of year	2,085,675	2,280,337
Cash and cash equivalents, end of year	\$ 1,507,679	\$ 2,085,675
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 2,912,557	\$ 2,797,939
Adjustments to reconcile income from operations to net cash from operating activities		
Depreciation	4,094,113	3,939,191
(Increase) decrease in accounts receivables	249,449	(295,126)
(Increase) decrease in inventories	(14,366)	(93,630)
(Increase) decrease in prepaid items	18,996	18,940
(Increase) decrease in deferred outflows	(218,791)	287,983
Decrease (increase) in accounts payable	199,633	22,706
Decrease (increase) in accrued salaries and other liabilities	(9,920)	21,064
Decrease (increase) in due to other funds	(259,258)	259,258
Decrease (increase) in customer deposits	100,310	92,259
Decrease (increase) in compensated absences	6,579	562
Decrease (increase) in net pension liability	(19,068)	(159,725)
Decrease (increase) in OPEB liability	10,324	10,505
Decrease (increase) in deferred inflows	4,921	70,501
Total adjustments	4,162,922	4,174,488
Net cash provided by operations	\$ 7,075,479	\$ 6,972,427
<i>Supplemental disclosure of noncash activities</i>		
Contributed capital assets from Urban County	\$ 5,442	\$ 467,481
Initiation of capital lease	-	-

City of Weslaco, Texas
Enterprise Funds
Schedule of Revenues, Expenses, and
Changes in Net Position- Budget and Actual-
Water and Wastewater Fund

For the Fiscal Year Ended September 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
Operating revenues:				
Water services	\$ 7,795,916	\$ 7,831,916	\$ 7,567,573	\$ (264,343)
Sewer services	5,122,330	5,212,330	5,463,388	251,058
Miscellaneous	79,000	82,000	57,238	(24,762)
Total operating revenues	12,997,246	13,126,246	13,088,199	(38,047)
Operating expenses:				
Water treatment				
Other services and charges	248,500	260,500	660,708	(400,208)
Contractual services	1,040,000	1,059,579	1,029,801	29,778
Supplies	370,000	447,300	7,212	440,088
Depreciation	-	-	84,566	(84,566)
Total water treatment	1,658,500	1,767,379	1,782,287	(14,908)
Water distribution				
Personnel services	349,600	349,600	333,131	16,469
Other services and charges	289,140	291,810	268,392	23,418
Supplies	102,950	100,280	40,562	59,718
Depreciation	-	-	1,263,900	(1,263,900)
Total water distribution	741,690	741,690	1,905,985	(1,164,295)
Water meter division				
Personnel services	116,454	116,454	79,409	37,045
Other services and charges	18,200	39,096	36,880	2,216
Supplies	265,300	260,800	52,325	208,475
Depreciation	-	-	361,620	(361,620)
Total water meter division	399,954	416,350	530,234	(113,884)
Utility billing				
Personnel services	189,201	189,201	184,040	5,161
Other services and charges	136,000	184,884	245,271	(60,387)
Supplies	5,500	9,616	9,067	549
Total utility billing	330,701	383,701	438,378	(54,677)
Waste water treatment				
Other services and charges	473,250	473,250	509,789	(36,539)
Contractual services	925,000	925,000	915,090	9,910
Supplies	8,000	8,000	13,495	(5,495)
Depreciation	-	-	1,011,206	(1,011,206)
Total waste water treatment	1,406,250	1,406,250	2,449,580	(1,043,330)
Waste water collection				
Personnel services	219,132	219,132	218,888	244
Other services and charges	598,390	488,500	508,084	(19,584)
Contractual services	925,000	945,175	915,011	30,164
Supplies	119,775	285,665	54,374	231,291
Depreciation	-	-	1,372,821	(1,372,821)
Total waste water collection	1,862,297	1,938,472	3,069,178	(1,130,706)
Total operating expenses	6,399,392	6,653,842	10,175,642	(3,521,800)
Operating income	6,597,854	6,472,404	2,912,557	3,483,753

City of Weslaco, Texas
Enterprise Funds
Schedule of Revenues, Expenses, and
Changes in Net Position- Budget and Actual-
Water and Wastewater Fund (Continued)

For the Fiscal Year Ended September 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
Non-operating revenues (expenses)				
Investment income	-	-	616	(616)
Interest expense	1,993,614	1,993,614	(1,519,160)	(3,512,774)
Total non-operating revenues (expenses)	1,993,614	1,993,614	(1,518,544)	(3,512,158)
Income before transfers and capital contributions	8,591,468	8,466,018	1,394,013	(7,072,005)
Transfers in (out) and capital contributions				
Transfers in	5,606,900	5,606,900	5,683,422	76,522
Transfers (out)	(6,972,461)	(6,972,461)	(7,048,984)	(76,523)
Capital improvement fees	755,000	755,000	707,367	47,633
Capital grants	-	-	5,442	(5,442)
Total transfers and capital contributions	(610,561)	(610,561)	(652,753)	(42,192)
Change in net position	\$ 7,980,907	\$ 7,855,457	741,260	\$ (7,114,197)
Net position- beginning			34,510,394	
Net position- ending			\$ 35,251,654	

City of Weslaco, Texas
Enterprise Funds Solid Waste Fund
Comparative Statements of Net Position

<i>September 30,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents- restricted	\$ 488,269	\$ -
Receivables, net of allowances for uncollectibles	776,558	820,550
Due from other funds	2,000,000	2,000,000
Total current assets	3,264,827	2,820,550
Non-current assets		
Land	421,247	421,247
Buildings	668,781	668,781
Equipment	2,106,765	1,734,678
Infrastructure	64,461	64,461
Capital lease	646,681	540,552
Construction-in-progress	55,795	-
Total non-current assets	3,963,730	3,429,719
Accumulated depreciation	(2,451,741)	(2,353,018)
Total non-current assets, net	1,511,989	1,076,701
Total assets	4,776,816	3,897,251
Deferred outflows of resources		
Deferred outflows related to pensions	1,871	2,158
Deferred outflows related to OPEB	733	470
Total deferred outflows of resources	2,604	2,628
Total assets and deferred outflows of resources	\$ 4,779,420	\$ 3,899,879
Liabilities		
Current liabilities:		
Accounts payable	\$ 405,827	\$ 342,472
Accrued salaries and other liabilities	61,315	49,222
Due to other funds	1,571,619	890,709
Current portion of long term debt	228,831	110,581
Total current liabilities	2,267,592	1,392,984
Noncurrent liabilities:		
Compensated absences	26,887	18,725
Capital lease payable	830,423	461,985
Landfill closure	336,424	372,376
Net pension liability	15,676	16,629
OPEB liability	2,915	2,399
Total noncurrent liabilities	1,212,325	872,114
Total liabilities	3,479,917	2,265,098
Deferred inflows of resources		
Deferred inflows related to pensions	3,778	3,551
Deferred inflows related to OPEB	196	177
Total deferred inflows of resources	3,974	3,728
Net position		
Net investment in capital assets	455,606	506,216
Unrestricted	839,923	1,124,837
Total net position	1,295,529	1,631,053
Total liabilities, deferred inflows of resources, and net position	\$ 4,779,420	\$ 3,899,879

City of Weslaco, Texas
Enterprise Funds
Solid Waste Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Operating Revenues:		
Charges for services	\$ 5,588,971	\$ 5,375,985
Miscellaneous	23,996	-
Total operating revenues	5,612,967	5,375,985
Operating Expenses:		
Personal services	338,544	106,773
Other services and charges	483,704	186,927
Supplies	54,908	8,032
Contractual services	3,833,263	4,256,525
Depreciation	98,723	32,717
Total operating expenses	4,809,142	4,590,974
Operating income (loss)	803,825	785,011
Non-operating revenues (expenses)		
Interest expense	(14,349)	-
Income (loss) before transfers	789,476	785,011
Transfers in (out)		
Transfers out	(1,125,000)	(1,125,000)
Change in net position	(335,524)	(339,989)
Net position- beginning	1,631,053	1,971,042
Net position- ending	\$ 1,295,529	\$ 1,631,053

City of Weslaco, Texas
Enterprise Funds Solid Waste Fund
Comparative Statements of Cash Flows

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Cash flows from operating activities		
Cash received from customers	\$ 5,656,959	\$ 5,231,011
Payments to suppliers	(4,308,496)	(4,023,828)
Payments to employees	(318,340)	(96,728)
Internal activity-payments from/to other funds	680,910	-
Net cash provided by operating activities	1,711,033	1,110,455
Cash flows from noncapital financing activities		
Transfers to other funds	(1,125,000)	(1,125,000)
Net cash used in noncapital financing activities	(1,125,000)	(1,125,000)
Cash flows from capital and related financing activities		
Purchase of capital assets	(533,661)	(540,552)
Capital lease proceeds	594,698	570,485
Interest paid on debt	(14,349)	-
Principal paid on debt	(108,500)	-
Landfill closure costs	(35,952)	(15,388)
Net cash provided by (used in) capital and related financing activities	(97,764)	14,545
 Net increase in cash and cash equivalents	 488,269	 -
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ 488,269	\$ -
 Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 803,825	\$ 785,011
Adjustments to reconcile income from operations to net cash from operating activities		
Depreciation	98,723	32,717
(Increase) decrease in accounts receivables	43,992	(144,974)
(Increase) decrease in deferred outflows	24	5,533
Increase (decrease) in accounts payable	63,355	1,646
Increase (decrease) in accrued expenses and other liabilities	12,093	-
Increase (decrease) in due to other funds	680,910	420,477
Increase (decrease) in compensated absences	8,302	13,981
Increase (decrease) in net pension liability	(953)	(7,986)
Increase (decrease) in OPEB liability	516	525
Increase (decrease) in deferred inflows related to pensions	227	3,525
Increase (decrease) in deferred inflows related to OPEB	19	-
Total adjustments	907,208	325,444
Net cash provided by operations	\$ 1,711,033	\$ 1,110,455

City of Weslaco, Texas
Enterprise Funds
Schedule of Revenues, Expenses and
Changes in Net Position- Budget and Actual-
Solid Waste Fund

For the Fiscal Year Ended September 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
Operating revenues:				
Garbage fees	\$ 4,050,000	\$ 4,220,000	\$ 4,266,280	\$ 46,280
Brush fees	1,300,000	1,300,000	1,240,953	(59,047)
Recycling services	5,000	5,000	6,542	1,542
Miscellaneous	82,000	105,810	99,192	(6,618)
Total operating revenues	5,437,000	5,630,810	5,612,967	(17,843)
Operating expenses:				
Solid waste collection				
Other services and charges	75,500	75,500	83,268	(7,768)
Contractual services	3,353,299	3,528,299	3,833,263	(304,964)
Supplies	-	777	777	-
Depreciation	-	-	1,434	(1,434)
Total solid waste collection	3,428,799	3,604,576	3,918,742	(314,166)
Recycling				
Personnel services	78,288	78,288	79,226	(938)
Other services and charges	8,200	6,810	6,101	709
Supplies	6,800	9,020	8,956	64
Depreciation	-	-	27,675	(27,675)
Total recycling	93,288	94,118	121,958	(27,840)
Landfill				
Other services and charges	48,100	48,100	15,536	32,564
Total landfill	48,100	48,100	15,536	32,564
Brush collection				
Personnel services	212,454	246,746	259,318	(12,572)
Other services and charges	154,182	344,182	378,799	(34,617)
Supplies	124,840	124,840	45,175	79,665
Depreciation	-	-	69,614	(69,614)
Total brush collection	491,476	715,768	752,906	(37,138)
Total operating expenses	4,061,663	4,462,562	4,809,142	(346,580)
Operating income	1,375,337	1,168,248	803,825	(364,423)
Non-operating revenues (expenses)				
Interest expense	-	-	(14,349)	(14,349)
Total non-operating revenues (expenses)	-	-	(14,349)	(14,349)
Income (loss) before transfers and captial contributions	1,375,337	1,168,248	789,476	(378,772)
	-	-	-	-
Transfers in (out)				
Transfers out	(1,125,000)	(1,125,000)	(1,125,000)	-
Total transfers	(1,125,000)	(1,125,000)	(1,125,000)	-
Change in net position	\$ 250,337	\$ 43,248	(335,524)	\$ (378,772)
Net position- beginning			1,631,053	
Net position- ending			\$ 1,295,529	

City of Weslaco, Texas
Enterprise Funds Airport Fund
Comparative Statements of Net Position

<i>September 30,</i>	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 100	\$ 27,576
Cash and cash equivalents- restricted	13,590	13,590
Receivables, net of allowances for uncollectibles	1,027,286	135,331
Inventories	48,403	38,573
Total current assets	1,089,379	215,070
Non-current assets		
Land	3,536,462	2,866,462
Buildings	648,541	648,541
Equipment	944,658	640,947
Infrastructure	13,763,967	13,704,908
Construction-in-progress	819,513	97,058
Total non-current assets	19,713,141	17,957,916
Accumulated depreciation	(6,051,660)	(5,651,387)
Total non-current assets, net	13,661,481	12,306,529
Total assets	14,750,860	12,521,599
Deferred outflows of resources		
Deferred outflows related to pensions	13,033	14,657
Deferred outflows related to OPEB	4,225	2,735
Total deferred outflows of resources	17,258	17,392
Total assets and deferred outflows of resources	\$ 14,768,118	\$ 12,538,991
Liabilities		
Current liabilities:		
Accounts payable	\$ 337,419	\$ 38,717
Accrued salaries and other liabilities	24,129	32,768
Due to other funds	1,778,662	607,455
Current portion of long term debt	58,082	57,454
Total current liabilities	2,198,292	736,394
Noncurrent liabilities:		
Compensated absences	40,250	33,203
Notes payable	1,343,280	1,397,045
Customer deposits	3,594	3,594
Net pension liability	107,834	113,236
OPEB liability	17,314	14,389
Total noncurrent liabilities	1,512,272	1,561,467
Total liabilities	3,710,564	2,297,861
Deferred inflows of resources		
Deferred inflows related to pensions	23,899	22,614
Deferred inflows related to OPEB	1,109	1,000
Total deferred inflows of resources	25,008	23,614
Net Position		
Net investment of capital assets	12,264,436	10,855,719
Restricted for:		
Construction	13,590	13,590
Unrestricted	(1,245,480)	(651,793)
Total net position	11,032,546	10,217,516
Total liabilities, deferred inflows of resources, and net position	\$ 14,768,118	\$ 12,538,991

City of Weslaco, Texas
Enterprise Funds
Airport Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Operating revenues:		
Charges for services	\$ 451,544	\$ 302,600
Miscellaneous	35,491	125
Total operating revenues	487,035	302,725
Operating expenses:		
Personal services	267,196	270,744
Other services and charges	184,798	212,734
Supplies	355,396	232,826
Depreciation	400,272	430,922
Total operating expenses	1,207,662	1,147,226
Operating income (loss)	(720,627)	(844,501)
Non-operating revenues (expenses)		
Interest expense	(42,718)	(25,393)
Income (loss) before transfers and capital contributions	(763,345)	(869,894)
Transfers in (out) and capital grants		
Capital grants	1,198,375	217,622
Transfers in	380,000	250,000
Total transfers and capital contributions	1,578,375	467,622
Change in net position	815,030	(402,272)
Net position- beginning	10,217,516	10,619,788
Net position- ending	\$ 11,032,546	\$ 10,217,516

City of Weslaco, Texas
Enterprise Funds Airport Fund
Comparative Statements of Cash Flows

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Cash flows from operating activities		
Cash received from customers	\$ 487,035	\$ 266,593
Payments to suppliers	(251,322)	(424,101)
Payments to employees	(269,109)	(248,732)
Internal activity-payments from/to other funds	1,171,207	-
Net cash provided by (used in) operating activities	1,137,811	(406,240)
Cash flows from noncapital financing activities		
Transfers from other funds	380,000	250,000
Net cash provided by noncapital financing activities	380,000	250,000
Cash flows from capital and related financing activities		
Purchase of capital assets	(1,755,224)	(1,439,014)
Notes payable proceeds received	-	1,450,810
Capital grants	306,420	196,809
Principal paid on debt	(53,765)	-
Interest paid on debt	(42,718)	(25,393)
Net cash provided by (used) in capital and related financing activities	(1,545,287)	183,212
Net increase (decrease) in cash and cash equivalents	(27,476)	26,972
Cash and cash equivalents, beginning of year	41,166	14,194
Cash and cash equivalents, end of year	\$ 13,690	\$ 41,166
Reconciliation of operating loss		
to net cash used in operating activities		
Operating (loss)	\$ (720,627)	\$ (844,501)
Adjustments to reconcile (loss)		
from operations to net cash from operating activities		
Depreciation	400,272	430,922
(Increase) decrease in accounts receivables	-	(36,132)
(Increase) decrease in inventories	(9,830)	(7,219)
(Increase) decrease in deferred outflows	134	31,356
Increase (decrease) in accounts payable	298,702	(33,427)
Increase (decrease) in accrued salaries and other liabilities	(8,639)	6,111
Increase (decrease) in due to other funds	1,171,207	62,105
Increase (decrease) in compensated absences	7,675	6,849
Increase (decrease) in net pension liability	(5,402)	(45,255)
Increase (decrease) in OPEB liability	2,925	2,976
Increase (decrease) in deferred inflows related to pensions	1,285	19,975
Increase (decrease) in deferred inflows related to OPEB	109	-
Total adjustments	1,858,438	438,261
Net cash provided by (used in) operations	\$ 1,137,811	\$ (406,240)

City of Weslaco, Texas
Enterprise Funds
Schedule of Revenues, Expenses and
Changes in Net Position- Budget and Actual-
Airport Fund

For the Fiscal Year Ended September 30, 2021

	Budget			Variance
	Original	Final	Actual	With Final Budget
Operating revenues:				
Fuel sales	\$ 300,000	\$ 350,000	\$ 369,580	\$ 19,580
Hangar rentals	62,600	62,600	80,151	17,551
Miscellaneous	1,500	1,500	37,304	35,804
Total operating revenues	364,100	414,100	487,035	72,935
Operating expenses:				
Airport operations				
Personnel services	226,517	240,317	267,196	(26,879)
Other charges and services	104,150	191,989	184,798	7,191
Supplies	279,050	1,726,560	355,396	1,371,164
Depreciation	-	-	400,272	(400,272)
Total airport operations	609,717	2,158,866	1,207,662	951,204
Airport grant programs				
Other charges and services	100,000	301,815	-	301,815
Total airport grant programs	100,000	301,815	-	301,815
Total operating expenses	709,717	2,460,681	1,207,662	1,253,019
Operating (loss)	(345,617)	(2,046,581)	(720,627)	1,325,954
Non-operating revenues (expenses)				
Interest expense	-	(75,600)	(42,718)	32,882
Total non-operating revenues (expenses)	-	(75,600)	(42,718)	32,882
Income (loss) before transfers and captial contributions	(345,617)	(2,122,181)	(763,345)	1,358,836
Transfers in (out) and capital grants				
Transfers in	250,000	380,000	380,000	-
Capital grants	50,000	1,500,485	1,198,375	(302,110)
Total transfers and capital contributions	300,000	1,880,485	1,578,375	(302,110)
Change in net position	\$ (45,617)	\$ (241,696)	815,030	\$ 1,056,726
Net position- beginning			10,217,516	
Net position- ending			\$ 11,032,546	

City of Weslaco, Texas
Internal Service Fund
Equipment Replacement Fund
Comparative Statements of Net Position

<i>September 30,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ -
Total current assets	-	-
Non-current assets		
Equipment	4,997,658	4,997,658
Improvements	70,864	70,864
Total non-current assets	5,068,522	5,068,522
Accumulated depreciation	(5,068,522)	(5,057,990)
Total non-current assets, net	-	10,532
Total assets	\$ -	\$ 10,532
Liabilities		
Current liabilities:		
Due to other funds	\$ 250,269	\$ 250,269
Total liabilities	250,269	250,269
Net Position		
Net investment in capital assets	-	10,532
Unrestricted (deficit)	(250,269)	(250,269)
Total net position	(250,269)	(239,737)
Total liabilities and net position	\$ -	\$ 10,532

City of Weslaco, Texas
Internal Service Fund-
Equipment Replacement Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Operating Revenues		
Miscellaneous	\$ -	\$ -
Total operating revenues	-	-
Operating Expenses:		
Depreciation	10,532	103,366
Total operating expenses	10,532	103,366
Operating (loss)	(10,532)	(103,366)
Non-operating revenues (expenses)		
Interest expense	-	-
(loss) before transfers	(10,532)	(103,366)
Transfers in (out)		
Transfers in	-	-
Change in net position	(10,532)	(103,366)
Net position- beginning	(239,737)	(136,371)
Net position- ending	\$ (250,269)	\$ (239,737)

City of Weslaco, Texas
Internal Service Fund-
Equipment Replacement Fund
Comparative Statements of Cash Flows

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Cash flows from operating activities		
Cash received from customers	\$ -	\$ -
Net cash provided by operating activities	-	-
Cash flows from noncapital financing activities		
Transfers from other funds	-	-
Net cash provided by noncapital financing activities	-	-
Cash flows from capital and related financing activities		
Retirement of capital leases	-	-
Interest paid on notes	-	-
Net cash used in capital and related financing activities	-	-
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -
Reconciliation of operating loss to net cash provided by operating activities		
Operating (loss)	\$ (10,532)	\$ (103,366)
Adjustments to reconcile (loss) from operations to net cash from operating activities		
Depreciation	10,532	103,366
Increase (decrease) in due to other funds	-	-
Total adjustments	10,532	103,366
Net cash provided by operations	\$ -	\$ -

City of Weslaco, Texas
Fiduciary Funds
Firemen's Relief and Retirement
Pension Trust Fund
Comparative Statements of Fiduciary Net Position

<i>September 30,</i>	2021	2020
Assets		
Cash	\$ 8,296	\$ 7,573
Investments, at fair value:		
Equities	12,302,653	9,405,149
Mutual funds	3,167,419	117,985
Corporate bonds	-	782,304
Money market mutual funds	476,212	737,809
Municipal bonds	-	1,781,537
Total assets	\$ 15,954,580	\$ 12,832,357
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
Net position		
Net position restricted for pensions	15,954,580	12,832,357
Total net position	15,954,580	12,832,357
Total liabilities and net position	\$ 15,954,580	\$ 12,832,357

City of Weslaco, Texas
Fiduciary Funds
Firemen's Relief and Retirement
Pension Trust Fund

Comparative Statements of Changes in Fiduciary Net Position

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Additions		
Contributions		
Employer contributions	\$ 614,778	\$ 599,436
Plan member contributions	614,778	599,436
Total contributions	1,229,556	1,198,872
Investment income		
Net appreciation in fair value of investments	2,592,870	87,988
Interest and dividends	322,495	310,148
Other income	4,355	-
Total investment income	2,919,720	398,136
Less investment expense	(62,281)	(69,834)
Net investment income	2,857,439	328,302
Total additions	4,086,995	1,527,174
Deductions		
Benefits paid	668,099	552,298
Refunds of contributions	257,309	43,427
Administrative expenses	39,364	28,931
Total deductions	964,772	624,656
Net change in fiduciary net position	3,122,223	902,518
Net position, beginning of year	12,832,357	11,929,839
Net position, end of year	\$ 15,954,580	\$ 12,832,357

City of Weslaco, Texas
Fiduciary Funds
Marion Booth Endowment Fund
Private Purpose Trust Fund
Comparative Statements of Fiduciary Net Position

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 280,672	\$ 16,711
Investments	241,048	494,114
Total assets	\$ 521,720	\$ 510,825
Liabilities		
Accounts payable	\$ -	\$ 501
Total liabilities	-	501
Net position		
Net position restricted for other purposes	521,720	510,324
Total net position	521,720	510,324
Total liabilities and net position	\$ 521,720	\$ 510,825

City of Weslaco, Texas
Fiduciary Funds
Marion Booth Endowment Fund
Private Purpose Trust Fund

Comparative Statements of Changes in Fiduciary Net Position

<i>For the Fiscal Years Ended September 30,</i>	2021	2020
Additions		
Interest income	\$ 11,396	\$ 10,228
Total additions	11,396	10,228
Deductions		
Administrative expenses	-	2,519
Total deductions	-	2,519
Net change in fiduciary net position	11,396	7,709
Net Position, beginning of year	510,324	502,615
Net position, end of year	\$ 521,720	\$ 510,324

City of Weslaco, Texas
Component Unit
Economic Development Corporation of Weslaco
Comparative Balance Sheets

<i>September 30,</i>	2021	Restated 2020
Assets		
Cash and cash equivalents	\$ 5,279,131	\$ 6,376,134
Accounts receivable, net	3,500	12,152
Due from City of Weslaco	321,024	283,274
Assets held for resale	5,446,826	17,000
Land Escrow	-	31,473
Long-term note receivables	4,764,862	5,061,507
Total Assets	\$ 15,815,343	\$ 11,781,540
Liabilities		
Accounts payable	\$ 725,001	\$ 119,110
Accrued salaries and payroll taxes	1,174	-
Total Liabilities	726,175	119,110
Deferred Inflows of Resources		
Unavailable revenue- non-current receivables	4,764,862	5,061,507
Total deferred inflows of resources	4,764,862	5,061,507
Fund Balances		
Restricted for:		
Debt service	320,000	320,000
Capital projects	-	-
Unassigned	10,004,306	6,280,923
Total Fund Balances	10,324,306	6,600,923
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,815,343	\$ 11,781,540

City of Weslaco, Texas
Component Unit
Economic Development Corporation of Weslaco
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances

<i>For the Fiscal Year Ended September 30,</i>	2021	Restated 2020
Revenues		
Nonproperty taxes	\$ 4,097,508	\$ 3,467,507
Capital grants	-	-
Program income	664,943	648,411
Investment income	116,370	104,750
Miscellaneous	46,410	355,931
Total Revenues	4,925,231	4,576,599
Expenditures		
Development Services	2,504,241	3,580,172
Capital outlay	18,564	42,140
Debt service:		
Principal	280,000	275,000
Interest and fees	25,213	34,543
Total Expenditures	2,828,018	3,931,855
Excess (deficiency) of revenues over expenditures	2,097,213	644,744
Other financing sources (uses):		
Note proceeds	1,626,170	-
Net change in fund balances	3,723,383	644,744
Fund balances at beginning of year	6,600,923	5,956,179
Fund balances at end of year	\$ 10,324,306	\$ 6,600,923

City of Weslaco, Texas
Component Unit
Economic Development Corporation of Weslaco
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position

September 30, 2021

Fund balances of component unit	\$	10,324,306
---------------------------------	----	------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		4,456,738
------------------------------------------------------------------------------------------------------------------------	--	-----------

Long term note receivables are not available to pay for current period expenditures and therefore are not reported as available resources and deferred in the funds		4,764,862
---------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-----------

Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the component unit balance sheet.		(39,310)
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	----------

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the component unit balance sheet.		(2,226,170)
------------------------------------------------------------------------------------------------------------------------------------------------	--	-------------

Net position of governmental activities	\$	17,280,426
-----------------------------------------	----	------------

City of Weslaco, Texas
Component Unit
Economic Development Corporation of Weslaco
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the
Statement of Activities

For the Fiscal Year Ended September 30, 2021

Net change in fund balances	\$	3,723,383
-----------------------------	----	-----------

Amounts reported for governmental activities in the statement of activities are different because:

The component unit reports capital outlays as expenditures. However in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by of depreciation (\$152,501) exceeded capital outlay \$18,564 in the current period. (133,937)

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. (296,645)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in treatment of long-term debt and related items. Long term principal payments \$280,000 exceeded note proceeds (\$1,626,170). (1,346,170)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the component unit. Interest expense in the statement of activities differs from the amount reported in governmental funds due to the change in accrued interest \$5,975 being calculated for bonds and notes payable. (35,583)

Change in net position of governmental activities:	\$	1,911,048
----------------------------------------------------	----	-----------



SUPPLEMENTAL STATEMENTS AND SCHEDULES



City of Weslaco, Texas
Schedule of Taxes Receivable – By Funds
At September 30, 2020

Tax Year	General Fund			I & S Fund	
	Total	%	Amount	%	Amount
2010 & Prior	\$ 440,298	Various	\$ 301,118	Various	\$ 139,180
2011	46,150	72.33%	33,379	27.67%	12,771
2012	44,593	72.00%	32,105	28.00%	12,488
2013	49,487	72.90%	36,076	27.10%	13,411
2014	51,900	71.91%	37,320	28.09%	14,580
2015	60,649	82.16%	49,831	17.84%	10,818
2016	64,837	83.79%	54,324	16.21%	10,513
2017	90,023	77.19%	69,485	22.81%	20,538
2018	140,305	77.14%	108,233	22.86%	32,072
2019	212,014	73.33%	155,473	26.67%	56,541
2020	330,842	73.33%	242,611	26.67%	88,231
	<u>1,531,098</u>		<u>1,119,955</u>		<u>411,143</u>
Less					
Allowances for uncollectible	(644,043)		(481,298)		(162,745)
Net Amount	\$ 887,055		\$ 638,657		\$ 248,398

City of Weslaco, Texas
Analysis of Tax Collections, Adjustments,
and Allocation to Funds
October 1, 2019 to September 30, 2020

TAX COLLECTIONS AND ADJUSTMENTS

Tax Year	Uncollected 10/1/20	Current Assessments & Correction	Collections	Adjustments	Uncollected 9/30/21
2010 & Prior	\$ 471,188	\$ -	\$ 24,878	\$ (6,012)	\$ 440,298
2011	51,880	-	4,898	(832)	46,150
2012	50,869	-	5,225	(1,051)	44,593
2013	61,298	-	5,991	(5,820)	49,487
2014	61,594	-	8,559	(1,135)	51,900
2015	72,681	-	10,719	(1,313)	60,649
2016	88,988	-	17,810	(6,341)	64,837
2017	124,185	-	33,111	(1,051)	90,023
2018	224,910	-	80,743	(3,862)	140,305
2019	421,406	-	168,944	(40,448)	212,014
2020	-	13,534,312	13,421,511	218,041	330,842
Total	\$ 1,628,999	\$ 13,534,312	\$ 13,782,389	\$ 150,176	\$ 1,531,098

ALLOCATION TO FUNDS

Tax Year	Collections	General Fund		I & S Fund	
		%	\$	%	\$
2010 & Prior	\$ 24,878	Various	\$ 17,540	Various	\$ 7,338
2011	4,898	72.34%	3,543	27.66%	1,355
2012	5,225	71.98%	3,761	28.02%	1,464
2013	5,991	72.89%	4,367	27.11%	1,624
2014	8,559	71.91%	6,155	28.09%	2,404
2015	10,719	82.16%	8,807	17.84%	1,912
2016	17,810	83.78%	14,922	16.22%	2,888
2017	33,111	77.19%	25,557	22.81%	7,554
2018	80,743	77.14%	62,286	22.86%	18,457
2019	168,944	73.33%	123,889	26.67%	45,055
2020	13,421,511	73.33%	9,842,185	26.67%	3,579,326
Total	\$ 13,782,389		\$ 10,113,012		\$ 3,669,377



BONDED DEBT REQUIREMENTS



City of Weslaco, Texas
Limited Tax Refunding Bonds, Series 2012

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2021		\$ -	\$ -	\$ -	\$ 2,900,000
2022	2.250%	40,637	24,550	1,430,000	1,470,000
2023	2.250%	24,550	-	1,470,000	-
Total		\$ 65,187	\$ 24,550	\$ 2,900,000	

City of Weslaco, Texas
Tax and Revenue Certificates of Obligation, Series 2013

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2021		\$ -	\$ -	\$ -	\$ 760,000
2022	3.500%	13,300	13,300	370,000	390,000
2023	3.500%	6,825	6,825	390,000	-
Total		\$ 20,125	\$ 20,125	\$ 760,000	

City of Weslaco, Texas
Limited Tax Refunding Bonds, Series 2016

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2021		\$ -	\$ -	\$ -	2,620,000
2022	5.00%	62,850	54,975	315,000	2,305,000
2023	5.00%	54,975	46,725	330,000	1,975,000
2024	5.00%	46,725	35,350	455,000	1,520,000
2025	5.00%	35,350	23,350	480,000	1,040,000
2026	5.00%	23,350	10,600	510,000	530,000
2027	4.00%	10,600	-	530,000	-
Total		\$ 233,850	\$ 171,000	\$ 2,620,000	

City of Weslaco, Texas
Certificates of Obligation, Series 2018

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2021		\$ -	\$ -	\$ -	3,525,000
2022	5.00%	69,003	69,003	145,000	3,380,000
2023	5.00%	65,378	65,378	150,000	3,230,000
2024	5.00%	61,628	61,628	160,000	3,070,000
2025	5.00%	57,628	57,628	165,000	2,905,000
2026	5.00%	53,503	53,503	175,000	2,730,000
2027	5.00%	49,128	49,128	185,000	2,545,000
2028	4.00%	44,503	44,503	195,000	2,350,000
2029	4.00%	40,603	40,603	200,000	2,150,000
2030	3.00%	36,603	36,603	210,000	1,940,000
2031	3.25%	33,453	33,453	215,000	1,725,000
2032	3.25%	29,959	29,959	220,000	1,505,000
2033	3.38%	26,384	26,384	230,000	1,275,000
2034	3.38%	22,503	22,503	235,000	1,040,000
2035	3.50%	18,538	18,538	245,000	795,000
2036	3.50%	14,250	14,250	255,000	540,000
2037	3.63%	9,788	9,788	265,000	275,000
2038	3.63%	9,969	-	275,000	-
Total		\$ 642,821	\$ 632,852	\$ 3,525,000	

City of Weslaco, Texas
General Obligation Bonds, Series 2019

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2021		\$ -	\$ -	\$ -	8,440,000
2022	5.00%	180,600	175,600	200,000	8,240,000
2023	5.00%	175,600	170,350	210,000	8,030,000
2024	5.00%	170,350	161,600	350,000	7,680,000
2025	5.00%	161,600	152,350	370,000	7,310,000
2026	5.00%	152,350	142,600	390,000	6,920,000
2027	5.00%	142,600	132,350	410,000	6,510,000
2028	5.00%	132,350	121,600	430,000	6,080,000
2029	4.00%	121,600	112,600	450,000	5,630,000
2030	4.00%	112,600	103,300	465,000	5,165,000
2031	4.00%	103,300	93,600	485,000	4,680,000
2032	4.00%	93,600	83,500	505,000	4,175,000
2033	4.00%	83,500	73,000	525,000	3,650,000
2034	4.00%	73,000	62,000	550,000	3,100,000
2035	4.00%	62,000	50,600	570,000	2,530,000
2036	4.00%	50,600	38,700	595,000	1,935,000
2037	4.00%	38,700	26,300	620,000	1,315,000
2038	4.00%	26,300	13,400	645,000	670,000
2039	4.00%	13,400	-	670,000	-
Total		\$ 1,894,050	\$ 1,713,450	\$ 8,440,000	

City of Weslaco, Texas
Limited Tax Refunding Bonds, Series 2020

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2021		\$ -	\$ -	\$ -	5,240,000
2022	0.00%	180,600	175,600	-	5,240,000
2023	0.00%	175,600	170,350	-	5,240,000
2024	1.0%	170,350	161,600	490,000	4,750,000
2025	1.10%	161,600	152,350	500,000	4,250,000
2026	1.40%	152,350	142,600	500,000	3,750,000
2027	1.50%	142,600	132,350	510,000	3,240,000
2028	1.76%	132,350	121,600	515,000	2,725,000
2029	1.86%	121,600	112,600	525,000	2,200,000
2030	1.96%	112,600	103,300	535,000	1,665,000
2031	2.06%	103,300	93,600	545,000	1,120,000
2032	2.16%	93,600	83,500	555,000	565,000
2033	2.21%	83,500	73,000	565,000	-
Total		\$ 1,630,050	\$ 1,522,450	\$ 5,240,000	

City of Weslaco, Texas
Certificates of Obligation, Series 2021

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2021		\$ -	\$ -	\$ -	10,890,000
2022	0.00%	329,833	197,900	-	10,890,000
2023	5.00%	197,900	195,775	85,000	10,805,000
2024	5.00%	195,775	185,525	410,000	10,395,000
2025	5.00%	185,525	174,650	435,000	9,960,000
2026	5.00%	174,650	163,275	455,000	9,505,000
2027	5.00%	163,275	151,275	480,000	9,025,000
2028	5.00%	151,275	138,650	505,000	8,520,000
2029	5.00%	138,650	125,400	530,000	7,990,000
2030	5.00%	125,400	111,525	555,000	7,435,000
2031	3.00%	111,525	102,825	580,000	6,855,000
2032	3.00%	102,825	93,900	595,000	6,260,000
2033	3.00%	93,900	84,675	615,000	5,645,000
2034	3.00%	84,675	75,150	635,000	5,010,000
2035	3.00%	75,150	65,325	655,000	4,355,000
2036	3.00%	65,325	55,275	670,000	3,685,000
2037	3.00%	55,275	44,850	695,000	2,990,000
2038	3.00%	44,850	34,125	715,000	2,275,000
2039	3.00%	34,125	23,100	735,000	1,540,000
2040	3.00%	23,100	11,700	760,000	
2041	3.00%	11,700	-	780,000	
Total		\$ 2,353,033	\$ 2,034,900	\$ 10,890,000	

City of Weslaco, Texas
Certificates of Obligation, Series 2021A

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2021	0.000%	-	-	-	3,331,000
2022	0.000%	-	-	110,000	3,221,000
2023	0.000%	-	-	110,000	3,111,000
2024	0.000%	-	-	110,000	3,001,000
2025	0.000%	-	-	110,000	2,891,000
2026	0.000%	-	-	110,000	2,781,000
2027	0.000%	-	-	110,000	2,671,000
2028	0.000%	-	-	110,000	2,561,000
2029	0.000%	-	-	110,000	2,451,000
2030	0.000%	-	-	110,000	2,341,000
2031	0.000%	-	-	110,000	2,231,000
2032	0.000%	-	-	110,000	2,121,000
2033	0.000%	-	-	110,000	2,011,000
2034	0.000%	-	-	110,000	1,901,000
2035	0.000%	-	-	110,000	1,791,000
2036	0.000%	-	-	110,000	1,681,000
2037	0.000%	-	-	110,000	1,571,000
2038	0.000%	-	-	110,000	1,461,000
2039	0.000%	-	-	110,000	1,351,000
2040	0.000%	-	-	110,000	1,241,000
2041	0.000%	-	-	110,000	1,131,000
2042	0.000%	-	-	110,000	1,021,000
2043	0.000%	-	-	110,000	911,000
2044	0.000%	-	-	110,000	801,000
2045	0.000%	-	-	110,000	691,000
2046	0.000%	-	-	115,000	576,000
2047	0.000%	-	-	115,000	461,000
2048	0.000%	-	-	115,000	346,000
2049	0.000%	-	-	115,000	231,000
2050	0.000%	-	-	115,000	116,000
2051	0.000%	-	-	116,000	-
Total		\$ -	\$ -	\$ 3,331,000	

City of Weslaco, Texas
Certificates of Obligation, Series 2021B

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2021		\$ -	\$ -	\$ -	8,795,000
2022	0.000%	165,850	165,850	-	8,795,000
2023	0.000%	165,850	165,850	-	8,795,000
2024	5.000%	165,850	158,725	285,000	8,510,000
2025	5.000%	158,725	151,350	295,000	8,215,000
2026	5.000%	151,350	143,600	310,000	7,905,000
2027	5.000%	143,600	135,350	330,000	7,575,000
2028	5.000%	135,350	126,725	345,000	7,230,000
2029	5.000%	126,725	117,600	365,000	6,865,000
2030	5.000%	117,600	108,100	380,000	6,485,000
2031	4.000%	108,100	100,100	400,000	6,085,000
2032	4.000%	100,100	91,800	415,000	5,670,000
2033	4.000%	91,800	83,200	430,000	5,240,000
2034	4.000%	83,200	74,200	450,000	4,790,000
2035	4.000%	74,200	64,800	470,000	4,320,000
2036	3.000%	64,800	57,525	485,000	3,835,000
2037	3.000%	57,525	50,025	500,000	3,335,000
2038	3.000%	50,025	42,300	515,000	2,820,000
2039	3.000%	42,300	34,350	530,000	2,290,000
2040	3.000%	34,350	26,175	545,000	1,745,000
2041	3.000%	26,175	17,700	565,000	1,180,000
2042	3.000%	17,700	9,000	580,000	600,000
2043	3.000%	9,000	-	600,000	-
Total		\$ 2,090,175	\$ 1,924,325	\$ 8,795,000	

City of Weslaco, Texas
Water and Sewer Limited Tax Refunding Bonds, Series 2020

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2021		\$ -	\$ -	\$ -	9,435,000
2022	0.000%	94,809	94,809	-	9,435,000
2023	0.819%	94,809	94,809	80,000	9,355,000
2024	0.999%	94,481	94,481	80,000	9,275,000
2025	1.099%	94,082	94,082	75,000	9,200,000
2026	1.399%	93,669	93,669	85,000	9,115,000
2027	1.499%	93,075	93,075	90,000	9,025,000
2028	1.762%	92,400	92,400	1,210,000	7,815,000
2029	1.862%	81,740	81,740	1,235,000	6,580,000
2030	1.962%	70,242	70,242	1,265,000	5,315,000
2031	2.062%	57,833	57,833	1,285,000	4,030,000
2032	2.162%	44,584	44,584	1,320,000	2,710,000
2033	2.212%	30,315	30,315	1,340,000	1,370,000
2034	2.262%	15,495	15,495	1,370,000	-
Total		\$ 957,534	\$ 957,534	\$ 9,435,000	

City of Weslaco, Texas
Tax and Revenue Certificates of Obligation, Series 2014

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2021		\$ -	\$ -	\$ -	75,000
2022	4.500%	1,125	1,125	75,000	-
Total		\$ 1,125	\$ 1,125	\$ 75,000	

City of Weslaco, Texas
Limited Tax Refunding Bonds, Series 2016

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2021		\$ -	\$ -	\$ -	12,150,000
2022	5.000%	-	247,850	1,780,000	10,370,000
2023	5.000%	247,850	201,100	1,870,000	8,500,000
2024	5.000%	201,100	151,975	1,965,000	6,535,000
2025	5.000%	151,975	100,100	2,075,000	4,460,000
2026	5.000%	100,100	45,600	2,180,000	2,280,000
2027	4.000%	45,600	-	2,280,000	-
Total		\$ 746,625	\$ 746,625	\$ 12,150,000	

City of Weslaco, Texas
Limited Tax Refunding Bonds, Series 2017

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2021		\$ -	\$ -	\$ -	\$ 19,045,000
2022	4.000%	456,300	456,300	1,230,000	17,815,000
2023	4.000%	431,700	431,700	1,280,000	16,535,000
2024	4.000%	406,100	406,100	1,455,000	15,080,000
2025	5.000%	377,000	377,000	1,500,000	13,580,000
2026	5.000%	339,500	339,500	1,565,000	12,015,000
2027	5.000%	300,375	300,375	1,640,000	10,375,000
2028	5.000%	259,375	259,375	1,875,000	8,500,000
2029	5.000%	212,500	212,500	1,970,000	6,530,000
2030	5.000%	163,250	163,250	2,070,000	4,460,000
2031	5.000%	111,500	111,500	2,175,000	2,285,000
2032	5.000%	57,125	57,125	2,285,000	-
Total		\$ 3,114,725	\$ 3,114,725	\$ 19,045,000	

City of Weslaco, Texas

Economic Development Sales Tax Revenue Refunding Bonds, Series 2012

As of September 30, 2021

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2021		\$ -	\$ -	\$ -	600,000
2022	3.40%	10,200	5,185	295,000	305,000
2023	3.40%	5,185	-	305,000	-
		\$ 15,385	\$ 5,185	\$ 600,000	



STATISTICAL SECTION



City of Weslaco, Texas Statistical Section

This part of the City of Weslaco, Texas' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS

Financial Trends

Tables I-IV

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

Tables V-VIII

These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax.

Debt Capacity

Schedules IX-XII

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

Tables XIII-XVII

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

Tables XVIII- XX

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report related to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

(This page intentionally left blank)

CITY OF WESLACO, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

TABLE I

Fiscal Year Ending September 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$ 38,744,671	\$ 34,782,635	\$ 32,298,614	\$ 28,246,600	\$ 26,444,251	\$ 23,122,052	\$ 20,001,901	\$ 11,915,869	\$ 6,236,897	\$ 13,564,135
Restricted	2,070,926	1,411,010	1,134,772	1,052,578	952,339	1,211,727	1,787,280	11,967,344	13,059,262	5,760,438
Unrestricted	(4,625,667)	(4,471,815)	(7,151,192)	(3,905,194)	588,485	3,639,565	6,148,950	729,653	9,294,414	4,806,131
Total governmental activities net position	\$ 36,189,930	\$ 31,721,830	\$ 26,282,194	\$ 25,393,984	\$ 27,985,075	\$ 27,973,344	\$ 27,938,131	\$ 24,612,866	\$ 28,590,573	\$ 24,130,704
Business-type activities										
Net investment in capital assets	\$ 49,661,132	\$ 47,636,213	\$ 47,630,121	\$ 46,083,251	\$ 40,509,740	\$ 39,969,259	\$ 38,975,364	\$ 34,020,461	\$ 12,912,376	\$ (1,310,318)
Restricted	1,013,102	1,012,923	1,010,581	1,025,206	1,020,601	1,212,612	1,623,104	2,019,837	19,656,819	27,959,653
Unrestricted	(3,094,505)	(2,290,173)	(2,567,221)	(1,122,171)	3,647,000	2,750,097	2,884,140	2,798,504	3,095,455	5,769,530
Total business-type activities net position	\$ 47,579,729	\$ 46,358,963	\$ 46,073,481	\$ 45,986,286	\$ 45,177,341	\$ 43,931,968	\$ 43,482,608	\$ 38,838,802	\$ 35,664,650	\$ 32,418,865
Primary Government										
Net investment in capital assets	\$ 88,405,803	\$ 82,418,848	\$ 79,928,735	\$ 74,329,851	\$ 66,953,991	\$ 63,091,311	\$ 58,977,265	\$ 45,936,330	\$ 19,149,273	\$ 12,253,817
Restricted	3,084,028	2,423,933	2,145,353	2,077,784	1,972,940	2,424,339	3,410,384	13,987,181	32,716,081	33,720,091
Unrestricted	(7,720,172)	(6,761,988)	(9,718,413)	(5,027,365)	4,235,485	6,389,662	9,033,090	3,528,157	12,391,770	10,575,661
Total primary government net position	\$ 83,769,659	\$ 78,080,793	\$ 72,355,675	\$ 71,380,270	\$ 73,162,416	\$ 71,905,312	\$ 71,420,739	\$ 63,451,668	\$ 64,257,124	\$ 56,549,569

Source: Government-wide Statement of Activities

Fiscal 2014 net position has been restated to reflect the implementation of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date"

Fiscal year 2015 Governmental Activities net position has been restated to reflect prior period adjustments related to GASB 68 implementation

Fiscal years prior to 2015 present the Economic Development Corporation as a blended component unit

**CITY OF WESLACO, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
TABLE II**

For the Fiscal Year ended September 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$ 7,972,617	\$ 7,411,268	\$ 7,783,921	\$ 6,439,519	\$ 7,877,473	\$ 7,793,661	\$ 7,475,817	\$ 4,699,927	\$ 4,077,130	\$ 4,079,035
Public safety	17,642,378	17,299,968	16,488,279	15,315,946	15,375,565	13,374,018	11,530,338	10,217,398	10,714,272	10,195,023
Emergency medical service	305,756	200,937	185,668	151,728	144,283	137,335	101,226	269,969	332,102	462,305
Health	-	-	-	-	-	-	-	-	90,067	88,459
Public works	4,491,358	4,652,366	4,498,314	6,299,328	5,129,113	3,409,500	2,927,110	3,056,584	3,039,309	2,626,866
Culture and recreation	2,394,698	2,282,570	2,319,476	2,367,348	2,197,967	2,195,306	1,793,425	1,660,311	1,692,154	1,693,692
Development services	-	-	-	-	-	-	-	2,724,236	3,364,499	3,256,023
Interest on long-term debt	1,227,674	1,195,174	1,299,788	919,744	828,514	1,134,675	1,009,379	1,182,183	1,187,398	2,326,416
Total governmental activities expenses	34,034,481	33,042,283	32,575,446	31,493,613	31,552,915	28,044,495	24,837,295	23,810,608	24,496,931	24,727,819
Business-type activities:										
Water and Wastewater	11,694,802	11,700,765	10,599,018	10,412,234	10,639,686	11,042,489	9,955,440	8,687,380	9,435,022	9,054,734
Solid Waste	4,823,491	4,590,974	4,483,587	4,368,411	3,850,543	4,147,973	4,348,050	4,117,588	4,044,683	4,047,757
Airport	1,250,380	1,172,619	1,035,359	925,905	850,901	687,702	668,097	536,560	507,619	505,452
Total business-type activities expenses	17,768,673	17,464,358	16,117,964	15,706,550	15,341,130	15,878,164	14,971,587	13,341,528	13,987,324	13,607,943
Total primary government expenses	\$ 51,803,154	\$ 50,506,641	\$ 48,693,410	\$ 47,200,163	\$ 46,894,045	\$ 43,922,659	\$ 39,808,882	\$ 37,152,136	\$ 38,484,255	\$ 38,335,762
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
General government	\$ 1,580,212	\$ 1,384,500	\$ 1,468,352	\$ 959,157	\$ 896,763	\$ 714,548	\$ 725,949	\$ 588,302	\$ 405,601	\$ 381,323
Public Safety	800,253	633,021	811,163	978,002	1,156,105	853,586	653,606	748,737	842,122	919,126
Emergency medical services	895,395	1,390,260	1,979,726	1,487,343	1,501,101	1,350,052	1,693,132	1,250,542	1,223,157	976,167
Other activities	-	-	-	-	-	-	-	155,378	394,360	399,142
Culture and recreation	5,221	18,568	33,373	43,670	76,676	85,163	73,359	-	-	-
Operating grants and contributions	3,708,547	6,120,352	889,479	648,763	585,580	484,336	273,122	233,899	99,359	16,179
Capital grants and contributions	384,979	435,057	625,616	446,200	137,739	571,469	1,065,726	463,568	454,010	724,994
Total governmental activities program revenues	7,374,607	9,981,758	5,807,709	4,563,135	4,353,964	4,059,154	4,484,894	3,440,426	3,418,609	3,416,931
Business-type activities:										
Charges for services:										
Water and Wastewater	13,088,199	12,865,310	12,276,613	12,297,037	12,205,565	10,806,055	12,121,383	11,744,692	12,160,485	11,034,905
Solid Waste	5,612,967	5,375,985	5,122,745	5,095,028	5,044,351	4,725,450	5,225,429	4,860,177	4,752,518	4,646,565
Airport	487,035	302,725	321,909	215,430	245,143	183,291	159,919	207,034	156,302	110,894
Capital grants and contributions	1,911,184	1,381,244	911,329	1,001,408	2,325,711	1,658,319	4,148,622	481,853	664,218	2,424,601
Total business-type activities program revenues	21,099,385	19,925,264	18,632,596	18,608,903	19,820,770	17,373,115	21,655,353	17,293,756	17,733,523	18,216,965
Total primary government program revenues	\$ 28,473,992	\$ 29,907,022	\$ 24,440,305	\$ 23,172,038	\$ 24,174,734	\$ 21,432,269	\$ 26,140,247	\$ 20,734,182	\$ 21,152,132	\$ 21,633,896
Net (Expense)/Revenue										
Governmental activities	\$ (26,659,874)	\$ (23,060,525)	\$ (26,767,737)	\$ (26,930,478)	\$ (27,198,951)	\$ (23,985,341)	\$ (20,352,401)	\$ (20,370,182)	\$ (21,078,322)	\$ (21,310,888)
Business-type activities	3,330,712	2,460,906	2,514,632	2,902,353	4,479,640	1,494,951	6,683,766	3,952,228	3,746,199	4,609,022
Total primary government net expense	\$ (23,329,162)	\$ (20,599,619)	\$ (24,253,105)	\$ (24,028,125)	\$ (22,719,311)	\$ (22,490,390)	\$ (13,668,635)	\$ (16,417,954)	\$ (17,332,123)	\$ (16,701,866)

Fiscal years prior to 2015 present the Economic Development Corporation as a blended component unit
Fiscal year 2015 Governmental Activities net position has been restated to reflect prior period adjustments related to implementation of GASB 68.

CITY OF WESLACO, TEXAS
CHANGES IN NET POSITION- CONTINTUED
LAST TEN FISCAL YEARS
(accrual basis of accounting)
TABLE II- CONTINUED

For the Fiscal Years Ended September 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities:										
Taxes:										
Ad valorem	\$ 14,014,741	\$ 13,107,912	\$ 12,127,801	\$ 12,002,082	\$ 11,615,301	\$ 11,264,052	\$ 10,352,897	\$ 9,767,217	\$ 9,823,287	\$ 9,710,670
Sales	12,292,524	10,402,522	10,063,222	9,356,472	8,929,546	8,682,523	8,779,266	11,441,937	11,182,267	10,578,320
Occupancy	481,792	381,039	349,728	365,473	444,151	351,911	384,439	419,960	382,934	336,419
Franchise and other	1,964,114	1,906,926	1,992,390	1,926,341	1,890,883	1,893,085	1,855,156	1,664,769	1,640,932	1,631,134
Intergovernmental	-	-	-	-	-	-	-	-	16,149	4,421
Investment earnings	45,432	200,243	272,670	191,883	103,608	60,217	31,839	130,602	89,278	66,619
Gain (loss) on sale/retirement of capital assets	-	-	55,829	-	44,939	-	-	56,720	(348,529)	116,255
Miscellaneous	218,809	320,215	353,746	858,322	353,902	721,662	232,759	377,674	226,739	249,246
Rescindment of contingency	-	-	-	-	-	-	-	-	-	-
Absences	-	-	-	-	-	-	-	-	-	191,261
Transfers	2,110,562	2,181,304	2,440,561	2,051,045	3,236,311	1,047,104	2,041,310	1,021,140	1,021,140	1,021,140
Total governmental activities	\$ 31,127,974	28,500,161	27,655,947	26,751,618	26,618,641	24,020,554	23,677,666	24,880,019	24,034,197	23,905,485
Business-type activities										
Investment earnings	616	5,880	13,124	7,672	2,044	1,513	1,350	4,013	19,609	13,629
Transfers	(2,110,562)	(2,181,304)	(2,440,561)	(2,051,045)	(3,236,311)	(1,047,104)	(2,041,310)	(1,021,140)	(1,021,140)	(1,021,140)
Total business-type activities	(2,109,946)	(2,175,424)	(2,427,437)	(2,043,373)	(3,234,267)	(1,045,591)	(2,039,960)	(1,017,127)	(1,001,531)	(1,007,511)
Total primary government	29,018,028	26,324,737	25,228,510	24,708,245	23,384,374	\$ 22,974,963	\$ 21,637,706	\$ 23,862,892	\$ 23,032,666	\$ 22,897,974
Change in Net Position										
Governmental activities	4,468,100	\$ 5,439,636	\$ 888,210	\$ (178,860)	\$ (580,310)	\$ 35,213	\$ 3,325,265	\$ 4,509,837	\$ 2,955,875	\$ 2,594,597
Business-type activities	1,220,766	285,482	87,195	858,980	1,245,373	449,360	4,643,806	2,935,101	2,744,668	3,601,511
Total primary government	\$ 5,688,866	\$ 5,725,118	\$ 975,405	\$ 680,120	\$ 665,063	\$ 484,573	\$ 7,969,071	\$ 7,444,938	\$ 5,700,543	\$ 6,196,108

CITY OF WESLACO, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (1)
(modified accrual basis of accounting)
TABLE III

For the Fiscal Years Ended September 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Post GASB 54										
Nonspendable	\$ 31,880	\$ 19,361	\$ 5,138	\$ 17,350	\$ 18,308	\$ 37,392	\$ 34,790	\$ 180,110	\$ 33,249	\$ -
Restricted	-	-	-	179,110	-	104,886	466,288	466,288	696,765	65,791
Assigned	-	2,874,000	2,874,000	2,874,000	-	-	-	-	-	-
Unassigned	8,405,677	9,151,461	7,965,191	6,353,316	7,511,496	7,939,293	8,523,908	6,478,642	4,738,640	1,627,107
Total General Fund	\$ 8,437,557	\$12,044,822	\$ 10,844,329	\$ 9,423,776	\$ 7,529,804	\$ 8,081,571	\$ 9,024,986	\$ 7,125,040	\$ 5,468,654	\$ 1,692,898
All Other Governmental Funds										
Post GASB 54										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,311	\$ -	\$ -	\$ -	\$ -
Restricted	34,901,175	13,433,832	15,407,807	2,408,585	3,617,027	3,958,733	5,512,740	1,793,631	1,691,574	1,772,642
Assigned	2,751,516	1,455,433	2,240,127	3,043,229	2,001,223	1,950,380	1,250,000	-	-	-
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	3,127,878	2,936,214	2,308,622
Capital projects funds	-	-	-	-	-	-	-	6,399,437	7,701,460	1,166,502
Total all other governmental funds	\$37,652,691	\$14,889,265	\$ 17,647,934	\$ 5,451,814	\$ 5,618,250	\$ 5,943,424	\$ 6,762,740	\$ 11,320,946	\$12,329,248	\$ 5,247,766

Source: Information obtained from the City's Annual Financial Report

CITY OF WESLACO, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
TABLE IV

For the Fiscal Years Ended September 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Taxes:										
Property taxes	\$ 14,110,324	\$ 13,103,915	\$ 12,087,125	\$ 12,131,253	\$ 11,645,836	\$ 11,273,279	\$ 10,550,931	\$ 9,932,967	\$ 10,011,483	\$ 9,710,637
Sales	12,292,524	10,402,522	10,063,222	9,356,472	8,929,546	8,682,523	8,779,266	11,441,937	11,182,267	10,578,320
Occupancy	481,792	381,039	349,728	365,473	444,151	351,911	384,439	419,960	382,934	336,419
Franchise and other	1,964,114	1,906,926	1,992,390	1,926,341	1,890,883	1,893,085	1,855,156	1,664,769	1,640,932	1,631,134
Charges for services	2,303,794	2,385,039	3,094,960	2,051,705	2,003,126	1,644,414	3,471,864	2,783,840	2,832,851	2,540,973
Program income	-	-	-	-	-	-	-	360,576	389,134	341,845
Intergovernmental	4,298,057	6,225,877	1,390,095	893,763	723,319	1,055,805	1,338,849	697,467	569,518	745,594
Licenses and permits	794,183	653,513	693,682	719,740	664,177	493,175	479,501	446,828	405,601	381,323
Investment income	45,432	200,243	272,670	191,883	103,608	60,217	31,839	130,602	89,278	66,619
Fines and forfeitures	487,067	356,116	503,972	696,728	752,327	698,250	523,767	636,486	668,891	772,752
Contributions	-	-	-	-	-	-	-	2,736	50	500
Miscellaneous	343,530	320,215	478,746	1,059,521	314,916	889,172	394,982	374,938	527,110	248,746
Total revenues	37,120,817	35,935,405	30,926,590	29,392,879	27,471,889	27,041,831	27,810,594	28,893,106	28,700,049	27,354,862
Expenditures										
General government	10,731,010	6,725,386	6,237,293	6,049,070	6,395,390	6,133,070	5,991,720	4,617,587	3,697,885	3,797,404
Public Safety	19,339,394	19,054,681	15,972,317	15,490,747	15,250,314	12,165,292	10,476,065	10,483,329	10,699,897	10,327,350
Public Works	6,798,084	5,543,843	4,745,924	5,665,443	4,377,328	2,104,864	1,790,960	1,558,496	1,556,054	1,299,033
Health	-	-	-	-	-	-	-	-	85,956	84,348
Culture and recreation	4,030,114	2,026,864	1,952,185	2,368,044	2,136,834	1,709,199	1,376,551	1,311,421	1,428,512	1,447,298
Economic development	949,003	591,644	590,635	576,780	581,915	589,640	593,849	1,568,220	2,144,101	1,923,521
Nondepartmental	-	-	-	-	-	-	-	565,216	477,223	395,172
Capital outlay	-	-	-	-	949,108	4,530,211	4,692,755	2,390,421	823,384	2,416,513
Debt service										
Principal	3,763,602	3,719,209	3,409,100	3,094,444	3,347,137	2,389,617	2,418,462	2,711,314	2,526,603	2,004,577
Interest and fiscal charges	1,336,274	1,153,870	1,051,561	755,633	782,830	786,594	890,033	1,152,048	1,197,893	1,352,412
Advance refunding escrow	-	-	-	-	-	77,555	-	-	-	-
Total expenditures	46,947,481	38,815,497	33,959,015	34,000,161	33,820,856	30,486,042	28,230,395	26,358,052	24,637,508	25,047,628
Excess of revenues over (under) expenditures	(9,826,664)	(2,880,092)	(3,032,425)	(4,607,282)	(6,348,967)	(3,444,211)	(419,801)	2,535,054	4,062,541	2,307,234
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	\$ 279	\$ 194,261	\$ 55,829	\$ 92,117	\$ 300,741	\$ -	\$ -	\$ 56,720	\$ 56,950	\$ 124,435
Debt Proceeds	29,279,233	440,000	14,257,349	4,506,702	2,184,974	4,450,281	658,299	-	22,157,515	1,155,000
Premium on bond	2,898,733	-	-	-	-	701,808	-	-	-	-
Bond redemption	-	-	-	-	-	(4,392,713)	-	-	(14,630,000)	-
Debt issuance costs	-	-	-	-	-	-	-	-	(366,731)	(30,323)
380 Agreement expenditures	-	-	-	-	-	-	-	(738,139)	(581,949)	(780,562)
Accrued 380 Agreement Interest	-	-	-	-	-	-	-	-	-	(949,937)
Sales Tax rebates	-	-	-	-	-	-	-	(580,488)	(645,082)	(843,934)
Payment to escrow agent	(5,305,982)	-	-	-	-	-	-	-	-	-
Transfers in	18,004,322	4,496,390	4,780,188	5,065,169	4,686,079	2,208,425	2,419,014	-	-	-
Transfers out	(15,893,760)	(2,315,086)	(2,444,268)	(3,329,170)	(1,699,768)	(1,286,321)	(2,460,758)	(700,000)	(700,000)	(480,000)
Total other financing sources (uses)	28,982,825	2,815,565	16,649,098	6,334,818	5,472,026	1,681,480	616,555	(1,961,907)	5,290,703	(1,805,321)
Net change in fund balances	\$ 19,156,161	\$ (64,527)	\$ 13,616,673	\$ 1,727,536	\$ (876,941)	\$ (1,762,731)	\$ 196,754	\$ 573,147	\$ 9,353,244	\$ 501,913
Debt service as a percentage of noncapital expenditures										
	13.8%	14.9%	15%	13%	14%	14%	16%	19%	19%	17%

**CITY OF WESALCO, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
TABLE V**

Fiscal Year	Tax Roll Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	2011	\$ 9,346,948	\$ 8,859,282	94.78%	\$ 421,377	\$ 9,280,659	99.29%
2013	2012	9,559,563	9,095,317	95.14%	391,626	9,486,943	99.24%
2014	2013	9,667,300	9,119,003	94.33%	452,857	9,571,861	99.01%
2015	2014	9,952,186	9,682,147	97.29%	160,536	9,842,683	98.90%
2016	2015	10,995,171	10,562,367	96.06%	261,674	10,824,041	98.44%
2017	2016	11,478,848	10,983,948	95.69%	492,167	11,476,115	99.98%
2018	2017	11,812,045	11,481,619	97.20%	294,084	11,775,703	99.69%
2019	2018	11,882,540	11,480,754	96.62%	276,735	11,757,489	98.95%
2020	2019	12,988,669	12,512,099	96.33%	170,452	12,682,551	97.64%
2021	2020	13,534,312	13,421,511	99.17%	-	13,421,511	99.17%

Source: Hidalgo County Tax Assessor-Collector
www.hidalgocountytax.org

**CITY OF WESLACO, TEXAS
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
TABLE VI**

FISCAL YEAR	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	TAX-EXEMPT	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT OVERLAPPING TAX RATE
2012	\$ 769,592,896	\$ 652,146,592	\$ 335,597,711	\$ 1,421,739,488	2.6978
2013	792,847,612	670,099,750	336,299,548	1,462,947,362	2.6996
2014	851,914,723	646,031,643	336,831,403	1,497,946,366	2.7113
2015	804,694,927	675,552,726	388,852,013	1,480,247,653	2.7363
2016	905,060,888	755,965,371	413,829,808	1,661,026,259	2.7357
2017	934,058,109	799,468,448	410,195,911	1,733,526,557	2.7357
2018	1,001,015,474	810,655,535	483,054,753	1,811,671,009	2.7357
2019	1,038,039,659	847,999,734	497,055,323	1,886,039,393	2.7357
2020	1,045,958,898	971,674,532	517,227,567	2,017,633,430	2.6142
2021	1,174,765,965	1,006,464,872	524,183,252	2,181,230,837	2.5995

Source: Hidalgo County Appraisal District
www.hidalgoad.org

CITY OF WESLACO, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT CALENDAR YEAR AND NINE YEARS AGO
TABLE VII

	2020			2011		
TAXPAYER	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
H E Butt Grocery Company	\$ 41,147,280	1	1.89%	\$ 38,464,214	1	2.73%
H E B Weslaco Transportation	21,605,306	2	0.99%	17,650,492	2	1.25%
Wal-Mart Real Estate Business	16,413,816	3	0.75%	8,811,818	6	0.62%
G3C Weslaco Westgate	15,173,098	4	0.70%			
Capcor Weslaco LTD	14,959,087	5	0.69%			
AEP Texas Central Co	14,077,720	6	0.65%	5,561,250	12	0.39%
Weslaco Micro-Hospital LLC	9,400,000	7	0.43%			
Jazman RGV Group	8,530,254	8	0.39%			
Lowes Home Centers Inc #2980	7,689,390	9	0.35%	5,804,384	10	0.41%
BOYD Weslaco LTD	7,669,766	10	0.35%			
Weslaco Palm Plaza	7,638,938	11	0.35%	5,486,085	13	0.39%
Weslaco MHC Limited Partnership	7,577,505	12	0.35%			
JCPenney #1101	7,485,894	13	0.34%	6,747,644	8	0.48%
Weslaco Motors LLP	7,363,133	14	0.34%			
WesFar Apartments LLC	7,165,969	15	0.33%			
HD Development Properties LP	7,091,344	16	0.33%	4,575,883	19	0.32%
Parkwood Rentals LTD	6,587,499	17	0.30%			
HIC Texas LLC	6,226,022	18	0.29%	4,495,080	20	0.32%
RST Texas Retail Estate LP	6,106,901	19	0.28%			
Weslaco Ford/Mercury Inc	6,006,444	20	0.28%			
Clearview Weslaco LLP				11,394,996	3	0.81%
SDI Weslaco Holdings				9,756,241	4	0.69%
John Knox Villages				8,981,104	5	0.64%
Wal-mart Property Tax Department				7,996,160	7	0.57%
Reyna Family Land Dev LTD				7,967,060	9	0.56%
Lowes Home Centers Inc				5,684,865	11	0.40%
Capital One National Association				5,078,132	14	0.36%
JC Penny #1101				4,802,411	15	0.34%
Home Depot Centers Inc				4,768,234	16	0.34%
Verizon Southwest				4,759,770	17	0.34%
Cano FAMCO Joint Venture				4,697,696	18	0.33%
TOTAL	\$ 225,915,366		10.36%	\$ 173,483,519		12.29%

Source:
www.hidalgoad.org

CITY OF WESLACO, TEXAS
PROPERTY TAX RATES AND TAX LEVIES - ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
TABLE VIII

		City Direct Rates			OVERLAPPING RATES					
FISCAL YEAR	TAX YEAR	MAINTENANCE & OPERATION	INTEREST & SINKING	(PER \$100) CITY	(Per \$100) WISD	STC	(Per \$100) Hidalgo Co	(Per \$100) DD #1	(Per \$100) STISD	(Per \$100) Total
PROPERTY TAX RATES										
2012	2011	0.5039	0.1928	0.6967	1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
2013	2012	0.5016	0.1951	0.6967	1.1397	0.1507	0.5900	0.0733	0.0492	2.6996
2014	2013	0.5006	0.1861	0.6867	1.1397	0.1500	0.5900	0.0957	0.0492	2.7113
2015	2014	0.4866	0.1901	0.6767	1.1397	0.1850	0.5900	0.0957	0.0492	2.7363
2016	2015	0.5560	0.1207	0.6767	1.1397	0.1850	0.5900	0.0951	0.0492	2.7357
2017	2016	0.5586	0.1081	0.6667	1.1597	0.1850	0.5800	0.0951	0.0492	2.7357
2018	2017	0.5146	0.1521	0.6667	1.1597	0.1850	0.5800	0.0951	0.0492	2.7357
2019	2018	0.5143	0.1524	0.6667	1.1597	0.1850	0.5800	0.0951	0.0492	2.7357
2020	2019	0.5109	0.1858	0.6967	1.0189	0.1718	0.5750	0.1026	0.0492	2.6142
2021	2020	0.5109	0.1858	0.6967	0.9807	0.1715	0.5750	0.1264	0.0492	2.5995
TAX LEVIES										
2012	2011			\$ 9,346,948	\$ 20,111,115	\$ 38,191,930	\$ 150,274,322	\$ 19,197,219	\$ 13,901,594	\$ 251,023,128
2013	2012			9,559,563	21,597,467	43,100,124	165,736,613	19,880,682	14,279,092	274,153,542
2014	2013			9,667,300	21,552,277	42,899,924	165,736,613	25,956,088	14,279,092	280,091,295
2015	2014			9,952,186	23,002,324	54,881,207	171,956,770	27,107,682	14,792,577	301,692,745
2016	2015			10,995,171	23,464,321	56,775,623	179,965,377	28,837,880	15,689,081	315,727,453
2017	2016			11,478,848	24,406,360	59,677,412	189,058,158	30,258,335	16,467,923	331,347,036
2018	2017			11,812,045	25,578,128	61,936,282	182,090,796	31,810,341	17,291,319	330,518,911
2019	2018			11,882,540	28,008,489	70,877,607	217,365,496	34,953,292	19,071,850	382,159,273
2020	2019			12,988,669	26,647,494	69,667,829	228,197,205	40,061,569	20,145,138	397,707,904
2021	2020			13,534,312	28,185,044	75,497,305	247,989,143	53,562,014	21,836,228	440,604,046

(This page intentionally left blank)

CITY OF WESLACO, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF SEPTEMBER 30, 2021
TABLE IX

	GROSS DEBT Less SINKING FUND	ESTIMATED % DEBT APPLICABLE TO CITY OF WESLACO	CITY OF WESLACO SHARE OF DEBT
City of Weslaco, Texas	\$ 50,024,378	100.00%	\$ 50,024,378
Total Direct Debt	50,024,378		50,024,378
Weslaco Ind School Dist	64,864,419	71.05%	46,086,170
Hidalgo County	354,620,000	5.31%	18,830,322
Hidalgo Co Drainage Dist #1	183,859,000	5.53%	10,167,403
South Texas College	120,914,693	4.99%	6,033,643
Total overlapping debt	724,258,112		81,117,537

Total direct and overlapping debt: **\$ 131,141,915**

Percent of Assessed Valuation: 6.01%

Direct Overlapping Debt per Capita: \$ 3,056

POPULATION: 42,907

ASSESSED VALUATION \$ 2,181,230,837

**CITY OF WESLACO, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
TABLE X**

Legal Debt Margin Calculation to Fiscal Year 2019

Assessed Value	\$ 2,181,230,837
Debt Limit (10% of assessed value)	218,123,084
Debt applicable to limit:	
General outstanding debt	106,964,051
Less: Amount set aside for repayment of general obligation debt	(865,907)
Total net debt applicable to limit	<u>106,098,144</u>
Legal debt margin	<u>112,024,940</u>

	2012	2013	2014	2015
Debt Limit	\$ 142,173,949	\$ 139,051,427	\$ 159,911,825	\$ 151,195,149
Total net debt applicable to limit	<u>21,684,025</u>	<u>26,487,380</u>	<u>24,605,645</u>	<u>23,040,965</u>
Legal debt margin	<u>\$ 120,489,924</u>	<u>\$ 112,564,047</u>	<u>\$ 135,306,180</u>	<u>\$ 128,154,184</u>
Total net debt applicable to the limit as a percentage of debt limit	15.25%	19.05%	15.39%	15.24%

Note: In 1955, the State Legislature enacted the 10% debt limit rate for school districts in Texas and has subsequently been used by municipalities as a general rule in computing debt margin.

	2016		2017		2018		2019		2020		2021
\$	166,102,626	\$	173,352,656	\$	181,167,101	\$	188,603,939	\$	201,763,343	\$	218,123,084
	19,704,803		18,296,141		16,806,190		90,541,350		90,391,763		106,098,144
\$	146,397,823	\$	155,056,515	\$	164,360,911	\$	98,062,589	\$	111,371,580	\$	112,024,940
	11.86%		10.55%		9.28%		48.01%		44.80%		48.64%

**CITY OF WESLACO, TEXAS
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 TABLE XI**

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Plus: CIP Fee (1) Non- Operating	Net Available	Debt Service		Coverage
					Principal	Interest	
2012	\$ 10,354,040	\$ 5,846,464	\$ 680,865	\$ 5,188,441	\$ 472,092	\$ 112,753	8.87
2013	11,475,677	6,655,622	684,808	5,504,863	480,224	97,652	9.53
2014	10,649,451	7,330,737	727,055	4,045,768	492,312	82,233	7.04
2015	11,372,511	6,702,152	703,986	5,374,345	532,148	65,993	8.99
2016	10,504,921	7,162,537	649,682	3,992,065	545,981	48,918	6.71
2017	11,207,113	8,364,535	689,843	3,532,421	560,500	31,398	5.97
2018	11,429,958	5,886,226	684,998	6,228,730	574,676	13,410	10.59
2019	12,148,004	8,870,739	642,214	3,919,479	138,151	2,152	27.94
2020	12,801,566	8,575,221	696,141	4,922,486	-	-	-
2021	12,832,171	8,722,810	707,367	4,816,728	-	-	-

CITY OF WESLACO, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
TABLE XII

Governmental Activities

Fiscal Year	General Obligation Bonds	Certificate of Obligation	Capital Leases	Bond Premiums	Notes Payable	380 Agreement Infrastructure	Total Governmental Activities	Percentage of Personal Income	Per Capita
2012	\$ 419,200	\$ 21,776,008	\$ -	\$ 413,195	\$ -	\$ 6,034,640	\$ 28,643,043	5.02%	\$ 777.37
2013	208,000	26,443,550	-	610,724	-	5,452,691	32,714,965	5.65%	881.97
2014	-	24,894,102	1,693,177	563,767	-	4,714,552	31,865,598	5.41%	847.47
2015	2,006,250	21,110,000	1,947,164	516,809	-	4,094,605	29,674,828	4.84%	751.76
2016	1,532,231	19,285,000	2,099,678	1,171,661	-	3,719,205	27,807,775	4.04%	694.62
2017	1,037,731	17,800,000	2,983,316	1,000,740	431,333	2,820,616	26,073,736	3.62%	646.06
2018	527,407	16,425,000	3,921,594	1,017,845	395,458	4,804,646	27,091,950	3.49%	658.03
2019	8,850,000	18,800,000	3,199,442	2,071,103	357,091	4,211,673	37,489,309	4.83%	910.58
2020	8,630,000	16,670,000	2,494,617	1,832,879	756,053	3,588,327	33,971,876	4.32%	816.06
2021	8,440,000	38,061,000	2,811,227	4,394,563	712,152	306,250	54,725,192	6.21%	1,275.44

Business-Type Activities

Fiscal Year	General Obligation Bonds	Certificate of Obligation	Revenue Bonds	Capital Leases	Notes Payable	Tax Notes	Bond Premiums	Total Business-Type Activities	Percentage of Personal Income	Per Capita
2012	\$ 1,089,792	\$ 2,470,000	\$ 45,215,000	\$ -	\$ -	\$ 8,500,000	\$ 1,366,793	\$ 58,641,585	10.27%	\$ 1,591.53
2013	870,768	2,090,000	44,790,000	-	-	8,040,000	1,366,793	57,157,561	9.86%	1,540.93
2014	768,456	1,700,000	44,325,000	-	-	7,735,000	1,800,466	56,328,922	9.56%	1,498.07
2015	529,308	19,230,000	34,700,000	-	-	6,545,000	1,699,141	62,703,449	10.23%	1,588.47
2016	404,029	49,260,000	870,000	-	-	4,810,000	4,734,806	60,078,835	8.74%	1,500.73
2017	273,745	48,090,000	440,000	-	-	2,620,000	6,909,104	58,332,849	8.10%	1,445.39
2018	138,853	48,090,000	-	6,501,903	-	-	6,082,019	60,812,775	7.83%	1,477.08
2019	-	45,880,000	-	6,532,513	-	-	5,233,304	57,645,817	7.42%	1,400.16
2020	-	43,015,000	-	6,692,281	1,450,810	-	4,424,653	55,582,744	7.07%	1,335.19
2021	-	40,705,000	-	6,755,391	1,397,045	-	3,381,423	52,238,859	5.93%	1,217.49

Fiscal years prior to 2015 present the Economic Development Corporation as a blended component unit.

(This page intentionally left blank)

CITY OF WESLACO, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS
TABLE XIII

Governmental Activities

Fiscal Year	General Obligation Bonds	Certificate of Obligation	Capital Leases	Bond Premiums	Notes Payable	Debt Service Restricted Net Assets	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2012	\$ 419,200	\$ 21,776,008	\$ -	\$ 413,195	\$ -	\$ 924,187	\$ 21,684,216	1.53%	\$ 588.51
2013	208,000	26,443,550	-	610,724	-	949,798	26,312,476	1.80%	709.37
2014	-	24,894,102	1,693,177	563,767	-	996,317	26,154,729	1.75%	695.59
2015	2,006,250	21,110,000	1,947,164	516,809	-	798,285	24,781,938	1.67%	627.80
2016	1,532,231	19,285,000	2,099,678	1,171,661	-	540,114	23,548,456	1.42%	588.23
2017	1,037,731	17,800,000	2,983,316	1,000,740	431,333	146,217	23,106,903	1.33%	572.55
2018	527,407	16,425,000	3,921,594	1,017,845	395,458	400,508	21,886,796	1.21%	531.61
2019	8,850,000	18,800,000	3,199,442	2,071,103	357,091	382,103	32,895,533	1.74%	799.00
2020	8,630,000	16,670,000	2,494,617	1,832,879	756,053	524,030	29,859,519	1.48%	717.28
2021	8,440,000	38,061,000	2,811,227	4,394,563	712,152	865,907	53,553,035	2.46%	1,248.12

Business-Type Activities

Fiscal Year	General Obligation Bonds	Certificate of Obligation	Revenue Bonds	Capital Leases	Tax Notes	Bond Premiums	Debt Service Restricted Net Assets	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2012	\$1,089,792	\$ 2,470,000	\$ 45,215,000	\$ -	\$ 8,500,000	\$ 1,366,793	\$ 924,187	\$ 57,717,398	4.06%	\$1,566.45
2013	870,768	2,090,000	44,790,000	-	8,040,000	1,366,793	949,798	56,207,763	3.84%	1,515.32
2014	768,456	1,700,000	44,325,000	-	7,735,000	1,800,466	996,317	55,332,605	3.69%	1,471.57
2015	529,308	19,230,000	34,700,000	-	6,545,000	1,699,141	798,285	61,905,164	4.18%	1,568.25
2016	404,029	49,260,000	870,000	-	4,810,000	4,734,806	540,114	59,538,721	3.58%	1,487.24
2017	273,745	48,090,000	440,000	-	2,620,000	6,909,104	146,217	58,186,632	3.36%	1,441.76
2018	138,853	48,090,000	-	6,501,903	-	6,082,019	400,508	60,412,267	3.33%	1,467.35
2019	-	45,880,000	-	6,532,513	-	5,233,304	382,103	57,263,714	3.04%	1,390.87
2020	-	43,015,000	-	6,692,281	-	4,424,653	524,030	53,607,904	2.66%	1,287.75
2021	-	40,705,000	-	6,755,391	-	3,381,423	865,907	49,975,907	2.29%	1,164.75

Fiscal years prior to 2015 present the Economic Development Corporation as a blended component unit.

**CITY OF WESLACO, TEXAS
TAXABLE SALES BY INDUSTRY
LAST TEN CALENDAR YEARS
TABLE XIV**

Description	CALENDAR YEAR			
	2011	2012	2013	2014
Agriculture, Forestry, Fishing, Hunting	\$ -	\$ -	\$ -	\$ 3,207
Construction	1,547,374	2,839,442	4,144,701	3,219,615
Manufacturing	1,043,977	944,415	1,374,389	2,222,116
Wholesale Trade	10,052,972	12,488,875	12,138,082	11,505,002
Retail trade	296,818,500	317,956,827	321,405,175	331,306,451
Transportation and warehousing	1,311,262	1,637,871	303,218	276,655
Information	7,440,719	9,086,834	13,229,751	13,421,501
Finance and insurance	2,096,979	1,999,036	2,177,332	2,641,731
Real estate, rental and leasing	2,730,662	2,783,960	2,881,418	2,356,502
Professional, scientific and technical	1,136,202	1,072,369	838,393	989,140
Administration, support, waste management, and remediation	3,592,463	6,176,976	5,830,822	5,368,529
Educational Services	38,083	57,033	60,791	166,539
Health care and social assistance	512,033	560,036	560,511	691,519
Arts, entertainment, and recreation	1,774,225	1,692,620	1,952,878	2,581,663
Accommodation and food service	76,342,659	82,835,766	86,549,881	96,841,186
Other Services	9,623,843	10,287,220	10,073,577	10,221,189
Other	19,346	15,201	17,086	19,870
Total	\$ 416,081,299	\$ 452,434,481	\$ 463,538,005	\$ 483,832,415
City Direct Sales Tax	2.00%	2.00%	2.00%	2.00%

Source:

<https://mycpa.cpa.state.tx.us/allocation/QtrSalesReportByResults>

2015	2016	2017	2018	2019	2020
\$ 481	\$ -	\$ -	\$ -	\$ -	-
4,096,068	4,826,488	4,674,526	9,760,889	12,862,191	8,583,655
2,378,251	2,445,955	2,072,963	2,107,094	5,557,368	8,228,047
10,535,297	19,201,140	16,838,228	15,259,410	17,620,327	17,633,729
321,305,069	309,212,380	305,882,008	328,057,738	329,808,142	357,890,403
-	281,022	-	-	411,291	428,271
12,686,024	12,326,179	13,508,709	14,393,780	14,811,056	10,350,939
1,607,030	2,651,045	2,878,573	3,251,223	3,255,107	3,205,528
2,654,053	5,278,955	6,528,384	7,465,029	8,590,041	10,322,724
1,137,739	1,024,656	1,018,046	993,481	837,433	622,393
2,194,032	1,768,350	2,109,445	2,299,598	3,143,185	3,306,945
94,791	350,578	318,639	330,995	480,058	175,074
1,256,497	941,118	704,434	767,353	674,483	544,620
3,673,234	3,377,805	4,406,081	4,652,256	5,176,107	4,392,666
109,219,280	111,418,585	115,038,118	122,294,284	130,022,066	127,354,464
10,775,234	11,543,232	11,810,678	15,390,148	15,836,736	14,349,648
22,000	6,560	16,481	14,056	2,721	2,157
\$ 483,635,080	\$ 486,654,048	\$ 487,805,313	\$ 527,037,334	\$ 549,088,312	\$ 567,391,263
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

CITY OF WESLACO, TEXAS
SALES TAX REVENUE PAYERS BY INDUSTRY
CALENDAR YEARS 2020 AND 2011
TABLE XV

	2020				2011			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Construction	76	5.77%	\$ 171,673	1.51%	55	5.10%	\$ 19,974	0.26%
Manufacturing	65	4.93%	164,561	1.45%	36	3.34%	18,173	0.24%
Wholesale Trade	76	5.77%	352,675	3.11%	48	4.45%	195,025	2.54%
Retail trade	575	43.63%	7,157,808	63.08%	484	44.90%	5,495,400	71.53%
Transportation and warehousing	7	0.53%	8,565	0.08%	6	0.56%	28,344	0.37%
Information	27	2.05%	207,019	1.82%	20	1.86%	138,324	1.80%
Finance and insurance	22	1.67%	64,111	0.56%	26	2.41%	43,445	0.57%
Real estate, rental and leasing	17	1.29%	206,454	1.82%	17	1.58%	61,257	0.80%
Professional, scientific and technical	38	2.88%	12,448	0.11%	49	4.55%	17,835	0.23%
Administration, support, waste management, and remediation	41	3.11%	66,139	0.58%	49	4.55%	34,606	0.45%
Educational Services	6	0.46%	3,501	0.03%	4	0.37%	352	0.00%
Health care and social assistance	14	1.06%	10,892	0.10%	14	1.30%	13,931	0.18%
Arts, entertainment, and recreation	23	1.75%	87,853	0.77%	13	1.21%	22,877	0.30%
Accommodation and food service	203	15.40%	2,547,089	22.45%	134	12.43%	1,414,709	18.41%
Other Services	125	9.48%	286,993	2.53%	113	10.48%	178,466	2.32%
Other	3	0.23%	43	0.00%	10	0.93%	323	0.00%
Total	1,318	100.00%	\$ 11,347,825	100.00%	1,078	100.00%	\$ 7,683,040	100.00%

Note: The tax liability was calculated from amounts reported by the Comptroller's Office as sales subject to sales tax. Because of amounts retained by the state for administration and timing differences due to accounts under audit, the totals will not necessarily compare with actual sales tax rebates received by the City.

**CITY OF WESLACO, TEXAS
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
TABLE XVI**

FISCAL YEAR	CITY DIRECT RATE	STATE RATE	TOTAL TAX RATE
2012	2.00%	6.25%	8.25%
2013	2.00%	6.25%	8.25%
2014	2.00%	6.25%	8.25%
2015	2.00%	6.25%	8.25%
2016	2.00%	6.25%	8.25%
2017	2.00%	6.25%	8.25%
2018	2.00%	6.25%	8.25%
2019	2.00%	6.25%	8.25%
2020	2.00%	6.25%	8.25%
2021	2.00%	6.25%	8.25%

CITY OF WESLACO, TEXAS
MISCELLANEOUS STATISTICAL FACTS
SEPTEMBER 30, 2021
TABLE XVII

<u>Date of Incorporation:</u>	1919		
<u>Date of Adoption of City Charter:</u>	December 14, 1927		
<u>Form of Government:</u>	Single Member District		
<u>Area:</u>	14.72 Square Miles		
Miles of Street:		City:	
Graded	1.65	Number of City Employees	340
Paved	227	Number of Street Lights	1600
Miles of Sewers:		Municipal Water Plant:	
Storm	100.00	Number of Connections:	11,958
Sanitary	215.50	Miles of Water Mains	131.0
Building Permits:		Average Daily:	Gallons
Permits Issued	3369	Consumption	5,336,000
Estimated Cost	\$ 112,816,551	Daily Plant Capacity	8,800,000
Fire Protection:		Water Sold for Year	16,794,474
Number of Stations	3	Population:	
Number of Employees	74	1940 Census	6,883
Number of Volunteers	0	1950 Census	7,487
Police Protection		1960 Census	15,649
Number of Sub-station	1	1970 Census	15,313
Number of Stations	1	1980 Census	19,331
Number of Employees	110	1990 Census	25,608
Recreation		2000 Census	26,935
Parks-Number of Acres (Developed)	175.93	2010 Census	35,670
Parks-Number of Acres (Undeveloped)	57.99	2020 Census	40,160
Skateboard Parks	1	2021-Estimated	42,907
Tennis Courts	9	Number of Hospitals/ER's	
Golf Courses	2	KNAPP Medical Center	1 No. of beds 233
Swimming Pools	0	South Texas ER	1 No. of beds 10
Parks	7	Valley Baptist Micro-Hospital	1 No. of beds 22
Education:			
Public/Private Schools		Airports	1
Weslaco ISD, Grades PreK-12			
High School	3		
Alternative Schools	2		
Middle Schools	4		
Elementary Schools	11		
IDEA Public Schools, Grades PreK-12			
South Texas ISD, Grades 9-12			
Horizon Montessori II, Grades K-8			
San Martin De Porres Catholic School, Grades PreK-5			
Mid Valley Christian School, Grades PreK-12			
Colleges/Universities		Source:	
South Texas College Mid Valley Campus		City of Weslaco	
UTRGV-Robert C. Vackar College of Business & Entrepreneurship		Finance Department	
Texas A&M University of Kingsville Citrus Center		www.weslacoedc.com	
Texas A&M University AgriLife Research & Extension Center		Weslaco ISD	
South Texas Vo-Tech			
Valley Grande Institute for Academic Studies			

**CITY OF WESLACO, TEXAS
DEMOGRAPHIC AND ECONOMICS STATISTICS
LAST TEN CALENDAR YEARS
TABLE XVIII**

CALENDAR YEAR	POPULATION	PERSONAL INCOME	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
2011	35,670	\$ 530,698,260	\$ 14,878	11.3%
2012	36,846	570,744,540	15,490	11.4%
2013	37,093	579,466,846	15,622	10.2%
2014	37,601	589,433,276	15,676	8.2%
2015	39,474	612,754,902	15,523	10.0%
2016	40,033	687,726,907	17,179	9.7%
2017	40,358	720,148,152	17,844	7.3%
2018	41,171	776,443,889	18,859	7.4%
2019	41,629	786,455,068	18,892	9.9%
2020	42,907	881,653,036	20,548	9.5%

Source: www.census.gov

Source: www.wfsolutions.org

CITY OF WESLACO, TEXAS
OPERATING INDICATORS AND CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(dollars in thousands)
TABLE XIX

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Building permits issued	1,946	1,935	1,998	2,001	2,039	2,099	2,309	1,688	591	3,369
Building inspections conducted	3,488	3,260	3,985	4,670	4,991	5,066	5,117	6,179	745	6,534
Police										
Physical Arrests-Adults	2,619	2,747	2,308	2,572	2,531	2,693	2,774	2,460	1,607	1,568
Physical Arrests-Juveniles	639	385	474	306	274	352	363	318	151	117
Fire										
Fire responses	1,704	1,696	1,751	2,097	1,897	1,876	2,197	2,410	2,311	2,674
EMS responses	5,486	5,251	5,919	5,443	5,880	6,424	6,511	6,614	8,607	6,992
Library										
Volumes in collection	67,800	66,368	69,903	72,514	76,787	80,723	83,145	90,066	92,098	94,909
Total volumes borrowed	64,790	46,606	53,185	53,416	52,469	49,769	50,267	55,688	44,365	53,641
Water										
New connections	133	126	74	121	168	281	281	377	349	307
Average daily consumption (million of gallons)	6.01	5.29	4.80	5.26	5.81	5.23	5.23	5.15	5.63	5.34
Peak daily consumption (million of gallons)	-	6.80	7.95	6.17	6.74	5.15	5.15	6.45	6.60	6.34
Wastewater										
Average daily wastewater treatment (million of gallons)	-	4.92	3.79	3.68	3.68	4.10	4.10	3.67	4.00	4.46
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1	1	1
Patrol Units	70	56	59	59	59	60	60	75	75	83
Fire Stations	3	3	3	3	3	3	3	3	3	3
Other public works										
Street (miles)	97.54	223.00	223.00	223.00	223.00	223.00	223.00	227.00	227.00	227.00
Streetlights	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Parks & Recreation										
Acreage (Developed)	153.53	171.97	171.97	171.97	171.97	171.97	171.97	171.97	175.93	175.93
Acreage (Undeveloped)	-	-	-	-	-	-	-	57.99	57.99	57.99
Playgrounds	11	16	16	16	16	16	16	16	16	16
Golf courses (private)	1	2	2	2	2	2	2	2	2	2
Water										
Water main (miles)	126.0	128.0	129.6	129.6	129.6	129.6	129.6	131.0	131.5	137.0
Fire hydrants	-	-	1,670	1,670	1,670	1,670	1,670	1,682	1,693	1,702
Storage capacity (million of gallons)	7.90	2.39	6.39	6.39	6.39	6.39	6.39	6.39	15.30	15.30
Wastewater										
Sanitary sewer (miles)	118.01	213.00	213.31	213.31	213.31	213.31	213.31	214.20	214.80	215.50
Storm Sewer (miles)	50.94	96.00	96.39	96.39	96.39	96.39	96.39	97.30	97.50	100.00
Treatment capacity (million of gallons)	7.25	7.25	8.25	8.25	8.25	8.25	8.25	8.25	7.40	7.40

**CITY OF WESLACO, TEXAS
TOP TEN PRINCIPAL EMPLOYERS
CALENDAR YEAR 2020 AND 2011
TABLE XX**

EMPLOYER	2020			2011		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Weslaco ISD	2,358	1	43.91%	2,817	1	44.71%
Knapp Medical Center	900	2	16.76%	1,000	2	15.87%
HEB (2 Locations)	450	3	8.38%	407	4	6.46%
Woodcrafters	375	4	6.98%	592	3	9.40%
Wal-Mart	260	6	4.84%	260	7	4.13%
Payne Auto Group	250	7	4.66%	389	5	6.17%
City of Weslaco	233	5	4.34%	260	6	4.13%
South Texas College	214	8	3.99%	214	8	3.40%
Valley Grande Manor	180	9	3.35%	161	10	2.56%
Texas A&M Ag	150	10	2.79%			
Texas Department of Public Safety				200	9	3.17%
Total	5,370		100.00%	6,300		100.00%

Source: Municipal Advisory County of Texas

<https://mactexas.com/IssuerAccess/Report/TopTenEmployers/101824>

CITY OF WESLACO, TEXAS
FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
TABLE XXI

Full - time Equivalent Employees as of September 30

FUNCTION	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	31	36	40	53	49	51	53	53	56	58
Legislative	7	7	7	7	7	7	7	7	7	7
Other	24	29	33	46	42	44	46	46	49	51
Public Safety	132	140	136	152	162	167	171	178	182	185
Public Works	37	22	42	45	45	44	44	44	44	45
Health & Welfare	1	2	2	3	3	3	4	4	5	5
Recreation	3	2	7	12	12	12	14	11	11	13
Refuse Collection	3	3	1	1	1	2	4	2	2	8
Library	11	17	16	16	16	15	15	15	15	15
Water	22	31	22	23	17	15	14	15	15	15
Wastewater	0	14	11	12	3	4	4	5	5	5
Airport	4	3	3	3	3	4	4	4	4	4
Museum	0	0	0	0	0	0	0	0	0	0
Total	244	270	280	320	311	317	327	331	339	352



COMPLIANCE SECTION



**INDEPENDENT AUDITORS' 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**

Honorable Mayor and
Members of the City Commission
City of Weslaco, Texas

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Weslaco, Texas' basic financial statements and have issued our report thereon dated April 5, 2022. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component unit, as described in our report on the City of Weslaco, Texas' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Weslaco, Texas' internal control over financial reporting (internal control) as a basis for designing 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 City of Weslaco, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Weslaco, Texas' 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

(This page intentionally left blank)

Compliance and Other Matters

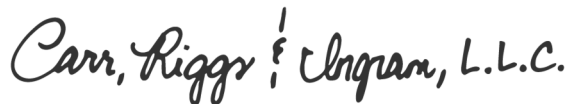
As part of obtaining reasonable assurance about whether the City of Weslaco, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

The City of Weslaco, Texas' Response to Findings

The City of Weslaco, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Weslaco, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Harlingen, Texas
April 5, 2022

(This page intentionally left blank)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and
Members of the City Commission
City of Weslaco, Texas

Report on Compliance for The Major Federal Program

We have audited the City of Weslaco's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The City of Weslaco's major federal programs for the year ended September 30, 2021. The City of Weslaco's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Weslaco's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Weslaco's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Weslaco's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Weslaco complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

(This page intentionally left blank)

Report on Internal Control over Compliance

Management of the City of Weslaco, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Weslaco, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Weslaco, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas

April 5, 2022

(This page intentionally left blank)

City of Weslaco, Texas
Schedule of Findings and Questioned Costs

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
* Material weakness(es) identified?	_____ yes	<u> X </u> no
* Significant deficiencies identified that are not considered to be material weakness(es)?	<u> X </u> yes	_____ none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
* Material weakness(es) identified?	_____ yes	<u> X </u> no
* Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	<u> X </u> no

Identification of major programs:

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
21.019	COVID-19 Coronavirus Relief Fund- CARES Act
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no

City of Weslaco, Texas
Schedule of Findings and Questioned Costs

**Section II – Findings Relating to the Financial Statement Audit as required to be reported in accordance
with Generally Accepted Government Auditing Standards**

Significant Deficiency in Internal Control and Compliance Finding

Reference Number: (2021-001)	Budgetary process and expenditures in excess of appropriations
Criteria:	Internal controls should be designed to effectively monitor the budget and ensure the legal level of budgetary control is followed and any necessary amendments are processed timely. Also, City ordinance requires budget amendments to be made prior to exceeding appropriations at the department level, which is the legal level of budgetary control.
Condition Found:	As indicated in the notes to the City's financial statements, we noted instances in which the City's budget had been exceed in multiple departments in the general fund. We noted nine departments with negative variances between the final budgeted amounts and actual expenditures.
Cause:	Lack of proper budgeting techniques or timely action by administration to amend the budget appropriately.
Effect:	The City incurs expenditures that are not budgeted in advance by the City Commission.
Recommendation:	Monitoring of the budget versus actual comparison should continue to be made on a monthly basis, and control over expenditures should include a review of available budget amounts prior to approval of purchase orders for the expenditure of funds.
Views:	Management agrees with the findings. See corrective action plan beginning on page 227.

Section III– Findings Relating to Internal Control Over Major Programs

None reported

City of Weslaco

"The City on the Grow"



David Suarez, Mayor
Josh Pedraza, Mayor Pro-Tem, District 1
Greg Kerr, Commissioner, At Large
Jose "J.P." Rodriguez, Commissioner, District 3
Adrian Farias, Commissioner, District 4
Letty Lopez, Commissioner, District 2
Leo Munoz, Commissioner, At Large

Andrew Munoz, Assistant City Manager

Schedule of Findings and Questioned Costs Corrective Action Plan

Reference Number: (2021-001)

Corrective Action Plan:

Expenditures in excess of budget appropriations

During the fiscal year there were multiple rounds of budget amendments designed to incorporate unbudgeted projects in to the budget to prevent overages. In the new fiscal year, a mid year evaluation will be performed of all accounts and unbudgeted items and amendments will be prepared accordingly.

Contact Person:

Implementation Time Frame:

Vidal Roman, Finance Director

Ongoing during current fiscal year

City of Weslaco, Texas
Schedule of Findings and Questioned Costs
Summary Schedule of Prior Audit Findings

STATUS OF PRIOR YEAR'S FINDINGS/COMPLIANCE

Reference Number: (2020-001)

Accounting for unavailable revenue in accordance with modified accrual basis of accounting

Status:

Finding has been resolved, no further corrective action is currently deemed necessary.

Reference Number: (2020-002)

Expenditures in excess of budget appropriations

Status:

The City formally amended the budget several times during the year due to several supplements needed for expenditures that were not budgeted. However, the final budget amendments were insufficient to provide for the functional variances. See current year finding (2021-001).

Reference Number: (2020-003)

Review of reimbursement request forms and supporting documentation

Status:

Finding has been resolved, no further corrective action is currently deemed necessary.

City of Weslaco, Texas

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2021

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Federal Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Provided to Subrecipients	(5) Federal Expenditures
U.S. Department of Commerce				
Economic Development Cluster				
Economic Adjustment Assistance	11.307		-	442,846
Total Economic Development Cluster				442,846
Total U.S. Department of Commerce			-	442,846
U.S. Department of Justice				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	4143201	-	175,704
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1579	-	32,464
Total COVID-19 Coronavirus Emergency Supplemental Funding Program			-	208,168
Law Enforcement Assistance FBI Advanced Police Training	16.300		-	1,730
Recovery Act- Assistance to Rural Law Enforcement to Combat Crime and Drugs				
Competitive Grant Program	16.810		-	18,940
Gulf States Regional Law Enforcement Technology Training and Technical				
Assistance Initiative	16.843	2020-RZ-BX-0018	-	149,890
Equitable Sharing Program	16.922		-	24,087
Passed through Office of the Governor				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-BJ-BX-0825	-	7,244
Edward Byrne Memorial Justice Assistance Grant Program	16.738	4003001	-	45,431
Total Edward Byrne Memorial Justice Assistance Grant Program			-	52,675
Crime Victim Assistance	16.575	3814602	-	40,703
Total Passed through Office of the Governor			-	93,378
Total U.S. Department of Justice			-	496,193
U.S. Department of Transportation				
Passed through Texas Department of Transportation				
COVID-19 Airport Improvement Program	20.106	21 CRWSLCO/TXDOT	-	35,597
Total passed through Texas Department of Transportation			-	35,597
Total U.S. Department of Transportation			-	35,597
U.S. Department of Treasury				
Passed through Hidalgo County				
COVID -19 Coronavirus Relief Fund	21.019	2020-HID-CRF-WES-05	-	628,554
Total passed through Hidalgo County			-	628,554
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	17460025442	-	700,000
Total U.S. Department of Treasury			-	1,328,554
Institute of Museum and Library Services				
Passed through Texas State Library and Archives Commission				
Grants to States	45.310	LS-246561-OLS-20	-	24,858
Total Institute of Museum and Library Services			-	24,858
US DEPARTMENT OF HOMELAND SECURITY				
Passed through Texas Department of Emergency Management				
Hazard Mitigation Grant Program	97.039	DR-4377-0005	-	77,231
Passed through Office of the Governor				
Homeland Security Grant Program	97.067	3173405	-	342,589
Homeland Security Grant Program	97.067	4003501	-	34,883
Homeland Security Grant Program	97.067	4003601	-	4,250
Total passed through Office of the Governor			-	381,722
Total U.S. Department of Homeland Security			-	458,953
TOTAL EXPENDITURES OF FEDERAL AWARDS			-	\$ 2,787,001

* Clustered Programs

The accompanying notes are an integral part of this schedule

City of Weslaco, Texas

Notes on Accounting Policies for Federal Awards

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Weslaco, Texas, for the year ended September 30, 2021. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Weslaco, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Sub-recipients

During the year ended September 30, 2021, the City of Weslaco, Texas had no sub-recipients.

Federal Loans and Loan Guarantees

During the year ended September 30, 2021, the City had no outstanding federal loans payable or loan guarantees.

Federally Funded Insurance

During the year ended September 30, 2021, the City had no federally funded insurance.

Noncash Awards

During the year ended September 30, 2021, the City did not have any federal awards in the form of noncash assistance.

Indirect Cost Rate

The Uniform Guidance allows an organization to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2021, the City did not elect to use this rate.