



# City of Weslaco, Texas



## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Fiscal Year Ended 2019-2020



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# **CITY OF WESLACO, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended September 30, 2020

### **Issued by:**

Mike Perez, City Manager

Vidal Roman, Finance Director



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**City of Weslaco, Texas**  
**City Officials**

Mayor	David Suarez
Mayor Pro-tem	Leo Munoz
Commissioners	Letty Lopez Jose JP Rodriguez Greg Kerr Josh Pedraza Adrian Farias
City Manager	Mike Perez
Assistant City Manager/ 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 Huerta
Planning and Code Enforcement Director	Rebekah De La Fuente
Human Resources Director	Veronica Ramirez
Information Technology	J. Martin Vela
Parks and Recreation Director	Omar Rodriguez
Public Facilities Director	Pete Garcia, Jr.
Library Director	Arnold Becho

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# City of Weslaco

*"The City on the Grow"*



David Suarez, Mayor  
Leo Muñoz, Mayor Pro-Tem, District 1  
Greg Kerr, Commissioner, District 2  
Jose "J.P." Rodriguez, Commissioner, District 3  
Adrian Farias, Commissioner, District 4  
Letty Lopez, Commissioner, District 5  
Josh Pedraza, Commissioner, District 6

Mike R. Perez, City Manager

March 26, 2021

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

The Comprehensive Annual Financial Report (the "Annual Report") of the City of Weslaco, Texas (the City) for the fiscal year ended September 30, 2020, 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, 2020. 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 41,629. 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 30<sup>th</sup>, 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 92 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 110.

## ***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 2019, the rate increased to 9.9 percent. The largest employer is the Weslaco Independent School District with 2,358 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 37.8% of total General Fund Revenues. The goal is always to maintain at least 25%. The unrestricted fund balance at September 30, 2020, exceeded the goal, and some excess funds were transferred to the Capital Improvement Project Fund, as planned. This fund, now going into its fifth 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 five 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 2020 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,



Mike R. Perez  
City Manager



Vidal Roman  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Weslaco  
Texas**

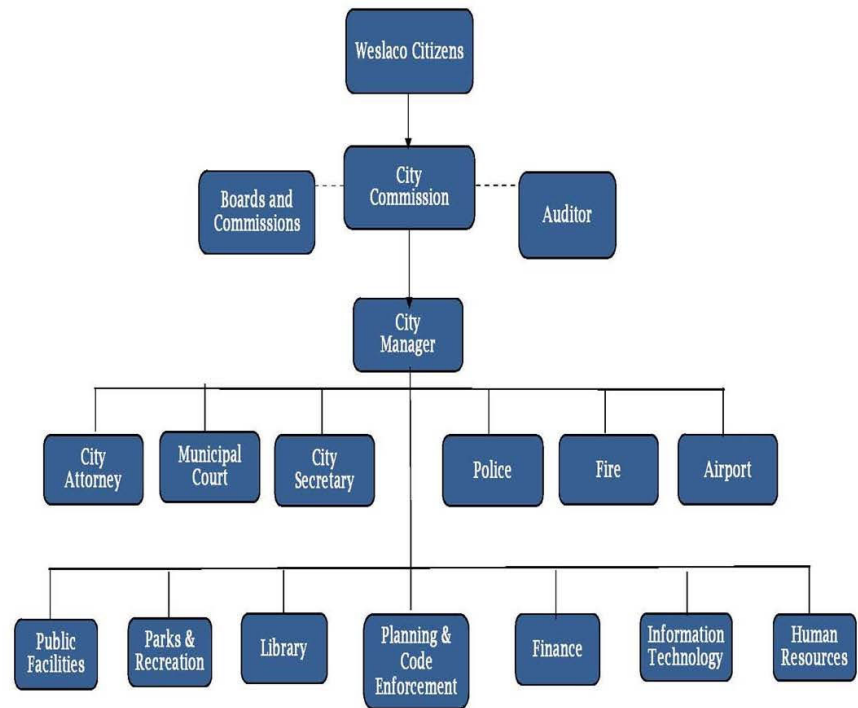
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*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, 2020, 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.

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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, 2020, 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.

### ***Emphasis of Matter***

The previously issued financial statements have been restated to account for the correction of a misstatement related to the prior period. As further discussed in Note 2, the City's financial statements were restated and the effect of the adjustment was a decrease to beginning fund balance. Our opinions are not modified with respect to this matter.

### ***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 92 through 100 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.

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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 March 26, 2021 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.

*Cam, Riggs & Ingram, L.L.C.*

Harlingen, Texas  
March 26, 2021

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# 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, 2020. 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 \$5,725,118 as a result of this year's operations. Net position from governmental activities increased \$5,439,636, while net position from business-type activities increased \$285,482. This reflects a 8.5% increase to total net position.

- **Governmental Activities – Revenues and Expenses Compared to Last Year** – Total revenues increased about \$5.3M from last year, with the majority increase in operating grants due to COVID-19 operations. Sales tax showed a moderate increase of \$339,300 or 3.4%, property tax revenues increased by \$980,111 while franchise tax revenues decreased by \$66,844. Expenses increased \$26,342 from last year.
- **Business-Type Activities – Revenues and Expenses Compared to Last Year**– Total revenues saw an increase of \$1,285,424 from last year. Charges for all services increased by \$822,753. Expenses increased about 10.4% or \$1,101,747 in water and wastewater services. Solid waste expenses saw an increase of about 2.4% or \$107,387 due to an increase of fees assessed by the company that provides collection of brush services. Expenses from airport services also increased by \$137,260, or 13.3%.

#### 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 eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the 2019 Bond Construction Fund, which are the only reported major funds. Data from the 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 2020, 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 \$78,080,793 at the close of the most recent fiscal year.

On September 30, 2020, the City had an outstanding bonds balance of \$68,315,000, excluding \$880,000 in the component unit. The City has unspent bond proceeds on its recently issued 2018 and 2019 bonds to be used for its drainage projects and purchase of equipment for the maintenance of its drainage ditches.

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, 2020 and 2019.

<b>Table 1</b> <b>City of Weslaco, Texas- Net Position</b> Primary Government						
	Governmental Activities		Business-type Activities		Total	Total
	2020	2019	2020	2019	2020	2019
Current assets	\$ 33,551,128	\$ 33,235,738	\$ 4,485,122	\$ 5,063,485	\$ 38,036,250	\$ 38,299,223
Capital assets, net	53,904,990	51,643,691	100,224,704	101,101,950	154,129,694	152,745,641
Total assets	87,456,118	84,879,429	104,709,826	106,165,435	192,165,944	191,044,864
Deferred outflows of resources- deferred charge	178,082	203,831	1,778,044	1,955,361	1,956,126	2,159,192
Deferred outflows of resources- pensions	2,060,259	3,223,576	100,318	256,750	2,160,577	3,480,326
Deferred outflows of resources- OPEB	529,533	296,155	13,185	4,308	542,718	300,463
Total deferred outflows of resources	2,767,874	3,723,562	1,891,547	2,216,419	4,659,421	5,939,981
Total assets and deferred outflows of resources	\$ 90,223,992	\$ 88,602,991	\$ 106,601,373	\$ 108,381,854	\$ 196,825,365	\$ 196,984,845
Current liabilities	\$ 4,244,423	\$ 4,220,309	\$ 1,816,646	\$ 1,813,214	\$ 6,061,069	\$ 6,033,523
Non-current liabilities						
Due within one year	3,344,683	3,147,132	3,575,236	3,247,473	6,919,919	6,394,605
Due in more than one year	34,264,513	37,735,125	53,803,190	56,095,389	88,067,703	93,830,514
Municipal net pension liability	6,341,943	8,791,058	839,320	1,052,286	7,181,263	9,843,344
Firemen's net pension liability	5,668,100	4,806,025	-	-	5,668,100	4,806,025
OPEB liability- TMRS Supplemental death	800,860	639,791	71,293	57,287	872,153	697,078
OPEB liability- reitree health care	2,021,161	2,454,914	-	-	2,021,161	2,454,914
Total liabilities	56,685,683	61,794,354	60,105,685	62,265,649	116,791,368	124,060,003
Deferred inflows of resources- pensions	1,704,229	409,146	132,018	38,017	1,836,247	447,163
Deferred inflows of resources- OPEB	112,250	117,297	4,707	4,707	116,957	122,004
Total deferred inflows of resources	1,816,479	526,443	136,725	42,724	1,953,204	569,167
Net position						
Net investment in capital assets	34,782,635	32,298,614	47,636,213	47,630,121	82,418,848	79,928,735
Restricted	1,411,010	1,134,772	1,012,923	1,010,581	2,423,933	2,145,353
Unrestricted (deficit)	(4,471,815)	(7,151,192)	(2,290,173)	(2,567,221)	(6,761,988)	(9,718,413)
Total net position	31,721,830	26,282,194	46,358,963	46,073,481	78,080,793	\$ 72,355,675
Total liabilities, deferred inflows of resources and net position	\$ 90,223,992	\$ 88,602,991	\$ 106,601,373	\$ 108,381,854	\$ 196,825,365	\$ 196,984,845

### Governmental Activities

The property tax levy increased by \$191,124 (0.2%) from the prior year due mostly to recent bond election approved by the citizens for drainage improvements and increases in valuation or new improvements added to the rolls. The tax rate increased to \$0.6967 per \$100 for the 2019 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 \$13,870,029 for the year which is an increase of \$452,400 or 3.4% 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 38.7% 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 \$6,120,352 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.

<b>Table 2</b> <b>City of Weslaco, Texas- Changes in Net Position</b>							
Primary Government							
	Governmental Activities		Business-type Activities		Total	Total	Percent
	2020	2019	2020	2019	2020	2019	2020
Program Revenues:							
Charges for services	\$ 3,426,349	\$ 4,292,614	\$ 18,544,020	\$ 17,721,267	\$ 21,970,369	\$ 22,013,881	39.07%
Operating grants and contributions	6,120,352	889,479	-	-	6,120,352	889,479	10.88%
Capital grants and contributions	435,057	625,616	1,381,244	911,329	1,816,301	1,536,945	3.23%
General Revenues:							
Property taxes	13,107,912	12,127,801	-	-	13,107,912	12,127,801	23.31%
Non-property taxes	12,690,487	12,405,340	-	-	12,690,487	12,405,340	22.57%
Unrestricted investment earnings	200,243	272,670	5,880	13,124	206,123	285,794	0.37%
Other income	320,215	409,575	-	-	320,215	409,575	0.57%
Total revenue	36,300,615	31,023,095	19,931,144	18,645,720	56,231,759	49,668,815	100.00%
Expenses							
General government	7,411,268	7,758,658	-	-	7,411,268	7,758,658	14.67%
Public safety	17,299,968	16,513,542	-	-	17,299,968	16,513,542	34.25%
Emergency medical services	200,937	185,668	-	-	200,937	185,668	0.40%
Public works	4,652,366	4,498,314	-	-	4,652,366	4,498,314	9.21%
Culture and recreation	2,282,570	2,319,476	-	-	2,282,570	2,319,476	4.52%
Interest on long term debt	1,195,174	1,299,788	-	-	1,195,174	1,299,788	2.37%
Water and sewer services	-	-	11,700,765	10,599,018	11,700,765	10,599,018	23.17%
Solid waste services	-	-	4,590,974	4,483,587	4,590,974	4,483,587	9.09%
Airport	-	-	1,172,619	1,035,359	1,172,619	1,035,359	2.32%
Total expenses	33,042,283	32,575,446	17,464,358	16,117,964	50,506,641	48,693,410	100.00%
Increase in net position before Transfers and special items	3,258,332	(1,552,351)	2,466,786	2,527,756	5,725,118	975,405	
Transfers	2,181,304	2,440,561	(2,181,304)	(2,440,561)	-	-	
Change in net position	5,439,636	888,210	285,482	87,195	5,725,118	975,405	
Net position- beginning	26,282,194	25,393,984	46,073,481	45,986,286	72,355,675	71,380,270	
Net position- ending	\$ 31,721,830	\$ 26,282,194	\$ 46,358,963	\$ 46,073,481	\$ 78,080,793	\$ 72,355,675	

### Business-Type Activities

Business-type activities continue to account for about 59 % of the City of Weslaco's net position. Water and sewer rates remained the same as prior years. There was also a slight change in solid waste collection fees.

## **City of Weslaco, Texas**

### **Management's Discussion and Analysis**

The net position of the Water and Wastewater Fund increased by \$1,027,743 from current year operations which increased from the prior year change in net position of \$807,122. This was the result of increase in charges for services and capital grants offset by an increase of operating expenses. Operating revenues increased by \$588,697 and operating expenses increased by \$1,196,632. Transfers to other funds also decreased by \$535,131 to make the current payments on long-term debt.

The net position of the Solid Waste Fund decreased (\$339,989) due to continued transfers to the capital improvement fund. Operating revenues increased by \$253,240 and operating expenses increased by \$107,387. Transfers to other funds (to the Capital Improvements Program Fund) remained consistent with prior year.

The net position of the Airport Fund increased to (\$402,272), due mostly to an increase in other services and charges. The Airport Fund receives revenues from fuel sales, hangar rentals, and grants. Any shortfalls are subsidized by the General Fund. Short of grant and subsidies from the General Fund, the Airport would have experienced an operating loss of (\$869,894). Improvements continue to have minimal effect 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 the end of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$26,934,087. Approximately 34% of this total amount, or \$9,151,461 constitutes unassigned fund balance, which is available for spending at the government's discretion. This represents 23.6% 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 \$9,151,461 which increased by \$1,186,270 from the prior unassigned fund balance of \$7,965,191 which was mainly attributed to increases in taxes, non-property taxes and fees and COVID grant funding received in the current year. 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 31% of the total General Fund expenditures, while total fund balance represents 40.8% of that 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 increased the tax rate to \$0.6967 for the 2019 tax year levy with the passage of the 2019 Drainage Bond issue. In addition, sales tax revenues increased by 3.4% from prior year.

## **City of Weslaco, Texas**

### **Management's Discussion and Analysis**

The debt service fund and the 2019 Series debt service fund have a total combined fund balance of \$526,173, all of which is restricted for the repayment of debt service. The scheduled tax supported debt service payments for fiscal year 2020 was \$3,377,955, including interest paid of \$1,027,955.

#### **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 of the Water and Wastewater Fund at the end of the year amounted to (\$2,763,217), which was a decrease of (\$534,250) from last year. Operating revenues increased by \$588,697 and operating expenses increased by \$1,196,632. The result was operating income decreased by \$607,935 compared to last year.

The unrestricted net position of the Solid Waste Fund amounted to \$1,124,837 at the end of the year, a decrease of \$277,339 from the prior year. Operating revenue increased by \$253,240 from last year, while operating expenses increased by \$107,387. It should be noted that the decrease in net position of \$339,989 was affected by transfers of \$1,125,000 to other funds.

The unrestricted net position for the Airport Fund amounted to \$(651,793). 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 \$27,379,484 represented a 7.8% increase over the previous year's budgeted amount. The 2020 budget was amended to recognize additional projected revenue, for a final revenue budget of \$28,522,004. Taxes represent about 76.6% of total General Fund budgeted revenue.

The original adopted General Fund expenditures were \$27,758,828. 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 \$1,428,269, to \$29,187,097 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. The City continued on Phase II on the installation of a new system in the Police department, this cost was offset by a grant.

#### **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, 2020, amounts to \$154,129,694 (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 1.0%

## City of Weslaco, Texas Management's Discussion and Analysis

**Table 3**  
**City of Weslaco- Capital Assets**  
Primary Government

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land,	\$ 6,227,175	\$ 4,900,165	\$ 3,952,884	\$ 2,551,870	\$ 10,180,059	\$ 7,452,035
Infrastructure	7,629,307	7,629,307	-	-	7,629,307	7,629,307
Buildings	20,411,626	18,494,359	1,679,646	1,679,646	22,091,272	20,174,005
Equipment	15,168,595	13,558,222	8,199,721	7,926,322	23,368,316	21,484,544
Improvements	45,667,355	45,448,801	129,540,911	80,930,572	175,208,266	126,379,373
Capital leases	6,911,937	6,911,937	7,474,943	6,934,391	14,386,880	13,846,328
Construction in progress	3,213,163	2,401,877	550,534	47,850,254	3,763,697	50,252,131
Totals at historical cost	105,229,158	99,344,668	151,398,639	147,873,055	256,627,797	247,217,723
Accumulated depreciation	(51,324,168)	(47,700,977)	(51,173,935)	(46,771,105)	(102,498,103)	(94,472,082)
Total capital assets, net	\$ 53,904,990	\$ 51,643,691	\$ 100,224,704	\$ 101,101,950	\$ 154,129,694	\$ 152,745,641

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 \$68,315,000, excluding \$880,000 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 decreased by 5.2% to 88.6% from 93.8% a year ago. This is attributed to the COVID-19 Pandemic. This rate compares to the state's average employment rate of 92.3%.

## **City of Weslaco, Texas Management's Discussion and Analysis**

The property tax rate remained the same for the 2020 tax year, or fiscal year ending September 30, 2021. Sales tax is projected to increase by 1%. The 2020-2021 adopted budget is a fiscally responsible balanced budget.

### **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.

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# FINANCIAL STATEMENTS



# City of Weslaco, Texas

## Statement of Net Position

September 30, 2020

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Assets</b>				
Cash and cash equivalents	\$ 14,405,676	\$ 460,389	\$ 14,866,065	\$ 6,376,134
Cash and cash equivalents- restricted	413,775	1,666,452	2,080,227	-
Investments	6,124,870	-	6,124,870	-
Investments, restricted	-	562,681	562,681	-
Receivables, net	7,900,547	3,240,923	11,141,470	12,152
Due from primary government	-	-	-	283,274
Land Escrow	-	-	-	31,473
Internal balances	1,757,422	(1,757,422)	-	-
Notes receivables	-	-	-	3,223,281
Prepaid bond insurance costs	55,477	18,996	74,473	-
Assets held for sale	2,874,000	-	2,874,000	-
Other prepaid items	10,306	-	10,306	-
Inventories	9,055	293,103	302,158	-
Capital assets not being depreciated	17,069,645	4,503,418	21,573,063	16,500
Capital assets, net of depreciation	36,835,345	95,721,286	132,556,631	4,934,221
<b>Total assets</b>	<b>87,456,118</b>	<b>104,709,826</b>	<b>192,165,944</b>	<b>14,877,035</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	178,082	1,778,044	1,956,126	-
Deferred outflows related to pensions	2,060,259	100,318	2,160,577	-
Deferred outflows related to OPEB	529,533	13,185	542,718	-
<b>Total Deferred Outflows of Resources</b>	<b>2,767,874</b>	<b>1,891,547</b>	<b>4,659,421</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 90,223,992</b>	<b>\$ 106,601,373</b>	<b>\$ 196,825,365</b>	<b>\$ 14,877,035</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,765,939	\$ 1,377,850	\$ 3,143,789	\$ 119,110
Due to component unit	283,274	-	283,274	-
Accrued expenses	1,886,431	438,796	2,325,227	3,727
Unearned revenue	308,779	-	308,779	-
Non-current liabilities:				
Due within one year	3,344,683	3,575,236	6,919,919	280,000
Due in more than one year				
Other liabilities due in more than one year	34,264,513	53,803,190	88,067,703	600,000
Municipal net pension liability	6,341,943	839,320	7,181,263	-
Firemen's net pension liability	5,668,100	-	5,668,100	-
OPEB liability- TMRS SDB	800,860	71,293	872,153	-
OPEB liability- retiree health care	2,021,161	-	2,021,161	-
<b>Total Liabilities</b>	<b>56,685,683</b>	<b>60,105,685</b>	<b>116,791,368</b>	<b>1,002,837</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions	1,704,229	132,018	1,836,247	-
Deferred inflows related to OPEB	112,250	4,707	116,957	-
<b>Total Deferred Inflows of Resources</b>	<b>1,816,479</b>	<b>136,725</b>	<b>1,953,204</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	34,782,635	47,636,213	82,418,848	4,950,721
Restricted for:				
Debt service	526,173	999,333	1,525,506	320,000
Special revenue funds	884,837	-	884,837	-
Capital projects	-	13,590	13,590	-
Unrestricted	(4,471,815)	(2,290,173)	(6,761,988)	8,603,477
<b>Total Net Position</b>	<b>31,721,830</b>	<b>46,358,963</b>	<b>78,080,793</b>	<b>13,874,198</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 90,223,992</b>	<b>\$ 106,601,373</b>	<b>\$ 196,825,365</b>	<b>\$ 14,877,035</b>

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, 2020

			Program Revenues	
Functions/programs	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental activities:</b>				
General government	\$ 7,411,268	\$ 1,384,500	\$ -	\$ -
Public safety	17,299,968	633,021	6,120,352	329,532
Emergency medical services	200,937	1,390,260	-	-
Public works	4,652,366	-	-	105,525
Culture and recreation	2,282,570	18,568	-	-
Interest on long-term debt	1,195,174	-	-	-
<b>Total governmental activities</b>	<b>33,042,283</b>	<b>3,426,349</b>	<b>6,120,352</b>	<b>435,057</b>
<b>Business-type activities:</b>				
Water and Wastewater services	11,700,765	12,865,310	-	1,163,622
Solid waste services	4,590,974	5,375,985	-	-
Airport	1,172,619	302,725	-	217,622
<b>Total business-type activities</b>	<b>17,464,358</b>	<b>18,544,020</b>	<b>-</b>	<b>1,381,244</b>
<b>Total primary government</b>	<b>\$ 50,506,641</b>	<b>\$ 21,970,369</b>	<b>\$ 6,120,352</b>	<b>\$ 1,816,301</b>
<b>Component Unit:</b>				
General government and administration	\$ 229,832	\$ -	\$ -	\$ -
Property management	653,575	234,234	-	-
Promotion and development	209,324	-	17,085	-
Development services	1,145,169	-	-	-
Interest on long-term debt	28,568	-	-	-
<b>Total componen unit</b>	<b>\$ 2,266,468</b>	<b>\$ 234,234</b>	<b>\$ 17,085</b>	<b>\$ -</b>

### General Revenues:

#### Taxes:

Ad valorem

Sales

Occupancy

Franchise and other

Investment earnings

Gain (loss) on sale/retirement  
of capital assets

Miscellaneous

Transfers

**Total general revenues and transfers**

**Change in net position**

**Net position at beginning of year**

**Net position at end of year**

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

Net (Expenses) Revenue And Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (6,026,768)	\$ -	\$ (6,026,768)	\$ -
(10,217,063)	-	(10,217,063)	-
1,189,323	-	1,189,323	-
(4,546,841)	-	(4,546,841)	-
(2,264,002)	-	(2,264,002)	-
(1,195,174)	-	(1,195,174)	-
(23,060,525)	-	(23,060,525)	-
-	2,328,167	2,328,167	-
-	785,011	785,011	-
-	(652,272)	(652,272)	-
-	2,460,906	2,460,906	-
(23,060,525)	2,460,906	(20,599,619)	-
\$ -	\$ -	\$ -	\$ (229,832)
-	-	-	(419,341)
-	-	-	(192,239)
-	-	-	(1,145,169)
-	-	-	(28,568)
			(2,015,149)
13,107,912	-	13,107,912	-
10,402,522	-	10,402,522	3,467,507
381,039	-	381,039	-
1,906,926	-	1,906,926	-
200,243	5,880	206,123	104,750
-	-	-	200,000
320,215	-	320,215	355,931
2,181,304	(2,181,304)	-	-
28,500,161	(2,175,424)	26,324,737	4,128,188
5,439,636	285,482	5,725,118	2,113,039
26,282,194	46,073,481	72,355,675	11,761,159
\$ 31,721,830	\$ 46,358,963	\$ 78,080,793	\$ 13,874,198

**City of Weslaco, Texas**  
**Governmental Funds**  
**Balance Sheet**

September 30, 2020

	General Fund	2019 Bond Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,213,862	\$ 8,399,895	\$ 4,791,919	\$ 14,405,676
Cash and cash equivalents- restricted	413,775	-	-	413,775
Investments	4,665,642	472,409	986,819	6,124,870
Receivables (net of allowance for uncollectibles):				
Ad valorem taxes	738,406	-	287,032	1,025,438
Sales taxes	1,133,096	-	-	1,133,096
Ambulance fees	1,525,330	-	-	1,525,330
Other	3,989,829	-	226,854	4,216,683
Due from other funds	2,021,913	-	82,739	2,104,652
Assets held for sale	2,874,000	-	-	2,874,000
Prepaid items	10,306	-	-	10,306
Inventories	9,055	-	-	9,055
<b>Total Assets</b>	<b>\$ 18,595,214</b>	<b>\$ 8,872,304</b>	<b>\$ 6,375,363</b>	<b>\$ 33,842,881</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,937,882	\$ 16,250	\$ 95,081	\$ 2,049,213
Accrued salaries and payroll taxes	727,918	-	-	727,918
Other liabilities	617,265	-	-	617,265
Due to other funds	86,529	-	10,432	96,961
Payable from restricted assets	413,775	-	-	413,775
Unearned revenue	308,779	-	-	308,779
<b>Total Liabilities</b>	<b>4,092,148</b>	<b>16,250</b>	<b>105,513</b>	<b>4,213,911</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue- ad valorem taxes	603,382	-	236,639	840,021
Unavailable revenue- grants	329,532	-	-	329,532
Unavailable revenue- EMS fees	1,525,330	-	-	1,525,330
<b>Total Deferred Inflows of Resources</b>	<b>2,458,244</b>	<b>-</b>	<b>236,639</b>	<b>2,694,883</b>
<b>Fund Balances</b>				
Nonspendable	19,361	-	-	19,361
Restricted	-	8,856,054	4,577,778	13,433,832
Assigned	2,874,000	-	1,455,433	4,329,433
Unassigned	9,151,461	-	-	9,151,461
<b>Total Fund Balances</b>	<b>12,044,822</b>	<b>8,856,054</b>	<b>6,033,211</b>	<b>26,934,087</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 18,595,214</b>	<b>\$ 8,872,304</b>	<b>\$ 6,375,363</b>	<b>\$ 33,842,881</b>

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, 2020*

	<b>Governmental Activities</b>
Total fund balance-governmental funds	\$ 26,934,087
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.	2,694,883
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 \$100,160,636 net of accumulated depreciation totaling \$(46,266,178). Not included in this amount are internal service fund assets of \$10,532.	53,894,458
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.	(127,473)
Bond insurance is the only bond issuance cost allowed after implementation of GASB Statement No 65. This is the unamortized cost of bond insurance cost paid by the City on prior bond issuances	55,477
Deferred outflows of resources related to amounts deferred on refundings of long-term debt are not reported in the governmental funds.	178,082
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.	(239,737)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(37,609,196)
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 (\$6,341,943), a deferred resource outflows in the amount of \$831,830, and a deferred resource inflow in the amount of (\$1,272,748). This resulted in a (decrease) in net position.	(6,782,861)
Included in the noncurrent (liabilities) is the recognition of the City Firemen's net pension (liability) required by GASB 68 in the amount of (\$5,668,100), a deferred resource outflows in the amount of \$1,228,429 and a deferred resource inflow in the amount of (\$431,481). This resulted in a (decrease) in net position.	(4,871,152)
Included in the noncurrent (liabilities) is the recognition of the City's total OPEB liability required by GASB 75 in the amount of (\$2,822,021), a deferred resource outflow in the amount of \$529,533, and a deferred resource inflow in the amount of (\$112,250). This resulted in a (decrease) in net position.	(2,404,738)
<b>Net position of governmental activities</b>	<b>\$ 31,721,830</b>

*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, 2020*

	General Fund	2019 Bond Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 9,619,717	\$ -	\$ 3,484,198	\$ 13,103,915
Nonproperty taxes	12,309,448	-	381,039	12,690,487
Fees and charges	2,271,717	-	113,322	2,385,039
Fines and forfeitures	356,116	-	-	356,116
Licenses and permits	653,513	-	-	653,513
Intergovernmental	6,120,352	-	105,525	6,225,877
Investment income	162,416	-	37,827	200,243
Miscellaneous	320,215	-	-	320,215
<b>Total Revenues</b>	<b>31,813,494</b>	<b>-</b>	<b>4,121,911</b>	<b>35,935,405</b>
<b>Expenditures</b>				
General government	6,430,299	-	295,087	6,725,386
Public safety	17,260,498	-	1,794,183	19,054,681
Public works	2,829,452	1,143,946	1,570,445	5,543,843
Culture and recreation	1,459,934	-	566,930	2,026,864
Economic development	591,644	-	-	591,644
Debt service:				
Principal	879,965	-	2,839,244	3,719,209
Interest and fees	36,291	-	1,117,579	1,153,870
<b>Total Expenditures</b>	<b>29,488,083</b>	<b>1,143,946</b>	<b>8,183,468</b>	<b>38,815,497</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,325,411</b>	<b>(1,143,946)</b>	<b>(4,061,557)</b>	<b>(2,880,092)</b>
<b>Other financing sources (uses):</b>				
Issuance of debt	-	-	440,000	440,000
Sale of capital assets	-	-	194,261	194,261
Transfers in	2,683,817	-	1,812,573	4,496,390
Transfers out	(2,315,086)	-	-	(2,315,086)
<b>Total other financing sources (uses)</b>	<b>368,731</b>	<b>-</b>	<b>2,446,834</b>	<b>2,815,565</b>
<b>Net change in fund balances</b>	<b>2,694,142</b>	<b>(1,143,946)</b>	<b>(1,614,723)</b>	<b>(64,527)</b>
<b>Fund balances at beginning of year</b>	<b>10,844,329</b>	<b>10,000,000</b>	<b>7,647,934</b>	<b>28,492,263</b>
<b>Prior period adjustment</b>	<b>(1,493,649)</b>	<b>-</b>	<b>-</b>	<b>(1,493,649)</b>
<b>Fund balances at beginning of year, adjusted</b>	<b>9,350,680</b>	<b>10,000,000</b>	<b>7,647,934</b>	<b>26,998,614</b>
<b>Fund balances at end of year</b>	<b>\$ 12,044,822</b>	<b>\$ 8,856,054</b>	<b>\$ 6,033,211</b>	<b>\$ 26,934,087</b>

*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, 2020*

	<b>Governmental Activities</b>
Net change in fund balances-total governmental funds	\$ (64,527)
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 (\$3,546,007) exceeded capital outlay \$6,122,591 in the current period. Not included in this amount is depreciation in the internal service fund of (\$103,366).	2,576,584
In the statement of activities, only the gain (loss) on the sale of assets is reported, whereas in the funds, the proceeds from the sale increase financial resources.	(211,919)
The change in compensated absences and accrued interest on long-term debt of \$244,372 and (\$468) are reported as a increase to expenditures in the statement of activities but not in the governmental funds.	(244,840)
Issuance of debt related to notes payable are recorded as other financing sources in the governmental funds while they are recorded as long term debt in the statement of net position.	(440,000)
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.	203,536
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.	365,210
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.	3,719,209
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.	(103,366)
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 12/31/2019 caused the change in ending net position to increase in the amount of \$683,818. 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 (\$611,527). The City's reported TMRS net pension expense had to be recorded. The net pension expense (decreased) the change in net position by (\$503,156). The result of these changes is to (decrease) the change in net position.	(430,865)
Firemen pension contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increase net position.	(440,495)
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 \$14,447. 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 (\$12,230). The City's reported TMRS OPEB expense had to be recorded. The net OPEB expense (decreased) the change in net position by (\$61,202). In addition to this the City's reported Firemen Retiree Health Care OPEB expense had to be recorded. The net OPEB expense increased the change in net position by \$570,094. The result of these changes is to (decrease) the change in net position.	511,109
<b>Change in net position of governmental activities</b>	<b>\$ 5,439,636</b>

*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, 2020

	Business-Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Internal Service Fund
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 432,813	\$ -	\$ 27,576	\$ 460,389	\$ -
Cash and cash equivalents- restricted	1,652,862	-	13,590	1,666,452	-
Investments- restricted	562,681	-	-	562,681	-
Receivables, net of allowances for uncollectibles	2,285,042	820,550	135,331	3,240,923	-
Due from other funds	-	2,000,000	-	2,000,000	-
Inventories	254,530	-	38,573	293,103	-
Prepaid items	18,996	-	-	18,996	-
<b>Total current assets</b>	<b>5,206,924</b>	<b>2,820,550</b>	<b>215,070</b>	<b>8,242,544</b>	<b>-</b>
<b>Non-current assets</b>					
Land	665,175	421,247	2,866,462	3,952,884	-
Buildings	362,324	668,781	648,541	1,679,646	-
Equipment	5,824,096	1,734,678	640,947	8,199,721	4,997,658
Improvements	-	-	-	-	70,864
Infrastructure	115,771,542	64,461	13,704,908	129,540,911	-
Capital leases	6,934,391	540,552	-	7,474,943	-
Construction-in-progress	453,476	-	97,058	550,534	-
Total non-current assets	130,011,004	3,429,719	17,957,916	151,398,639	5,068,522
Accumulated depreciation	(43,169,530)	(2,353,018)	(5,651,387)	(51,173,935)	(5,057,990)
<b>Total non-current assets, net</b>	<b>86,841,474</b>	<b>1,076,701</b>	<b>12,306,529</b>	<b>100,224,704</b>	<b>10,532</b>
<b>Total assets</b>	<b>92,048,398</b>	<b>3,897,251</b>	<b>12,521,599</b>	<b>108,467,248</b>	<b>10,532</b>
<b>Deferred outflows of resources</b>					
Deferred outflows related to pensions	83,503	2,158	14,657	100,318	-
Deferred outflows related to OPEB	9,980	470	2,735	13,185	-
Deferred charge on refunding	1,778,044	-	-	1,778,044	-
<b>Total deferred outflows of resources</b>	<b>1,871,527</b>	<b>2,628</b>	<b>17,392</b>	<b>1,891,547</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 93,919,925</b>	<b>\$ 3,899,879</b>	<b>\$ 12,538,991</b>	<b>\$ 110,358,795</b>	<b>\$ 10,532</b>

*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, 2020

	Business-Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Internal Service Fund
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable	\$ 947,439	\$ 391,694	\$ 38,717	\$ 1,377,850	\$ -
Accrued salaries and other liabilities	153,415	-	32,768	186,183	-
Due to other funds	2,259,258	890,709	607,455	3,757,422	250,269
Current portion of long term debt	3,407,201	110,581	57,454	3,575,236	-
Accrued interest on bonds	252,613	-	-	252,613	-
<b>Total current liabilities</b>	<b>7,019,926</b>	<b>1,392,984</b>	<b>736,394</b>	<b>9,149,304</b>	<b>250,269</b>
Noncurrent liabilities:					
Compensated absences	78,807	18,725	33,203	130,735	-
Customer deposits	1,274,450	-	3,594	1,278,044	-
Revenue bonds payable, net of unamortized premiums	44,464,654	-	-	44,464,654	-
Capital lease payable	5,698,351	461,985	-	6,160,336	-
Note payable	-	-	1,397,045	1,397,045	-
Landfill closure	-	372,376	-	372,376	-
Net pension liability	709,455	16,629	113,236	839,320	-
OPEB liability	54,505	2,399	14,389	71,293	-
<b>Total noncurrent liabilities</b>	<b>52,280,222</b>	<b>872,114</b>	<b>1,561,467</b>	<b>54,713,803</b>	<b>-</b>
<b>Total liabilities</b>	<b>59,300,148</b>	<b>2,265,098</b>	<b>2,297,861</b>	<b>63,863,107</b>	<b>250,269</b>
<b>Deferred inflows of resources</b>					
Deferred inflows related to pensions	105,853	3,551	22,614	132,018	-
Deferred inflows related to OPEB	3,530	177	1,000	4,707	-
<b>Total deferred inflows of resources</b>	<b>109,383</b>	<b>3,728</b>	<b>23,614</b>	<b>136,725</b>	<b>-</b>
<b>Net Position</b>					
Net investment in capital assets	36,274,278	506,216	10,855,719	47,636,213	10,532
Restricted for:					
Revenue bond retirement	999,333	-	-	999,333	-
Construction	-	-	13,590	13,590	-
Unrestricted	(2,763,217)	1,124,837	(651,793)	(2,290,173)	(250,269)
<b>Total net position</b>	<b>34,510,394</b>	<b>1,631,053</b>	<b>10,217,516</b>	<b>46,358,963</b>	<b>(239,737)</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 93,919,925</b>	<b>\$ 3,899,879</b>	<b>\$ 12,538,991</b>	<b>\$ 110,358,795</b>	<b>\$ 10,532</b>

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

*For the Fiscal Year Ended September 30, 2020*

	Business Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	Internal Service Fund
<b>Operating Revenues:</b>					
Water services	\$ 7,483,073	\$ -	\$ -	\$ 7,483,073	\$ -
Sewer services	5,318,493	-	-	5,318,493	-
Charges for services	-	5,375,985	302,600	5,678,585	-
Miscellaneous	63,744	-	125	63,869	-
<b>Total operating revenues</b>	<b>12,865,310</b>	<b>5,375,985</b>	<b>302,725</b>	<b>18,544,020</b>	<b>-</b>
<b>Operating Expenses:</b>					
Personal services	845,022	106,773	270,744	1,222,539	-
Other services and charges	2,035,775	186,927	212,734	2,435,436	-
Supplies	209,394	8,032	232,826	450,252	-
Contractual services	3,037,989	4,256,525	-	7,294,514	-
Depreciation	3,939,191	32,717	430,922	4,402,830	103,366
<b>Total operating expenses</b>	<b>10,067,371</b>	<b>4,590,974</b>	<b>1,147,226</b>	<b>15,805,571</b>	<b>103,366</b>
<b>Operating income (loss)</b>	<b>2,797,939</b>	<b>785,011</b>	<b>(844,501)</b>	<b>2,738,449</b>	<b>(103,366)</b>
<b>Non-operating revenues (expenses)</b>					
Investment income	5,880	-	-	5,880	-
Interest expense	(1,633,394)	-	(25,393)	(1,658,787)	-
<b>Total non-operating (expenses)</b>	<b>(1,627,514)</b>	<b>-</b>	<b>(25,393)</b>	<b>(1,652,907)</b>	<b>-</b>
<b>Income (loss) before transfers and capital contributions</b>	<b>1,170,425</b>	<b>785,011</b>	<b>(869,894)</b>	<b>1,085,542</b>	<b>(103,366)</b>
<b>Transfers in (out) and capital contributions</b>					
Capital Improvement fees	696,141	-	-	696,141	-
Capital grants	467,481	-	217,622	685,103	-
Transfers in	5,429,883	-	250,000	5,679,883	-
Transfers out	(6,736,187)	(1,125,000)	-	(7,861,187)	-
<b>Total transfers and capital contributions</b>	<b>(142,682)</b>	<b>(1,125,000)</b>	<b>467,622</b>	<b>(800,060)</b>	<b>-</b>
<b>Change in net position</b>	<b>1,027,743</b>	<b>(339,989)</b>	<b>(402,272)</b>	<b>285,482</b>	<b>(103,366)</b>
<b>Net position- beginning</b>	<b>33,482,651</b>	<b>1,971,042</b>	<b>10,619,788</b>	<b>46,073,481</b>	<b>(136,371)</b>
<b>Net position- ending</b>	<b>\$ 34,510,394</b>	<b>\$ 1,631,053</b>	<b>\$ 10,217,516</b>	<b>\$ 46,358,963</b>	<b>\$ (239,737)</b>

*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, 2020*

	Business Type Activities				Governmental Activities
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	Internal Service Fund
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 12,662,443	\$ 5,231,011	\$ 266,593	\$ 18,160,047	\$ -
Payments to suppliers	(5,075,884)	(4,023,828)	(424,101)	(9,523,813)	-
Payments to employees	(614,132)	(96,728)	(248,732)	(959,592)	-
<b>Net cash provided by (used in) operating activities</b>	<b>6,972,427</b>	<b>1,110,455</b>	<b>(406,240)</b>	<b>7,676,642</b>	<b>-</b>
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	5,429,883	-	250,000	5,679,883	-
Transfers to other funds	(6,736,187)	(1,125,000)	-	(7,861,187)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,306,304)</b>	<b>(1,125,000)</b>	<b>250,000</b>	<b>(2,181,304)</b>	<b>-</b>
<b>Cash flows from capital and related financing activities</b>					
Purchase of capital assets	(1,521,318)	(540,552)	(1,439,014)	(3,500,884)	-
Interest paid on bonds	(2,456,712)	-	-	(2,456,712)	-
Interest paid on notes payable	-	-	(25,393)	(25,393)	-
Capital lease proceeds	-	570,485	-	570,485	-
Notes payable proceeds	-	-	1,450,810	1,450,810	-
Retirement of bonds	(2,811,750)	-	-	(2,811,750)	-
Landfill closure costs	-	(15,388)	-	(15,388)	-
Capital grants	-	-	196,809	196,809	-
Capital improvement fees	696,141	-	-	696,141	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(6,093,639)</b>	<b>14,545</b>	<b>183,212</b>	<b>(5,895,882)</b>	<b>-</b>
<b>Cash flow from investing activities:</b>					
Interest on cash and investments	5,880	-	-	5,880	-
Purchase of capital assets	226,974	-	-	226,974	-
<b>Net cash provided by investing activities</b>	<b>232,854</b>	<b>-</b>	<b>-</b>	<b>232,854</b>	<b>-</b>
Net (decrease) in cash and cash equivalents	(194,662)	-	26,972	(167,690)	-
Cash and cash equivalents, beginning of year	2,280,337	-	14,194	2,294,531	-
Cash and cash equivalents, end of year	\$ 2,085,675	\$ -	\$ 41,166	\$ 2,126,841	\$ -
Reconciliation of operating income (loss)					
to net cash provided by used in operating activities					
Operating income (loss)	\$ 2,797,939	\$ 785,011	\$ (844,501)	\$ 2,738,449	\$ (103,366)
Adjustments to reconcile income (loss)					
from operations to net cash from operating activities:					
Depreciation	3,939,191	32,717	430,922	4,402,830	103,366
(Increase) decrease in accounts receivables	(295,126)	(144,974)	(36,132)	(476,232)	-
(Increase) decrease in inventories	(93,630)	-	(7,219)	(100,849)	-
(Increase) decrease in prepaid items	18,940	-	-	18,940	-
(Increase) decrease in deferred outflows	287,983	5,533	31,356	324,872	-
Decrease (increase) in accounts payable	22,706	1,646	(33,427)	(9,075)	-
Decrease (increase) in accrued salaries and other liabilities	21,064	-	6,111	27,175	-
Decrease (increase) in due to other funds	259,258	420,477	62,105	741,840	-
Decrease (increase) in customer deposits	92,259	-	-	92,259	-
Decrease (increase) in compensated absences	562	13,981	6,849	21,392	-
Decrease (increase) in net pension liability	(159,725)	(7,986)	(45,255)	(212,966)	-
Decrease (increase) in OPEB liability	10,505	525	2,976	14,006	-
Decrease (increase) in deferred inflows	70,501	3,525	19,975	94,001	-
Total adjustments	4,174,488	325,444	438,261	4,938,193	103,366
<b>Net cash provided (used) by operations</b>	<b>\$ 6,972,427</b>	<b>\$ 1,110,455</b>	<b>\$ (406,240)</b>	<b>\$ 7,676,642</b>	<b>\$ -</b>
<i>Supplemental disclosure of noncash activities</i>					
Contributed capital assets from Urban County	\$ 467,481	\$ -	\$ -	\$ 467,481	\$ -

*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, 2020*

	Pension Trust fund	Private-purpose Trust fund
	Firemen's Relief and Retirement Fund	Marion Booth Endowment Fund
<b>Assets</b>		
Cash	\$ 7,573	\$ 16,711
Investments, at fair value:		
Certificates of deposit	-	494,114
Equities	9,405,149	-
Mutual funds	117,985	-
Corporate bonds	782,304	-
Money market mutual funds	737,809	-
Municipal bonds	1,781,537	-
<b>Total Assets</b>	<b>\$ 12,832,357</b>	<b>\$ 510,825</b>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 501
<b>Total Liabilities</b>	<b>-</b>	<b>501</b>
<b>Net Position</b>		
Net position restricted for pensions and other purposes	12,832,357	510,324
<b>Total Net Position</b>	<b>12,832,357</b>	<b>510,324</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 12,832,357</b>	<b>\$ 510,825</b>

*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, 2020*

	<b>Pension Trust fund Firemen's Relief and Retirement Fund</b>	<b>Private-purpose Trust fund Marion Booth Endowment Fund</b>
<b>Additions</b>		
<b>Contributions</b>		
Employer contributions	\$ 599,436	\$ -
Plan member contributions	599,436	-
Total contributions	1,198,872	-
<b>Investment income</b>		
Net appreciation in fair value of investments	87,988	-
Interest and dividends	310,148	10,228
Total investment income	398,136	10,228
Less investment expense	(66,104)	-
Net investment income	332,032	10,228
Total additions	1,530,904	10,228
<b>Deductions</b>		
Benefits paid	595,725	-
Refunds of contributions	-	-
Administrative expenses	32,661	2,519
Total deductions	628,386	2,519
<b>Net change in fiduciary net position</b>	902,518	7,709
<b>Net position, beginning of year</b>	11,929,839	502,615
<b>Net position, end of year</b>	\$ 12,832,357	\$ 510,324

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

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# 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 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 *2019 Bond Construction fund* is used to account for bond proceeds used to fund for acquisition and construction of capital activities related to City drainage projects.

**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, 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 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, 2020, expenditures exceeded appropriations in eight 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. Revenue was available to cover the excess this year. The departments and the excess expenditures over appropriations are as follows:

City Manager	\$ 4,665
Finance	25,739
Human resources	28,509
Law	41,205
Fire Department	723,611
Emergency Management Department	900,962
Drain Ditch Department	231,308
Other Economic Development	6,859
Debt Service- principal retirement	214,875

***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 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* – Unassigned fund balance is the residual classification for the General Fund.

##### ***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, March 26, 2021 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 2020, the City implemented GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The Statement extended the effective dates of certain accounting and financial reporting provisions in statements that were first effective for reporting periods beginning after June 15, 2018.

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

In January 2017, the GASB issued 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. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

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 accounts receivable and allowance for doubtful accounts related to Emergency Medical Services (EMS) were adjusted to defer fund level revenue in accordance with the current financial resources measurement focus. The prior year has been restated to account for the prior period adjustment for these changes. The effect of the adjustment was a decrease to beginning General Fund balance in the amount of \$1,493,649.

**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, 2020. At year-end, the respective bank balance totaled \$17,060,031. 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 \$28,000,000. 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, 2020 are as follows:

	Investment Maturities (in years)		Greater than 1 year
	Value	1 or less	
<b>Primary Government</b>			
TexPool	\$ 6,687,551	\$ 6,687,551	\$ -

A reconciliation of cash and investments follows:

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Cash and cash equivalents	\$ 14,405,676	\$ 460,389	14,866,065	\$ 6,376,134
Restricted cash	413,775	1,666,452	2,080,227	-
Total cash and cash equivalents	14,819,451	2,126,841	16,946,292	6,376,134
Investments:				
TexPool	6,124,870	-	6,124,870	-
TexPool - Restricted	-	562,681	562,681	-
Total investments	6,124,870	562,681	6,687,551	-
Total cash and investments	\$ 20,944,321	\$ 2,689,522	\$ 23,633,843	\$ 6,376,134

***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, 2020, 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, 2020. The composition of these investments is as follows:

	Fair Value
Equities	\$ 9,405,149
Mutual funds	117,985
Fixed income	
Money market mutual funds	737,809
Municipal bonds	1,781,537
Corporate bonds	782,304
Total fixed income	3,301,650
<b>Total investments</b>	<b>\$ 12,824,784</b>

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. A summary of the hierarchy is as follows:

Level 1 inputs are quoted prices in active markets for identical assets	\$ 10,922,183
Level 2 inputs are significant other observable inputs	1,902,601
<b>Total investments</b>	<b>\$ 12,824,784</b>

Debt and equity securities, and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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, 2020, 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	\$ 1,205,217	\$ 438,531	\$ 1,643,748	\$ -	\$ -	\$ -	\$ -	\$ 1,643,748	\$ -
Sales taxes	1,133,096	-	1,133,096	-	-	-	-	1,133,096	283,274
Customer charges	136,208	-	136,208	3,850,743	1,507,809	135,331	5,493,883	5,630,091	-
Hotel/Motel taxes	-	193,106	193,106	-	-	-	-	193,106	-
Ambulance fees	8,111,437	-	8,111,437	-	-	-	-	8,111,437	-
Grants receivable	3,451,731	-	3,451,731	-	-	-	-	3,451,731	-
Other	484,443	33,748	518,191	-	-	-	-	518,191	12,152
Gross receivables	14,522,132	665,385	15,187,517	3,850,743	1,507,809	135,331	5,493,883	20,681,400	295,426
Less allowance for uncollectibles	(7,135,471)	(151,499)	(7,286,970)	(1,565,701)	(687,259)	-	(2,252,960)	(9,539,930)	-
Net total receivables	\$ 7,386,661	\$ 513,886	\$ 7,900,547	\$ 2,285,042	\$ 820,550	\$ 135,331	\$ 3,240,923	\$ 11,141,470	\$ 295,426

## 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, 2020:

Loan to CIL Properties	\$ 85,469
Loan to CIL Hangars, LLC	155,853
Loan to Valley Striping	94,593
Loan to Trinity Development	40,224
Promissory note from LRGVDC (Building Sale)	1,195,364
Promissory note from SDI Weslaco Holdings, Inc.	200,968
Promissory note from City of Weslaco	1,450,810
<u>Total notes receivable</u>	<u>\$ 3,223,281</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 \$224,451 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, 2020.

**City of Weslaco, Texas**  
**Notes to Financial Statements**

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 is as follows:

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 4,900,165	\$ 1,521,271	\$ -	\$ (194,261)	\$ 6,227,175
380 Agreements Infrastructure	7,629,307	-	-	-	7,629,307
Construction-in-progress	2,401,877	2,746,907	(1,935,621)	-	3,213,163
<b>Total capital assets, not being depreciated</b>	<b>14,931,349</b>	<b>4,268,178</b>	<b>(1,935,621)</b>	<b>(194,261)</b>	<b>17,069,645</b>
Capital assets being depreciated					
Buildings	18,494,359	-	1,917,267	-	20,411,626
Equipment	13,558,222	1,654,213	-	(43,840)	15,168,595
Improvements	45,448,801	200,200	18,354	-	45,667,355
Capital Leases	6,911,937	-	-	-	6,911,937
	<b>84,413,319</b>	<b>1,854,413</b>	<b>1,935,621</b>	<b>(43,840)</b>	<b>88,159,513</b>
Less accumulated depreciation for:					
Buildings	8,303,110	462,359	-	-	8,765,469
Equipment	9,543,853	1,131,300	-	(26,182)	10,648,971
Improvements	26,849,526	1,496,515	-	-	28,346,041
Capital Leases	3,004,488	559,199	-	-	3,563,687
<b>Total accumulated depreciation</b>	<b>47,700,977</b>	<b>3,649,373</b>	<b>-</b>	<b>(26,182)</b>	<b>51,324,168</b>
<b>Total capital assets being depreciated, net</b>	<b>36,712,342</b>	<b>(1,794,960)</b>	<b>1,935,621</b>	<b>(17,658)</b>	<b>36,835,345</b>
<b>Governmental activities, capital assets, net</b>	<b>\$ 51,643,691</b>	<b>\$ 2,473,218</b>	<b>\$ -</b>	<b>\$ (211,919)</b>	<b>\$ 53,904,990</b>

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

Governmental activities	
General government	\$ 704,321
Public safety	676,129
Emergency medical services	184,284
Public works	1,548,538
Culture and recreation	536,101
	<b>\$ 3,649,373</b>

**City of Weslaco, Texas**  
**Notes to Financial Statements**

**NOTE 5: CAPITAL ASSETS (Continued)**

	Beginning Balance	Additions	Transfers/ Reclassification	Retirements	Ending Balance
<b>Business-type Activities:</b>					
Capital assets not being depreciated					
Land	\$ 2,551,870	\$ 1,401,014	\$ -	\$ -	\$ 3,952,884
Construction in progress	47,850,254	556,310	(47,856,030)	-	550,534
Total capital assets not being depreciated	50,402,124	1,957,324	(47,856,030)	-	4,503,418
Capital assets being depreciated					
Buildings	1,679,646	-	-	-	1,679,646
Equipment	7,926,322	273,399	-	-	8,199,721
Improvements	80,930,572	754,309	47,856,030	-	129,540,911
Capital leases	6,934,391	540,552	-	-	7,474,943
Total capital assets being depreciated	97,470,931	1,568,260	47,856,030	-	146,895,221
Less accumulated depreciation for:					
Building	1,370,405	20,359	-	-	1,390,764
Equipment	6,910,849	651,335	-	-	7,562,184
Improvements	38,489,851	3,731,136	-	-	42,220,987
Total accumulated depreciation	46,771,105	4,402,830	-	-	51,173,935
Total capital assets being depreciated, net	50,699,826	(2,834,570)	47,856,030	-	95,721,286
Business-type activities capital assets, net	\$ 101,101,950	\$ (877,246)	\$ -	\$ -	\$ 100,224,704

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

Business-type activities:	
Water and wastewater	\$ 3,939,191
Solid waste	32,717
Airport	430,922
Total depreciation expense- Business-type activities	\$ 4,402,830

	Beginning Balance	Additions	Transfers/ Reclassification	Retirements	Ending Balance
<b>Component Unit:</b>					
Capital assets not being depreciated					
Construction in progress	\$ -	\$ 16,500	\$ -	\$ -	\$ 16,500
Total capital assets not being depreciated	-	16,500	-	-	16,500
Capital assets being depreciated					
Buildings	5,469,816	-	-	-	5,469,816
Machinery and equipment	137,528	42,140	-	-	179,668
Total capital assets being depreciated	5,607,344	42,140	-	-	5,649,484
Less accumulated depreciation	607,225	108,038	-	-	715,263
Total capital assets being depreciated, net	5,000,119	(65,898)	-	-	4,934,221
Component Unit capital assets, net	\$ 5,000,119	\$ (49,398)	\$ -	\$ -	\$ 4,950,721

Depreciation of \$65,898 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, 2019 is as follows:

\$24,335,000 Tax and Revenue Certificate of Obligation, Series 2012, dated January 15, 2012, due in annual installments varying from \$1,345,000 to \$2,305,000 through February 15, 2032, bearing interest rates of 4.00% - 5.00%.	\$1,200,000
\$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%.	8,920,000
\$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%.	13,850,000
\$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
<b>Total Business-Type Activities Bonded Debt</b>	<b>\$43,015,000</b>

**Business-Type Activities Capital Leases**

Business-type activities capital lease debt as of September 30, 2020 is as follows:

\$434,278 Kansas State Bank lease agreement dated January 18, 2019. The terms of the capital lease include annual payments of \$70,552 beginning March 2019. The lease was used to fund purchase of equipment.	\$ 336,553
\$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.	5,785,243
\$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.	570,485
<b>Total Business-Type Activities Capital Lease Debt</b>	<b>\$ 6,692,281</b>

**Business-type Activities Note Payable**

Business-type activities Note Payable from direct borrowing as of September 30, 2020 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.	\$ 1,450,810
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**City of Weslaco, Texas**  
**Notes to Financial Statements**

**NOTE 6: LONG-TERM DEBT (Continued)**

**Governmental Activities Bonded Debt**

Governmental activities bonded debt as of September 30, 2020 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%.	\$3,660,000
\$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%.	4,300,000
\$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%.	5,795,000
\$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%.	2,915,000
\$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%.	8,630,000
<b>Total Governmental Activities Bonded Debt</b>	<b>\$25,300,000</b>

**Governmental Activities Capital Leases**

Governmental activities capital lease debt as of September 30, 2020 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.	327,731
\$779,159 Frost Municipal lease agreement dated September 21, 2016. The terms of the capital lease include annual payments of \$162,593 beginning November 2016. The lease was used to purchase police radios, base stations, and dispatch consoles.	159,207
\$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.	419,919
\$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.	90,579
\$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.	25,216

**City of Weslaco, Texas**  
**Notes to Financial Statements**

**NOTE 6: LONG-TERM DEBT (Continued)**

\$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.	840,619
\$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.	184,198
\$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.	54,109
\$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.	277,730
\$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.	60,538
\$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.	54,771
<b>Total Governmental Activities Capital Lease Debt</b>	<b>\$2,494,617</b>

**Governmental Activities Note Payable**

Governmental activities Note Payable debt as of September 30, 2020 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.	\$ 316,053
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
<b>Total Governmental Activities Note Payable from Direct Borrowing</b>	<b>\$ 756,053</b>

**City of Weslaco, Texas**  
**Notes to Financial Statements**

**NOTE 6: LONG-TERM DEBT (Continued)**

**Component Unit Bonded Debt**

Component Unit bonded debt as of September 30, 2020 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%. \$880,000

Total Revenue Bonds \$880,000

Transactions for the year ended September 30, 2020 are summarized as follows:

	Balance October 1	Additions	Deletions	Balance September 30	Due Within One Year
<b>Governmental Activities:</b>					
Notes Payable	\$ 357,091	\$ 440,000	\$ 41,038	\$ 756,053	\$ 40,129
Total notes from direct borrowings	357,091	440,000	41,038	756,053	40,129
General Obligation Bonds	8,850,000	-	220,000	8,630,000	190,000
Certificates of Obligation	18,800,000	-	2,130,000	16,670,000	2,190,000
Capital Leases	3,199,442	-	704,825	2,494,617	560,822
Bond Premium	2,071,103	-	238,224	1,832,879	-
380 Agreement Infrastructure	4,211,673	-	623,346	3,588,327	-
Compensated Absences	3,392,948	244,372	-	3,637,320	363,732
Municipal net pension liability	8,791,058	-	2,449,115	6,341,943	-
Firemen's net pension liability	4,806,025	862,075	-	5,668,100	-
OPEB liability- SDB	639,791	161,069	-	800,860	-
OPEB liability- Retiree health care	2,454,914	-	433,753	2,021,161	-
Total Governmental Activities	57,574,045	1,707,516	6,840,301	52,441,260	3,344,683
<b>Business-Type Activities:</b>					
Notes Payable	\$ -	\$ 1,450,810	\$ -	\$ 1,450,810	\$ 53,765
Total notes from direct borrowings	-	1,450,810	-	1,450,810	53,765
Certificate of Obligation and Refunding Bonds	45,880,000	-	2,865,000	43,015,000	2,975,000
Bond Premium	5,233,304	-	808,651	4,424,653	-
Capital Leases	6,532,513	570,485	410,717	6,692,281	531,945
Compensated Absences	123,496	68,504	46,738	145,262	14,526
Customer deposits	1,185,785	92,259	-	1,278,044	-
Landfil Closure	387,764	35,581	50,969	372,376	-
Municipal net pension liability	1,052,286	-	212,966	839,320	-
OPEB liability- SDB	57,287	14,006	-	71,293	-
Total Business-Type Activities	60,452,435	2,231,645	4,395,041	58,289,039	3,575,236
Total Primary Government	\$ 118,026,480	\$ 3,939,161	\$ 11,235,342	\$ 110,730,299	\$ 6,919,919
<b>Component Unit:</b>					
Revenue Bonds	\$ 1,155,000	\$ -	\$ 275,000	\$ 880,000	\$ 280,000
Total Component Unit	\$ 1,155,000	\$ -	\$ 275,000	\$ 880,000	\$ 280,000

**City of Weslaco, Texas**  
**Notes to Financial Statements**

**NOTE 6: LONG-TERM DEBT (Continued)**

*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, 2020.

*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, 2020.

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.

*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, 2020 amounted to \$39,325,000.

*Bonds Authorized and Unissued*

At September 30, 2020, the City had no General Obligations Bonds and Revenue Bonds which were authorized and unissued.

## City of Weslaco, Texas

### Notes to Financial Statements

#### NOTE 6: LONG-TERM DEBT (Continued)

The following table summarizes the restricted cash and investments as of September 30, 2020:

	Governmental Activities	Business-Type Activities	Primary Government
Restricted cash:			
Cash restricted for construction	\$ -	\$ 1,123,253	\$ 1,123,253
Cash restricted from PEG fee collection	413,775	-	413,775
Cash restricted for bond retirement	-	529,609	529,609
Cash restricted from customer utility deposits	-	-	-
Cash in escrow	-	13,590	13,590
Total restricted cash	\$ 413,775	\$ 1,666,452	\$ 2,080,227
Restricted investments:			
Restricted for construction	\$ -	\$ 92,957	\$ 92,957
Restricted for bond retirement	-	469,724	469,724
Restricted for bond reserve	-	-	-
Total restricted investments	\$ -	\$ 562,681	\$ 562,681

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
2021	\$ 190,000	\$ 365,950	\$ 555,950
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
2026-2030	2,145,000	1,273,950	3,418,950
2031-2035	2,635,000	778,100	3,413,100
2036-2040	2,530,000	207,400	2,737,400
Total	\$ 8,630,000	\$ 3,973,450	\$ 12,603,450

#### Certificates of Obligations and Refunding Bonds

	Governmental Activities			Business-Type Activities		
Year Ending September 30,	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2020	\$ 2,190,000	\$ 627,703	\$ 2,817,703	\$ 2,975,000	\$ 1,978,400	\$ 4,953,400
2021	2,260,000	564,818	2,824,818	3,085,000	1,853,526	4,938,526
2022	2,340,000	487,856	2,827,856	3,230,000	1,710,826	4,940,826
2023	995,000	422,531	1,417,531	3,500,000	1,561,351	5,061,351
2024	1,045,000	375,956	1,420,956	3,655,000	1,398,951	5,053,951
2025-2029	4,265,000	1,230,681	5,495,681	17,030,000	4,521,304	21,551,304
2030-2034	2,780,000	427,675	3,207,675	9,540,000	948,452	10,488,452
2035-2039	795,000	58,044	853,044	-	-	-
Total	\$ 16,670,000	\$ 4,195,264	\$ 20,865,264	\$ 43,015,000	\$ 13,972,810	\$ 56,987,810

**City of Weslaco, Texas**  
**Notes to Financial Statements**

**NOTE 6: LONG-TERM DEBT (Continued)**

**Notes Payable**

Notes Payable	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
Year Ending September 30,						
2021	\$ 43,902	\$ 47,550	\$ 91,452	\$ 53,765	\$ 42,718	\$ 96,483
2022	46,973	44,479	91,452	53,765	41,105	94,870
2023	490,266	16,986	507,252	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	1,235,750	18,536	1,254,286
2026-2030	63,532	3,500	67,032	-	-	-
Total	\$ 756,053	\$ 131,239	\$ 887,292	\$ 1,450,810	\$ 179,730	\$ 1,630,540

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

Revenue Bonds			
Year Ending September 30,	Principal	Interest	Total
2021	\$ 280,000	\$ 25,160	\$ 305,160
2022	295,000	15,385	310,385
2023	305,000	5,185	310,185
Total	\$ 880,000	\$ 45,730	\$ 925,730

The following is a schedule of the future minimum lease payments under capital leases as of September 30, 2020:

**Capital Leases**

	Governmental Activities				
	City National Capital Finance Lease	Frost Municipal Lease	Frost Municipal Lease	Frost Municipal Lease	Frost Municipal Lease
Year Ending September 30,					
2021	\$ 16,374	\$ 60,288	\$ 162,593	\$ 13,153	\$ 47,041
2022	16,374	60,288	-	13,153	47,041
2023	16,374	60,288	-	-	-
2024	16,374	60,288	-	-	-
2025	-	60,288	-	-	-
2026-2030	-	60,288	-	-	-
2031-2035	-	-	-	-	-
Total minimum lease payments	65,496	361,728	162,593	26,306	94,082
Less the amount representing Interest	(10,725)	(33,997)	(3,386)	(1,090)	(3,503)
Present value of net minimum lease payments	\$ 54,771	\$ 327,731	\$ 159,207	\$ 25,216	\$ 90,579

**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
2021	\$ 76,883	\$ 76,935	\$ 25,602	\$ 19,074	\$ 98,035
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	-	-
2026-2030	76,883	384,675	76,806	-	-
2031-2035	-	230,806	-	-	-
Total minimum lease payments	461,298	1,000,156	204,816	57,222	294,105
Less the amount representing Interest	(41,379)	(159,537)	(20,618)	(3,113)	(16,375)
Present value of net minimum lease payments	\$ 419,919	\$ 840,619	\$ 184,198	\$ 54,109	\$ 277,730

Year Ending September 30,	Governmental Activities	
	City National Capital Finance Lease	Total Requirements
2021	\$ 31,847	\$ 627,825
2022	31,847	465,232
2023	-	373,191
2024	-	256,082
2025	-	239,708
2026-2030	-	598,652
2031-2035	-	230,806
Total minimum lease payments	63,694	2,791,496
Less the amount representing Interest	(3,156)	(296,879)
Present value of net minimum lease payments	\$ 60,538	\$ 2,494,617

Year Ending September 30,	Business-Type Activities			
	City National Capital Finance Lease	Kansas State Bank Lease	Government Capital Corporation	Total Requirements
2021	\$ 529,354	\$ 70,552	\$ 122,848	\$ 722,754
2022	529,354	70,552	122,848	722,754
2023	529,354	70,552	122,848	722,754
2024	529,354	209,639	122,848	861,841
2025	529,354	-	122,848	652,202
2026-2030	2,646,770	-	-	2,646,770
2031-2035	1,588,062	-	-	1,588,062
Total minimum lease payments	6,881,602	421,295	614,240	7,917,137
Less the amount representing Interest	(1,096,359)	(84,742)	(43,755)	(1,224,856)
Present value of net minimum lease payments	\$ 5,785,243	\$ 336,553	\$ 570,485	\$ 6,692,281

## **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, 2020 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, 2020, were 96.3% 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, 2020 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	\$ 3,790	\$ 259,258	\$ 890,709	\$ 607,455	\$ 10,432	\$ 250,269	\$ 2,021,913
Solid Waste Fund	-	2,000,000	-	-	-	-	2,000,000
Other Governmental Funds	82,739	-	-	-	-	-	82,739
	<u>\$ 86,529</u>	<u>\$ 2,259,258</u>	<u>\$ 890,709</u>	<u>\$ 607,455</u>	<u>\$ 10,432</u>	<u>\$ 250,269</u>	<u>\$ 4,104,652</u>

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 within a five year period.

**NOTE 9: TRANSFERS**

Transfers at September 30, 2020 consisted of the following:

Transfer Out Funds	Transfer in Funds				Total
	General Fund	Other Governmental Funds	Water and Wastewater Fund	Airport Fund	
General Fund	\$ 993,255	\$ 812,573	\$ 259,258	\$ 250,000	\$ 2,315,086
Water and Wastewater Fund	1,565,562	-	5,170,625	-	6,736,187
Solid Waste Fund	125,000	1,000,000	-	-	1,125,000
	<u>\$ 2,683,817</u>	<u>\$ 1,812,573</u>	<u>\$ 5,429,883</u>	<u>\$ 250,000</u>	<u>\$ 10,176,273</u>

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 general fund to water and wastewater 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](http://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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	167
Inactive employees entitled to but not yet receiving benefits	161
Active employees	<u>240</u>
	<u>568</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 8.00% and 8.52% in calendar 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$946,759 and were equal to the required contributions.

#### ***Net Pension Liability***

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.0% 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, 2019 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, 2020 is as follows:

	Increase (Decrease)		
	(a)	(b)	(a)-(b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2018	\$ 46,803,406	\$ 36,960,062	\$ 9,843,344
Changes for the year			
Service cost	1,548,576	-	1,548,576
Interest	3,140,037	-	3,140,037
Difference Between expected/actual experience	(156,422)	-	(156,422)
Changes of assumptions	112,715	-	112,715
Contributions- employer	-	871,252	(871,252)
Contributions- employee	-	761,861	(761,861)
Net investment income	-	5,707,131	(5,707,131)
Benefit payments, including refunds of employee contributions	(2,117,240)	(2,117,240)	-
Administrative expenses	-	(32,286)	32,286
Other charges	-	(971)	971
Net changes	2,527,666	5,189,747	(2,662,081)
Balance at December 31, 2019	\$ 49,331,072	\$ 42,149,809	\$ 7,181,263

Net pension liability amounts are allocated between the governmental activities and business-type activities in the statement of net position by \$6,341,943 and \$839,320, 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	\$ 14,263,197	\$ 7,181,263	\$ 1,377,990

**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, 2020 the City recognized pension expense in the amount of \$1,418,161. At September 30, 2020 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)	\$ 104,124	\$ 117,608
Changes in actuarial assumptions	84,746	-
Differences between expected and actual investment earnings (net of current year amortization)	-	1,287,158
Contributions subsequent to measurement date	743,278	-
<b>Total</b>	<b>\$ 932,148</b>	<b>\$ 1,404,766</b>

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.

\$743,278 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, 2021. 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,	
2021	\$ (327,783)
2022	(350,904)
2023	105,584
2024	(642,793)

**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 market 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, 2020, 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 base benefit was increased from 2.5% to 2.65% per year of service, with a maximum of 20 years since the previous actuarial 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, 2020 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, 2020 is as follows:

	Increase (Decrease)		
	(a)	(b)	(a)-(b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at September 30, 2019	\$ 16,735,864	\$ 11,929,839	\$ 4,806,025
Changes for the year			
Service cost	594,954	-	594,954
Interest	1,235,267	-	1,235,267
Difference Between expected/actual experience	(270,772)	-	(270,772)
Changes of assumptions	286,156	-	286,156
Contributions- employer	-	599,436	(599,436)
Contributions- employee	-	599,436	(599,436)
Net investment income	-	328,295	(328,295)
Benefit payments, including refunds of employee contributions	(595,725)	(595,725)	-
Administrative expenses	-	(28,930)	28,930
Changes in benefit terms	514,707	-	514,707
Net changes	1,764,587	902,512	862,075
Balance at September 30, 2020	\$ 18,500,451	\$ 12,832,351	\$ 5,668,100

***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	\$ 8,642,153	\$ 5,668,100	\$ 3,260,529

**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, 2020 the City recognized pension expense in the amount of \$1,039,931. At September 30, 2020, 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)	\$ 246,891	\$ 315,163
Changes in actuarial assumptions	260,140	116,318
Differences between expected and actual investment earnings (net of current year amortization)	721,398	-
<b>Total</b>	<b>\$ 1,228,429</b>	<b>\$ 431,481</b>

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,	
2021	\$ 181,079
2022	221,862
2023	254,705
2024	127,302
2025	15,888
Thereafter	(3,888)

**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	\$49,331,072	\$ 18,500,451	\$ 67,831,523
Plan fiduciary net position	42,149,809	12,832,351	54,982,160
Net pension liability	7,181,263	5,668,100	12,849,363
Deferred outflows of resources	\$ 932,148	\$ 1,228,429	\$ 2,160,577
Deferred inflows of resources	\$ 1,404,766	\$ 431,481	\$ 1,836,247
Pension expense	\$ 1,418,161	\$ 1,039,931	\$ 2,458,092

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS**

**A. TMRS Supplemental Death Benefit Fund (SDBF)**

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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	132
Inactive employees entitled to but not yet receiving benefits	33
Active employees	<u>240</u>
	<u>405</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 0.06% of their annual gross earnings during the fiscal year. The contribution rates for the City of Weslaco were 0.16% and 0.18% in calendar year 2019 and 2020, respectively. The City's contributions to the SDBF for the year ended September 30, 2020 were \$19,772, and were equal to the required contributions.

#### *Actuarial assumptions:*

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date:	12/31/2019
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount rate*	2.75%
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, 2019.

The actuarial assumptions used in the December 31, 2019 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, 2019, 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, 2018	\$ 697,078
Changes for the year:	
Service cost	24,960
Interest	26,224
Difference between expected/actual experience	(15,235)
Changes of assumptions	144,552
Benefit payments, including refunds of employee contributions	(5,426)
Net changes	175,075
Balance at December 31, 2019	\$ 872,153

Total OPEB liability amounts are allocated between the governmental activities and business-type activities in the statement of net position by \$800,860 and \$71,293, 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 2.75%, 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 (1.75%) or 1 percentage point higher (3.75%) than the current rate.

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's total OPEB liability	\$ 1,056,800	\$ 872,153	\$ 728,668

***OPEB Expense and Deferred Outflows of Resources Related to OPEBs***

For the year ended September 30, 2020 the City recognized combined OPEB expense in the amount of \$71,949. At September 30, 2020 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)	\$ -	\$ 25,067
Changes in actuarial assumptions	147,471	33,788
Contributions subsequent to the measurement date	15,703	-
Total	\$ 163,174	\$ 58,855

**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 \$15,703 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, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,		
2021	\$	20,765
2022		20,765
2023		17,498
2024		14,106
2025		15,482

***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 and measurement 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	2.40% as of September 30, 2020
Inflation	2.50%
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 2.75% as of October 1, 2019 to 2.40% as of September 30, 2020.

**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 2.40% (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 3.75% 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, 2020, and was determined by an actuarial valuation as of that date.

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

	Total OPEB Liability
Balance at September 30, 2019	\$ 2,454,914
Changes for the year:	
Service cost	194,173
Interest	72,446
Difference between expected/actual experience	15,219
Changes of assumptions	147,060
Contributions - employer	(14,704)
Changes in benefit terms	(847,947)
Net changes	(433,753)
Balance at September 30, 2020	\$ 2,021,161

***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 (1.40%)	Discount Rate (2.40%)	1% Increase in Discount Rate (3.40%)
City's total OPEB liability	\$ 2,247,800	\$ 2,021,161	\$ 1,812,859

**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	\$ 1,712,571	\$ 2,021,161	\$ 2,395,431

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

For the year ended September 30, 2020, the City recognized a pension expense of (\$555,390). At September 30, 2020, 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	\$ 14,131	\$ -
Changes in assumptions	365,413	58,102
Total	\$ 379,544	\$ 58,102

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

Fiscal Year Ending September 30,	
2021	\$ 25,933
2022	25,933
2023	25,933
2024	25,933
2025	25,933
Thereafter	191,777

**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	\$ 872,153	\$ 2,021,161	\$ 2,893,314
Plan fiduciary net position	-	-	-
Net pension liability	872,153	2,021,161	2,893,314
Deferred outflows of resources	\$ 163,174	\$ 379,544	\$ 542,718
Deferred inflows of resources	\$ 58,855	\$ 58,102	\$ 116,957
OPEB expense	\$ 71,949	\$ (555,390)	\$ (483,441)

**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	\$ 831,830	\$ 100,318	\$ 932,148
Deferred outflows related to Firemen's pension	1,228,429	-	1,228,429
Total deferred outflows related to pensions	2,060,259	100,318	2,160,577
OPEB:			
Deferred outflows related to TMRS Supplemental Death Benefit OPEB	149,989	13,185	163,174
Deferred outflows related to Firefighter Retiree Health Care OPEB	379,544	-	379,544
Total deferred outflows related to OPEB	529,533	13,185	542,718
Other:			
Deferred outflows related to deferred charge on refunding	178,082	1,778,044	1,956,126
Total deferred outflows of resources	\$ 2,767,874	\$ 1,891,547	\$ 4,659,421

**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 \$308,779 in unearned revenue related to deposits received on park dedication fees.

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	\$ 1,272,748	\$ 132,018	\$ 1,404,766
Deferred inflows related to Firemen's pension	431,481	-	431,481
Total deferred inflows related to pensions	1,704,229	132,018	1,836,247
OPEB:			
Deferred inflows related to TMRS Supplemental Death Benefit OPEB	\$ 54,148	\$ 4,707	\$ 58,855
Deferred inflows related to Firefighter Retiree Health Care OPEB	58,102	-	58,102
Total deferred inflows related to OPEB	112,250	4,707	116,957
Total deferred outflows of resources	\$ 1,816,479	\$ 136,725	\$ 1,953,204

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, 2020 as follows:

	General Fund	Debt Service Fund	Total Governmental Funds	Component Unit
Deferred inflows of resources:				
Unavailable revenues- property taxes	\$ 603,382	\$ 236,639	\$ 840,021	\$ -
Unavailable revenues- EMS fees	1,525,330	-	1,525,330	-
Unavailable revenues- grants	329,532	-	329,532	-
Unavailalbe revenues- notes receivable	-	-	-	3,223,281
	\$ 2,458,244	\$ 236,639	\$ 2,694,883	\$ 3,223,281

**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, \$372,376 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 \$372,376. 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, 2020. 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, 2020, the City had ongoing commitments related to the following:

Project	Original Amount	Expensed	Remaining Commitment
Governmental Activities:			
FM 1015 Road Improvement Phase 1	\$ 815,871	\$ 815,871	\$ -
Westgate Road Improvement Project	753,741	753,741	-
North Side Park	1,020,000	267,684	752,316
Pleasant View Project	4,775,000	742,387	4,032,613
Austin & Merida	500,000	61,097	438,903
Flap Gates	1,000,000	338,800	661,200
New Police and Fire Station	11,250,000	132,005	11,117,995
Mile 5 N. Rd. Improvement	101,578	101,578	-
Total governmental Activities	20,216,190	3,213,163	17,003,027
Business-Type Activities:			
Airport Kapal Project	129,000	59,058	69,942
Total business-type activities	129,000	59,058	69,942
Total Primary Government	\$ 20,345,190	\$ 3,272,221	\$ 17,072,969

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
Wal-Mart Neighborhood	\$ 900,000	\$ 400,000	\$ -	\$ 500,000
R 5 Eateries (Bar B Cutie)	160,000	133,333	13,333	13,334
Claudia Hernandez-Project Smile	75,000	15,000	-	60,000
Rio Prevision Machine (Project Knob)	68,778	24,300	-	44,478
Kapal Cabinet House, LLC	255,192	139,128	69,564	46,500
Kapal Cabinet House, LLC (II)	50,840	-	50,840	-
Coastal Deli, Inc. d/b/a Jason's Deli	134,300	44,767	44,767	44,766
Kapal Millwork	62,414	-	48,114	14,300
RGV Solar Power Systems	50,000	25,000	-	25,000
City of Weslaco (Alley)	30,000	4,750	-	25,250
City of Weslaco (Drainage)	415,468	-	-	415,468
Domain Development Corp.	350,000	-	116,667	233,333
A3H Foods II, LP	75,000	-	25,000	50,000
A3H Foods II, LP (Project Box)	150,000	-	-	150,000
LF Trinity (Project Fire & Water)	67,092	-	-	67,092
Dr. Rolando Rios (Project Eye)	47,707	-	-	47,707
Pharmaceutical Processing (Project Eli)	52,500	-	-	52,500
Weslaco Glass (Project Windshield)	24,950	-	-	24,950
Tomasita Hernandez (Project Tommy)	5,000	-	5,000	-
Roberta Reyes-Ramos (Project Bravo)	5,000	-	5,000	-
Dance Time (Project Angie)	5,000	-	-	5,000
Harbor Freight (Project Dock)	106,378	-	-	106,378
City of Weslaco (Sports Complex)	500,000	-	100,000	400,000
<b>Total Monetary Incentives</b>	<b>\$ 3,590,619</b>	<b>\$ 786,278</b>	<b>\$ 478,285</b>	<b>\$ 2,326,056</b>

Subsequent year balances of \$2,326,056 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, 2020 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	\$ 2,565,224	\$ 322,025	\$ 412,751
HEB Grocery Company, LP	3,530,000	2,702,103	301,321	526,576
* Tri-Gen University Apartments	-	-	-	2,649,000
	<u>\$ 6,830,000</u>	<u>\$ 5,267,327</u>	<u>\$ 623,346</u>	<u>\$ 3,588,327</u>

\*Effective February 1, 2018 the City entered into a Chapter 380 Agreement with Tri-Gen for a facility development project consisting of apartments. The City's obligation under the Chapter 380 agreement is reflected in the balance noted in the table above. City management plans to sell the development project including land acquired and has assigned the proceeds to satisfy this obligation. The total amount of the obligation of the chapter 380 Agreement and the acquisition value of the land acquired to begin the project is recorded as assets held for sale in the amount of \$2,874,000.

**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 \$5,833,367, of which \$591,644 is current proceeds reimbursed. Total rebates balance owed is \$4,666,633.

**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, 2020:

	General Fund	2019 Bond Construction Fund	Other Governmental Funds	Total	Component Unit
<b>Nonspendable:</b>					
Inventories	\$ 9,055	\$ -	\$ -	\$ 9,055	\$ -
Prepaid items	10,306	-	-	10,306	-
Nonspendable total	19,361	-	-	19,361	-
<b>Restricted for:</b>					
Street improvements and other capital projects	-	8,856,054	3,166,768	12,022,822	-
Tourism	-	-	702,921	702,921	-
Library activities	-	-	14,364	14,364	-
Project development	-	-	167,552	167,552	-
Debt Service	-	-	526,173	526,173	-
Restricted total	-	8,856,054	4,577,778	13,433,832	-
<b>Assigned:</b>					
Assigned for debt service	-	-	-	-	320,000
Assigned for capital projects	-	-	1,455,433	1,455,433	-
Assigned for chapter 380 agreement	2,874,000	-	-	2,874,000	-
Total assigned	2,874,000	-	1,455,433	4,329,433	320,000
<b>Unassigned</b>	9,151,461	-	-	9,151,461	6,263,923
<b>Total Fund Balance</b>	<b>\$12,044,822</b>	<b>\$ 8,856,054</b>	<b>\$ 6,033,211</b>	<b>\$26,934,087</b>	<b>\$6,583,923</b>

**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	\$ 53,904,990	\$ 100,224,704	\$ 4,950,721
Less related liabilities	(29,489,997)	(51,158,091)	-
Less unamortized bond premium	(1,832,879)	(4,424,654)	-
Plus deferred charge on refunding	178,082	1,778,044	-
Plus unexpended bond proceeds	12,022,439	1,216,210	-
Net investment in capital assets	34,782,635	47,636,213	4,950,721
Restricted net position consists of the following:			
Debt service	526,173	999,333	320,000
Tourism	702,921	-	-
Library activities	14,364	-	-
Building depreciation fund	167,552	-	-
Capital projects	-	13,590	-
Restricted net position	1,411,010	1,012,923	320,000
Unrestricted net position	(4,471,815)	(2,290,173)	8,603,477
Total net position	\$ 31,721,830	\$ 46,358,963	\$ 13,874,198

**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, 2020, the City of Weslaco, Texas reimbursed the Economic Development Corporation of Weslaco a total of \$307,567. The reimbursement was for the following cost sharing expenditures: \$300,000 for Weslaco Small Business Loan Grants, \$1,400 for advertising and promotion, and \$6,167 for repairs.

**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, 2020*

	Budget			Variance Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Property taxes - including penalty and interest	\$ 9,834,485	\$ 9,834,485	\$ 9,619,717	\$ (214,768)
Nonproperty taxes	12,034,797	12,005,797	12,309,448	303,651
Fees and charges	2,888,590	2,493,590	2,271,717	(221,873)
Fines and forfeitures	595,116	408,316	356,116	(52,200)
Licenses and permits	574,029	587,029	653,513	66,484
Intergovernmental	1,066,753	2,813,773	6,120,352	3,306,579
Investment income	203,000	203,000	162,416	(40,584)
Miscellaneous	182,714	176,014	320,215	144,201
Total revenues	27,379,484	28,522,004	31,813,494	3,291,490
<b>EXPENDITURES</b>				
General government				
City Commission	126,097	136,097	119,642	16,455
City Manager	359,920	379,288	383,953	(4,665)
City Secretary	389,574	369,574	323,268	46,306
Finance	872,291	867,791	893,530	(25,739)
Human resources	279,135	290,035	318,544	(28,509)
Building Maintenance	836,008	848,508	806,000	42,508
Municipal Court	257,274	257,274	254,588	2,686
Planning & Code Enforcement	1,373,680	1,378,680	1,282,785	95,895
Information Technology	1,259,786	1,254,786	1,049,350	205,436
Law	313,460	302,460	343,665	(41,205)
Non-departmental activities	682,392	682,392	654,974	27,418
Total general government	6,749,617	6,766,885	6,430,299	336,586
Public safety				
Police Department	8,662,687	9,969,788	8,881,026	1,088,762
Fire Department	6,279,927	6,279,927	7,003,538	(723,611)
Emergency Medical Services Department	325,900	323,900	309,396	14,504
Emergency Management Department	53,576	165,576	1,066,538	(900,962)
Total public safety	15,322,090	16,739,191	17,260,498	(521,307)
Public works				
Public Works Administration	286,551	285,451	277,266	8,185
Streets Department	1,278,145	1,318,145	1,283,571	34,574
Drain Ditch Department	718,592	757,592	988,900	(231,308)
Fleet Maintenance Shop Department	362,952	362,952	279,715	83,237
Total public works	2,646,240	2,724,140	2,829,452	(105,312)
Culture and Recreation				
Parks & Recreation Department	832,881	797,881	644,232	153,649
Library Department	921,834	872,834	815,702	57,132
Total culture and recreation	1,754,715	1,670,715	1,459,934	210,781
Other Economic Development	584,785	584,785	591,644	(6,859)
Debt service				
Principal retirement	665,090	665,090	879,965	(214,875)
Interest and fees	36,291	36,291	36,291	-
Total debt service	701,381	701,381	916,256	(214,875)
Total expenditures	27,758,828	29,187,097	29,488,083	(300,986)
EXCESS OF REVENUES OVER EXPENDITURES	(379,344)	(665,093)	2,325,411	2,990,504

**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, 2020*

	Original	Budget Final	Actual	Variance Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	\$ 48,095	\$ 48,095	\$ -	\$ (48,095)
Transfers in	1,690,561	1,690,561	2,683,817	993,256
Transfers out	(1,370,000)	(1,610,000)	(2,315,086)	705,086
Total other financing sources	368,656	128,656	368,731	240,075
NET CHANGE IN FUND BALANCE	\$ (10,688)	\$ (536,437)	2,694,142	\$ 3,230,579
Fund balance -- beginning			10,844,329	
Prior period adjustment			(1,493,649)	
Fund balances at beginning of year, adjusted			9,350,680	
Fund balance -- ending			\$ 12,044,822	

*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>	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 1,548,576	\$ 1,489,094	\$ 1,511,814	\$ 1,414,112	\$ 1,184,809	\$ 1,162,103
Interest (on the total pension liability)	3,140,037	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	(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	(2,117,240)	(2,075,643)	(1,912,199)	(2,242,933)	(1,947,228)	(1,978,636)
Net change in total pension liability	2,527,666	2,537,261	2,499,332	784,638	3,403,800	1,384,791
Total pension liability – beginning	46,803,406	44,266,145	41,766,813	40,982,175	37,578,375	36,193,584
Total pension liability – ending (a)	\$ 49,331,072	\$ 46,803,406	\$ 44,266,145	\$ 41,766,813	\$ 40,982,175	\$ 37,578,375
<b>Plan Fiduciary Net Position</b>						
Contributions – employer	871,252	\$ 833,181	\$ 741,999	\$ 572,328	\$ 561,365	\$ 542,202
Contributions – employee	761,861	729,948	710,237	662,199	611,176	591,732
Net investment income	5,707,131	(1,157,250)	4,762,284	2,240,914	50,055	1,882,469
Benefit payments, including refunds of employee contributions	(2,117,240)	(2,075,643)	(1,912,199)	(2,242,933)	(1,947,228)	(1,978,636)
Administrative expense	(32,286)	(22,377)	(24,692)	(25,318)	(30,493)	(19,657)
Other	(971)	(1,169)	(1,251)	(1,365)	(1,506)	(1,616)
Net change in plan fiduciary net position	5,189,747	(1,693,310)	4,276,378	1,205,825	(756,631)	1,016,494
Plan fiduciary net position – beginning	36,960,062	38,653,372	34,376,994	33,171,169	33,927,800	32,911,306
Plan fiduciary net position – ending (b)	\$ 42,149,809	\$ 36,960,062	\$ 38,653,372	\$ 34,376,994	\$ 33,171,169	\$ 33,927,800
Net Pension Liability – Ending (a) – (b)	\$ 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	85.44%	78.97%	87.32%	82.31%	80.94%	90.29%
Covered payroll	\$ 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	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>	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service cost	\$ 594,954	\$ 555,465	\$ 497,258	\$ 463,644	\$ 421,208	\$ 398,097
Interest (on the total pension liability)	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	(595,725)	(832,135)	(764,180)	(548,162)	(645,296)	(833,923)
Net change in total pension liability	1,764,587	883,277	721,155	1,356,331	1,305,888	409,225
Total pension liability – beginning	16,735,864	15,852,587	15,131,432	13,775,101	12,469,213	12,059,988
Total pension liability – ending (a)	\$ 18,500,451	\$ 16,735,864	\$ 15,852,587	\$ 15,131,432	\$ 13,775,101	\$ 12,469,213
<b>Plan Fiduciary Net Position</b>						
Contributions – employer	\$ 599,436	\$ 519,826	\$ 516,557	\$ 483,771	\$ 440,112	\$ 394,360
Contributions – employee	599,436	513,232	509,963	476,078	425,463	388,865
Net investment income	328,295	207,493	928,177	882,963	755,912	(127,198)
Benefit payments, including refunds of employee contributions	(595,725)	(832,135)	(764,180)	(548,162)	(645,296)	(833,923)
Administrative expense	(28,930)	(55,756)	(42,719)	(51,417)	(45,252)	(85,190)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	902,512	352,660	1,147,798	1,243,233	930,939	(263,086)
Plan fiduciary net position – beginning	11,929,839	11,577,179	10,429,381	9,186,148	8,255,209	8,518,295
Plan fiduciary net position – ending (b)	\$ 12,832,351	\$ 11,929,839	\$ 11,577,179	\$ 10,429,381	\$ 9,186,148	\$ 8,255,209
Net Pension Liability – Ending (a) – (b)	\$ 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	69.36%	71.28%	73.03%	68.93%	66.69%	66.20%
Covered payroll	\$ 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	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>	2020	2019	2018	2017	2016	2015
<b>Primary Government- Texas Municipal Retirement System</b>						
Actuarial determined contribution	\$ 946,759	\$ 858,290	\$ 817,077	\$ 714,301	\$ 613,090	\$ 562,443
Contributions in relation to actuarially determined contribution	(946,759)	(858,290)	(817,077)	(714,301)	(613,090)	(562,443)
Contribution deficiency (excess)	-	-	-	-	-	-
Covered payroll	\$ 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	8.40%	8.00%	7.84%	7.21%	6.31%	6.59%

<i>For the years ended September 30,</i>	2020	2019	2018	2017	2016	2015
<b>Primary Government- Firemen's Pension</b>						
Actuarial determined contribution	\$ 599,436	\$ 513,232	\$ 516,557	\$ 476,078	\$ 425,463	\$ 379,251
Contributions in relation to actuarially determined contribution	(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	\$ 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%	12.16%	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,	2019	2018	2017
<b>Total OPEB Liability</b>			
Service cost	\$ 24,960	\$ 27,112	\$ 22,262
Interest (on the total OPEB liability)	26,224	24,287	23,866
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(15,235)	(19,296)	-
Change of assumptions	144,552	(52,100)	60,004
Benefit payments, including refunds of employee contributions	(5,425)	(6,257)	(6,072)
<b>Net Change in Total OPEB Liability</b>	175,076	(26,254)	100,060
<b>Total OPEB Liability - Beginning</b>	697,077	723,331	623,272
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 872,153</b>	<b>\$ 697,077</b>	<b>\$ 723,332</b>
 <b>Covered Employee Payroll</b>	 \$10,851,968	 \$10,427,824	 \$10,119,236
 <b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	 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,	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 194,173	\$ 148,081	\$ 152,688
Interest (on the total OPEB liability)	72,446	80,682	69,225
Changes of benefit terms	(847,947)	-	-
Difference between expected and actual experience	15,219	-	-
Change of assumptions	147,060	267,652	(73,262)
Benefit payments, including refunds of employee contributions	(14,704)	(12,780)	(5,084)
<b>Net Change in Total OPEB Liability</b>	<b>(433,753)</b>	<b>483,635</b>	<b>143,567</b>
<b>Total OPEB Liability - Beginning</b>	<b>2,454,914</b>	<b>1,971,279</b>	<b>1,827,712</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 2,021,161</b>	<b>\$ 2,454,914</b>	<b>\$ 1,971,279</b>
 <b>Covered Employee Payroll</b>	 \$ 4,995,300	 \$ 4,276,933	 \$ 4,249,692
 <b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	 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	25 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% 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 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
<b>Other Information:</b>	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 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).
- 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.

*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. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures.

*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. The fund balance of the 2019 Series Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures.

*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, 2020

	Special Revenue Funds			Capital Projects Fund	
	Hotel/ Motel Tax Fund	Library Fund	Building Depreciation Fund	Capital Improvement Fund	Fire Department Equipment Replacement Fund
<b>Assets</b>					
Cash and cash equivalents	\$ 573,022	\$ 14,364	\$ 158,401	\$ 283,059	\$ 286,422
Investments	-	-	-	909,862	-
Receivables (net of allowance for uncollectibles):					
Ad valorem taxes	-	-	-	-	-
Other	193,106	-	9,151	-	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 766,128</b>	<b>\$ 14,364</b>	<b>\$ 167,552</b>	<b>\$ 1,192,921</b>	<b>\$ 286,422</b>
<b>Liabilities</b>					
Accounts payable	\$ 63,207	\$ -	\$ -	\$ 23,910	\$ -
Due to other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>63,207</b>	<b>-</b>	<b>-</b>	<b>23,910</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue- ad valorem taxes	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Restricted	702,921	14,364	167,552	-	-
Assigned	-	-	-	1,169,011	286,422
<b>Total Fund Balance</b>	<b>702,921</b>	<b>14,364</b>	<b>167,552</b>	<b>1,169,011</b>	<b>286,422</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 766,128</b>	<b>\$ 14,364</b>	<b>\$ 167,552</b>	<b>\$ 1,192,921</b>	<b>\$ 286,422</b>

Capital Projects Fund			Debt Service Funds		
2013					
Certificate of Obligation Construction Fund	Stormwater Improvement Fund	Total	Debt Service Fund	2019 Series Debt Service Fund	Total Non Major Governmental Funds
\$ 986,374	\$ 2,108,287	\$ 4,409,929	\$ 381,990	\$ -	\$ 4,791,919
55,474	-	965,336	21,483	-	986,819
-	-	-	268,769	18,263	287,032
24,597	-	226,854	-	-	226,854
-	-	-	75,736	7,003	82,739
\$ 1,066,445	\$ 2,108,287	\$ 5,602,119	\$ 747,978	\$ 25,266	\$ 6,375,363
\$ -	\$ 7,964	\$ 95,081	\$ -	\$ -	\$ 95,081
-	-	-	-	10,432	10,432
-	7,964	95,081	-	10,432	105,513
-	-	-	223,948	12,691	236,639
-	-	-	223,948	12,691	236,639
1,066,445	2,100,323	4,051,605	524,030	2,143	4,577,778
-	-	1,455,433	-	-	1,455,433
1,066,445	2,100,323	5,507,038	524,030	2,143	6,033,211
\$ 1,066,445	\$ 2,108,287	\$ 5,602,119	\$ 747,978	\$ 25,266	\$ 6,375,363

**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, 2020*

	Special Revenue Funds			Capital Projects Funds	
	Hotel/ Motel Tax Fund	Library Fund	Building Depreciation Fund	Capital Improvement Fund	Fire Department Equipment Replacement Fund
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	381,039	-	-	-	-
Fees and charges	-	-	113,322	-	-
Intergovernmental	-	-	-	100,000	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Revenue</b>	381,039	-	113,322	100,000	-
<b>Expenditures</b>					
General government	-	-	-	-	-
Public safety	-	-	-	1,794,183	-
Public works	-	-	-	653,740	-
Culture and recreation	360,793	-	1,400	204,737	-
Debt service:					
Principal	-	-	-	203,631	285,613
Interest and fees	-	-	-	48,214	41,410
<b>Total Expenditures</b>	360,793	-	1,400	2,904,505	327,023
<b>Excess (deficiency) of revenues over expenditures</b>	20,246	-	111,922	(2,804,505)	(327,023)
<b>Other financing sources (uses)</b>					
Sale of capital assets	-	-	-	194,261	-
Issuance of debt	-	-	-	440,000	-
Transfers in	-	-	-	1,520,000	192,573
<b>Total other financing sources (uses)</b>	-	-	-	2,154,261	192,573
<b>Net change in fund balances</b>	20,246	-	111,922	(650,244)	(134,450)
<b>Fund balances- beginning of year</b>	682,675	14,364	55,630	1,819,255	420,872
<b>Fund balances at end of year</b>	\$ 702,921	\$ 14,364	\$ 167,552	\$ 1,169,011	\$ 286,422

			Debt Service Funds		
2013 Certificate of Obligation Construction Fund	Stormwater Improvement Fund	Total	Debt Service Fund	2019 Series Debt Service Fund	Total Non Major Governmental Funds
\$ -	\$ -	\$ -	\$ 2,929,325	\$ 554,873	\$ 3,484,198
-	-	381,039	-	-	381,039
-	-	113,322	-	-	113,322
5,525	-	105,525	-	-	105,525
-	-	-	37,827	-	37,827
-	-	-	-	-	-
5,525	-	599,886	2,967,152	554,873	4,121,911
295,087	-	295,087	-	-	295,087
-	-	1,794,183	-	-	1,794,183
-	916,705	1,570,445	-	-	1,570,445
-	-	566,930	-	-	566,930
-	-	489,244	2,130,000	220,000	2,839,244
-	-	89,624	695,225	332,730	1,117,579
295,087	916,705	4,805,513	2,825,225	552,730	8,183,468
(289,562)	(916,705)	(4,205,627)	141,927	2,143	(4,061,557)
-	-	194,261	-	-	194,261
-	-	440,000	-	-	440,000
-	100,000	1,812,573	-	-	1,812,573
-	100,000	2,446,834	-	-	2,446,834
(289,562)	(816,705)	(1,758,793)	141,927	2,143	(1,614,723)
1,356,007	2,917,028	7,265,831	382,103	-	7,647,934
\$ 1,066,445	\$ 2,100,323	\$ 5,507,038	\$ 524,030	\$ 2,143	6,033,211

**City of Weslaco, Texas**  
**General Fund**  
**Comparative Balance Sheets**

<i>September 30,</i>	<b>2020</b>	<i>Restated</i> <b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,213,862	\$ 1,630,601
Cash and cash equivalents- restricted	413,774.63	348,594
Investments	4,665,642	3,966,041
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	738,406	764,565
Sales taxes	1,133,096	1,039,600
Ambulance fees	1,525,330	1,490,299
Other	3,989,829	1,174,165
Due from other funds	2,021,913	1,959,372
Assets held for sale	2,874,000	2,874,000
Prepaid items	10,306	2,057
Inventories	9,055	3,081
<b>Total Assets</b>	<b>\$ 18,595,214</b>	<b>\$ 15,252,375</b>
<b>Liabilities</b>		
Accounts payable	\$ 1,937,882	\$ 1,274,773
Accrued salaries and payroll taxes	727,918	410,028
Other liabilities	617,265	1,499,042
Due to to other funds	86,529	46,959
Payable from restricted assets	413,775	348,594
Unearned revenue	308,779	217,758
<b>Total Liabilities</b>	<b>4,092,148</b>	<b>3,797,154</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue- ad valorem taxes	603,382	610,892
Unavailable revenue- grants	329,532	-
Unavailable revenue- EMS fees	1,525,330	1,493,649
<b>Total Deferred Inflows of Resources</b>	<b>2,458,244</b>	<b>2,104,541</b>
<b>Fund Balances</b>		
Nonspendable	19,361	5,138
Assigned	2,874,000	2,874,000
Unassigned	9,151,461	6,471,542
<b>Total Fund Balances</b>	<b>12,044,822</b>	<b>9,350,680</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 18,595,214</b>	<b>\$ 15,252,375</b>

**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>	<b>2020</b>	<i>Restated</i> <b>2019</b>
<b>Revenues</b>		
Property taxes	\$ 9,619,717	\$ 9,320,949
Nonproperty taxes	12,309,448	12,055,612
Fees and charges	2,271,717	2,772,333
Fines and forfeitures	356,116	503,972
Licenses and permits	653,513	693,682
Intergovernmental	6,120,352	1,390,095
Investment income	162,416	222,974
Miscellaneous	320,215	353,746
<b>Total Revenues</b>	<b>31,813,494</b>	<b>27,313,363</b>
<b>Expenditures</b>		
General government	6,430,299	6,237,293
Public safety	17,260,498	15,084,024
Public works	2,829,452	2,438,151
Culture and recreation	1,459,934	1,259,204
Economic development	591,644	590,635
Debt service:		
Principal	879,965	862,483
Interest and fees	36,291	44,562
<b>Total Expenditures</b>	<b>29,488,083</b>	<b>26,516,352</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,325,411</b>	<b>797,011</b>
<b>Other financing sources (uses):</b>		
Sale of capital assets	-	55,829
Transfers in	2,683,817	2,801,817
Transfers out	(2,315,086)	(2,444,268)
<b>Total other financing sources (uses)</b>	<b>368,731</b>	<b>413,378</b>
<b>Net change in fund balances</b>	<b>2,694,142</b>	<b>1,210,389</b>
<b>Fund balances at beginning of year</b>	<b>9,350,680</b>	<b>9,423,776</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>(1,283,485)</b>
<b>Fund balances at beginning of year, as adjusted</b>	<b>9,350,680</b>	<b>8,140,291</b>
<b>Fund balances at end of year</b>	<b>\$ 12,044,822</b>	<b>\$ 9,350,680</b>

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 573,022	\$ 542,047
Receivables (net of allowance for uncollectibles):		
Other	193,106	145,967
<b>Total assets</b>	<b>\$ 766,128</b>	<b>\$ 688,014</b>
<b>Liabilities</b>		
Accounts payable	\$ 63,207	\$ 5,339
<b>Total liabilities</b>	<b>63,207</b>	<b>5,339</b>
<b>Fund balance</b>		
Restricted	702,921	682,675
<b>Total fund balance</b>	<b>702,921</b>	<b>682,675</b>
<b>Total liabilities and fund balance</b>	<b>\$ 766,128</b>	<b>\$ 688,014</b>

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>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Nonproperty taxes	\$ 381,039	\$ 349,728
<b>Total revenues</b>	<b>381,039</b>	<b>349,728</b>
<b>Expenditures</b>		
Culture and recreation	360,793	304,759
<b>Total expenditures</b>	<b>360,793</b>	<b>304,759</b>
<b>Net change in fund balances</b>	<b>20,246</b>	<b>44,969</b>
<b>Fund balances at beginning of year</b>	<b>682,675</b>	<b>637,706</b>
<b>Fund balances at end of year</b>	<b>\$ 702,921</b>	<b>\$ 682,675</b>

**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, 2020*

	Budget			Variance With Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Nonproperty taxes	\$ 360,000	\$ 360,000	\$ 381,039	\$ 21,039
<b>Expenditures</b>				
Culture and recreation				
Parks & recreation department	437,760	437,760	360,793	76,967
<b>Net change in fund balances</b>	<b>\$ (77,760)</b>	<b>\$ (77,760)</b>	<b>\$ 20,246</b>	<b>\$ 98,006</b>
<b>Fund balances at beginning of year</b>			682,675	
<b>Fund balances at end of year</b>			<b>\$ 702,921</b>	

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 14,364	\$ 14,364
<b>Total assets</b>	<b>\$ 14,364</b>	<b>\$ 14,364</b>
<b>Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>		
Restricted	14,364	14,364
<b>Total fund balances</b>	<b>14,364</b>	<b>14,364</b>
<b>Total liabilities and fund balance</b>	<b>\$ 14,364</b>	<b>\$ 14,364</b>

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>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>	\$ -	\$ -
<b>Expenditures</b>	-	-
<b>Net change in fund balances</b>	-	-
<b>Fund balances at beginning of year</b>	<b>14,364</b>	14,364
<b>Fund balances at end of year</b>	<b>\$ 14,364</b>	<b>\$ 14,364</b>

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

<i>September 30,</i>	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 158,401	\$ 91,263
Receivables (net of allowance for uncollectibles):		
Other	9,151	-
<b>Total assets</b>	<b>\$ 167,552</b>	<b>\$ 91,263</b>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 35,633
<b>Total liabilities</b>	<b>-</b>	<b>35,633</b>
<b>Fund balance</b>		
Restricted	167,552	55,630
<b>Total fund balance</b>	<b>167,552</b>	<b>55,630</b>
<b>Total liabilities and fund balance</b>	<b>\$ 167,552</b>	<b>\$ 91,263</b>

**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>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Fees and charges	\$ 113,322	\$ 112,463
<b>Total revenues</b>	<b>113,322</b>	<b>112,463</b>
<b>Expenditures</b>		
Culture and recreation	1,400	56,833
<b>Total expenditures</b>	<b>1,400</b>	<b>56,833</b>
<b>Net change in fund balances</b>	<b>111,922</b>	<b>55,630</b>
<b>Fund balances at beginning of year</b>	<b>55,630</b>	<b>-</b>
<b>Fund balances at end of year</b>	<b>\$ 167,552</b>	<b>\$ 55,630</b>

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 986,374	\$ 1,745,085
Investments	55,474	271,696
Receivables (net of allowance for uncollectibles):		
Other	24,597	24,597
<b>Total assets</b>	<b>\$ 1,066,445</b>	<b>\$ 2,041,378</b>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 685,371
Due to to other funds	-	-
<b>Total liabilities</b>	<b>-</b>	<b>685,371</b>
<b>Fund balance</b>		
Restricted	1,066,445	1,356,007
<b>Total fund balances</b>	<b>1,066,445</b>	<b>1,356,007</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,066,445</b>	<b>\$ 2,041,378</b>

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>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Intergovernmental	\$ 5,525	\$ -
<b>Total revenues</b>	<b>5,525</b>	<b>-</b>
<b>Expenditures</b>		
General government	295,087	-
<b>Total expenditures</b>	<b>295,087</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(289,562)</b>	<b>-</b>
<b>Fund balances at beginning of year</b>	<b>1,356,007</b>	<b>1,356,007</b>
<b>Fund balances at end of year</b>	<b>\$ 1,066,445</b>	<b>\$ 1,356,007</b>

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 283,059	\$ 568,400
Investments	909,862	1,552,491
<b>Total assets</b>	<b>\$ 1,192,921</b>	<b>\$ 2,120,891</b>
<b>Liabilities</b>		
Accounts payable	\$ 23,910	\$ 301,636
<b>Total liabilities</b>	<b>23,910</b>	<b>301,636</b>
<b>Fund balance</b>		
Assigned	1,169,011	1,819,255
<b>Total fund balances</b>	<b>1,169,011</b>	<b>1,819,255</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,192,921</b>	<b>\$ 2,120,891</b>

**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>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Intergovernmental revenue	\$ 100,000	\$ -
Miscellaneous revevnue	-	125,000
<b>Total Revenues</b>	<b>100,000</b>	<b>125,000</b>
<b>Expenditures</b>		
Public safety	1,794,183	775,447
Public works	653,740	1,116,565
Culture and recreation	204,737	331,389
Debt service:		
Principal	203,631	188,521
Interest and fees	48,214	39,125
<b>Total expenditures</b>	<b>2,904,505</b>	<b>2,451,047</b>
<b>Deficiency of revenues over expenditures</b>	<b>(2,804,505)</b>	<b>(2,326,047)</b>
<b>Other financing sources (uses):</b>		
Proceeds from sale of assets	194,261	-
Issuance of debt	440,000	-
Transfers in	1,520,000	1,470,000
<b>Total other financing sources</b>	<b>2,154,261</b>	<b>1,470,000</b>
<b>Net change in fund balances</b>	<b>(650,244)</b>	<b>(856,047)</b>
<b>Fund balances at beginning of year</b>	<b>1,819,255</b>	<b>2,675,302</b>
<b>Fund balances at end of year</b>	<b>\$ 1,169,011</b>	<b>\$ 1,819,255</b>

**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, 2020*

	Budget			Variance With Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$ 725,000	\$ 725,000	\$ 100,000	\$ (625,000)
<b>Total Revenues</b>	725,000	725,000	100,000	(625,000)
<b>Expenditures</b>				
Public safety				
Police Department	1,050,000	1,050,000	700,403	349,597
Fire Department	150,000	150,000	1,093,780	(943,780)
	1,200,000	1,200,000	1,794,183	(594,183)
Public works				
Streets Department	896,000	896,000	653,740	242,260
Culture and Recreation				
Parks & Recreation Department	1,220,000	1,220,000	204,737	1,015,263
Debt service:				
Principal	155,892	155,892	203,631	(47,739)
Interest and fees	6,701	6,701	48,214	(41,513)
<b>Total Expenditures</b>	3,478,593	3,478,593	2,904,505	574,088
<b>Deficiency of revenues over expenditures</b>	(2,753,593)	(2,753,593)	(2,804,505)	(50,912)
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	1,800,000	1,800,000	194,261	(1,605,739)
Issuance of debt	-	-	440,000	440,000
Transfers in	1,570,000	1,570,000	1,520,000	(50,000)
<b>Total other financing sources</b>	3,370,000	3,370,000	2,154,261	(1,215,739)
<b>Net change in fund balances</b>	\$ 616,407	\$ 616,407	(650,244)	\$ (1,266,651)
<b>Fund balances at beginning of year</b>			1,819,255	
<b>Fund balances at end of year</b>			\$ 1,169,011	

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 286,422	\$ 420,872
<b>Total Assets</b>	<b>\$ 286,422</b>	<b>\$ 420,872</b>
<b>Liabilities</b>	\$ -	\$ -
<b>Fund Balance</b>		
Assigned	286,422	420,872
<b>Total Liabilities and Fund Balance</b>	<b>\$ 286,422</b>	<b>\$ 420,872</b>

**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>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>	\$ -	\$ -
<b>Expenditures</b>		
Public safety	-	112,846
Debt service:		
Principal	285,613	267,024
Interest and fees	41,410	46,701
<b>Total Expenditures</b>	<b>327,023</b>	<b>426,571</b>
<b>Deficiency of revenues over expenditures</b>	<b>(327,023)</b>	<b>(426,571)</b>
<b>Other financing sources (uses):</b>		
Transfers in	192,573	408,371
Issuance of debt	-	71,145
<b>Total other financing sources</b>	<b>192,573</b>	<b>479,516</b>
<b>Net change in fund balances</b>	<b>(134,450)</b>	<b>52,945</b>
<b>Fund balances at beginning of year</b>	<b>420,872</b>	<b>367,927</b>
<b>Fund balances at end of year</b>	<b>\$ 286,422</b>	<b>\$ 420,872</b>

**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, 2020*

	Budget			Variance
	Original	Final	Actual	With Final Budget
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Public safety				
Fire Department	174,570	174,570	-	174,570
Debt service:				
Principal	373,688	373,688	285,613	88,075
Interest and fees	41,411	41,411	41,410	1
<b>Total Expenditures</b>	<b>589,669</b>	<b>589,669</b>	<b>327,023</b>	<b>262,646</b>
<b>Deficiency of revenues over expenditures</b>	<b>(589,669)</b>	<b>(589,669)</b>	<b>(327,023)</b>	<b>262,646</b>
<b>Other financing sources (uses):</b>				
Other financing sources	174,750	174,750	-	(174,750)
Transfers in	450,000	450,000	192,573	(257,427)
<b>Total other financing sources</b>	<b>624,750</b>	<b>624,750</b>	<b>192,573</b>	<b>(432,177)</b>
<b>Net change in fund balance</b>	<b>\$ 35,081</b>	<b>\$ 35,081</b>	<b>(134,450)</b>	<b>\$ (169,531)</b>
<b>Fund balance at beginning of year</b>			<b>420,872</b>	
<b>Fund balance at end of year</b>			<b>\$ 286,422</b>	

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,108,287	\$ 2,917,529
<b>Total Assets</b>	<b>\$ 2,108,287</b>	<b>\$ 2,917,529</b>
<b>Liabilities</b>		
Accounts Payable	\$ 7,964	\$ 501
<b>Total Liabilities</b>	<b>7,964</b>	<b>501</b>
<b>Fund Balance</b>		
Restricted	2,100,323	2,917,028
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,108,287</b>	<b>\$ 2,917,529</b>

**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>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>	\$ -	\$ -
<b>Expenditures</b>		
Public works	916,705	1,191,208
Debt service:		
Interest and fees	-	70,712
<b>Total Expenditures</b>	<b>916,705</b>	<b>1,261,920</b>
<b>Deficiency of revenues over expenditures</b>	<b>(916,705)</b>	<b>(1,261,920)</b>
<b>Other financing sources (uses):</b>		
Transfers in	100,000	100,000
Issuance of debt	-	4,078,948
<b>Total other financing sources</b>	<b>100,000</b>	<b>4,178,948</b>
<b>Net change in fund balances</b>	<b>(816,705)</b>	<b>2,917,028</b>
<b>Fund balances at beginning of year</b>	<b>2,917,028</b>	<b>-</b>
<b>Fund balances at end of year</b>	<b>\$ 2,100,323</b>	<b>\$ 2,917,028</b>

**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, 2020*

	Budget			Variance With
	Original	Final	Actual	Final Budget
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Public works				
Drain Ditch Department	2,673,147	2,673,147	916,705	1,756,442
<b>Total Expenditures</b>	2,673,147	2,673,147	916,705	1,756,442
<b>Deficiency of revenues over expenditures</b>	(2,673,147)	(2,673,147)	(916,705)	1,756,442
<b>Other financing sources (uses):</b>				
Transfers in	100,000	100,000	100,000	-
<b>Total other financing sources</b>	100,000	100,000	100,000	-
<b>Net change in fund balance</b>	\$ (2,573,147)	\$ (2,573,147)	(816,705)	\$ 1,756,442
<b>Fund balance at beginning of year</b>			2,917,028	
<b>Fund balance at end of year</b>			\$ 2,100,323	

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 8,399,895	\$ 10,000,000
Investments	472,409	-
<b>Total Assets</b>	<b>\$ 8,872,304</b>	<b>\$ 10,000,000</b>
<b>Liabilities</b>		
Accounts Payable	\$ 16,250	\$ -
<b>Total Liabilities</b>	<b>16,250</b>	<b>-</b>
<b>Fund Balance</b>		
Restricted	8,856,054	10,000,000
<b>Total Liabilities and Fund Balance</b>	<b>\$ 8,872,304</b>	<b>\$ 10,000,000</b>

**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>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>	\$ -	\$ -
<b>Expenditures</b>		
Public works	<b>1,143,946</b>	-
Interest and fees	-	107,256
<b>Total Expenditures</b>	<b>1,143,946</b>	<b>107,256</b>
<b>Deficiency of revenues     over expenditures</b>	<b>(1,143,946)</b>	<b>(107,256)</b>
<b>Other financing sources (uses):</b>		
Issuance of debt	-	10,107,256
<b>Total other financing sources</b>	<b>-</b>	<b>10,107,256</b>
<b>Net change in fund balances</b>	<b>(1,143,946)</b>	<b>10,000,000</b>
<b>Fund balances at beginning of year</b>	<b>10,000,000</b>	<b>-</b>
<b>Fund balances at end of year</b>	<b>\$ 8,856,054</b>	<b>\$ 10,000,000</b>

**City of Weslaco, Texas**  
**Debt Service Fund**  
**Comparative Balance Sheets**

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 381,990	\$ 250,072
Investments	21,483	38,934
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	268,769	279,420
Due from other funds	75,736	38,809
<b>Total assets</b>	<b>\$ 747,978</b>	<b>\$ 607,235</b>
<b>Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>		
Unavailable revenue- ad valorem taxes	223,948	225,132
<b>Total deferred inflows of resources</b>	<b>223,948</b>	<b>225,132</b>
<b>Fund balance</b>		
Restricted	524,030	382,103
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 747,978</b>	<b>\$ 607,235</b>

**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>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Property taxes	\$ 2,929,325	\$ 2,766,176
Investment income	37,827	49,696
<b>Total revenues</b>	<b>2,967,152</b>	<b>2,815,872</b>
<b>Expenditures</b>		
Debt service:		
Principal	2,130,000	2,091,072
Interest and fees	695,225	743,205
<b>Total expenditures</b>	<b>2,825,225</b>	<b>2,834,277</b>
<b>Net change in fund balance</b>	<b>141,927</b>	<b>(18,405)</b>
<b>Fund balances at beginning of year</b>	<b>382,103</b>	<b>400,508</b>
<b>Fund balances at end of year</b>	<b>\$ 524,030</b>	<b>\$ 382,103</b>

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**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, 2020*

	Budget			Variance
	Original	Final	Actual	With Final Budget
<b>Revenues</b>				
Property taxes	\$ 3,641,611	\$ 3,641,611	\$ 2,929,325	\$ (712,286)
Investment income	46,000	46,000	37,827	(8,173)
<b>Total revenues</b>	<b>3,687,611</b>	<b>3,687,611</b>	<b>2,967,152</b>	<b>(720,459)</b>
<b>Expenditures</b>				
Debt service:				
Principal	2,690,833	2,690,833	2,130,000	560,833
Interest and fees	694,681	694,681	695,225	(544)
<b>Total expenditures</b>	<b>3,385,514</b>	<b>3,385,514</b>	<b>2,825,225</b>	<b>(560,289)</b>
<b>Net change in fund balance</b>	<b>\$ 302,097</b>	<b>302,097</b>	<b>\$ 141,927</b>	<b>\$ (160,170)</b>
<b>Fund balance at beginning of year</b>			<b>382,103</b>	
<b>Fund balance at end of year</b>			<b>\$ 524,030</b>	

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

<i>September 30,</i>	2020	2019
<b>Assets</b>		
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	\$ 18,263	\$ -
Due from other funds	7,003	-
<b>Total assets</b>	<b>\$ 25,266</b>	<b>\$ -</b>
<b>Liabilities</b>		
Due to to other funds	10,432	-
<b>Total liabilities</b>	<b>10,432</b>	<b>-</b>
<b>Deferred inflows of resources</b>		
Unavailable revenue- ad valorem taxes	12,691	-
<b>Total deferred inflows of resources</b>	<b>12,691</b>	<b>-</b>
<b>Fund balance</b>		
Restricted	2,143	-
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 25,266</b>	<b>\$ -</b>

**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>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Property taxes	\$ 554,873	\$ -
<b>Total revenues</b>	<b>554,873</b>	<b>-</b>
<b>Expenditures</b>		
Debt service:		
Principal	220,000	-
Interest and fees	332,730	-
<b>Total expenditures</b>	<b>552,730</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>2,143</b>	<b>-</b>
<b>Fund balances at beginning of year</b>	<b>-</b>	<b>-</b>
<b>Fund balances at end of year</b>	<b>\$ 2,143</b>	<b>\$ -</b>

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 432,813	\$ 225,446
Cash and cash equivalents- restricted	1,652,862	2,054,891
Investments- restricted	562,681	789,655
Receivables, net of allowances for uncollectibles	2,285,042	1,989,916
Inventories	254,530	160,900
Prepaid items	18,996	37,936
<b>Total current assets</b>	<b>5,206,924</b>	<b>5,258,744</b>
Non-current assets		
Land	665,175	665,175
Buildings	362,324	362,324
Equipment	5,824,096	5,550,697
Infrastructure	115,771,542	70,175,369
Capital Leases	6,934,391	6,934,391
Construction-in-progress	453,476	44,797,842
<b>Total non-current assets</b>	<b>130,011,004</b>	<b>128,485,798</b>
Accumulated depreciation	(43,169,530)	(39,230,338)
<b>Total non-current assets, net</b>	<b>86,841,474</b>	<b>89,255,460</b>
<b>Total assets</b>	<b>92,048,398</b>	<b>94,514,204</b>
<b>Deferred outflows of resources</b>		
Deferred outflows related to pensions	83,503	200,827
Deferred outflows related to OPEB	9,980	3,322
Deferred charge on refunding	1,778,044	1,955,361
<b>Total deferred outflows of resources</b>	<b>1,871,527</b>	<b>2,159,510</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 93,919,925</b>	<b>\$ 96,673,714</b>

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 947,439	\$ 924,733
Accrued salaries and other liabilities	153,415	132,351
Due to other funds	2,259,258	2,000,000
Current portion of long term debt	3,407,201	3,243,951
Accrued interest on bonds	252,613	267,281
<b>Total current liabilities</b>	<b>7,019,926</b>	<b>6,568,316</b>
Noncurrent liabilities:		
Compensated absences	78,807	78,245
Customer deposits	1,274,450	1,182,191
Capital lease payable	5,698,351	6,161,945
Revenue bonds payable, net of unamortized premiums	44,464,654	48,248,304
Net pension liability	709,455	869,180
OPEB liability	54,505	44,000
<b>Total noncurrent liabilities</b>	<b>52,280,222</b>	<b>56,583,865</b>
<b>Total liabilities</b>	<b>59,300,148</b>	<b>63,152,181</b>
<b>Deferred inflows of resources</b>		
Deferred inflows related to pensions	105,853	35,352
Deferred inflows related to OPEB	3,530	3,530
<b>Total deferred inflows of resources</b>	<b>109,383</b>	<b>38,882</b>
<b>Net Position</b>		
Net investment in capital assets	36,274,278	35,783,631
Restricted for:		
Revenue bond retirement	999,333	996,487
Unrestricted	(2,763,217)	(3,297,467)
<b>Total net position</b>	<b>34,510,394</b>	<b>33,482,651</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 93,919,925</b>	<b>\$ 96,673,714</b>

**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>	<b>2020</b>	<b>2019</b>
<b>Operating revenues:</b>		
Water services	\$ 7,483,073	\$ 7,090,130
Sewer services	5,318,493	5,057,874
Miscellaneous	63,744	128,609
<b>Total operating revenues</b>	<b>12,865,310</b>	<b>12,276,613</b>
<b>Operating expenses:</b>		
Personal services	845,022	888,498
Other services and charges	2,035,775	2,058,901
Supplies	209,394	223,795
Contractual services	3,037,989	2,765,472
Depreciation	3,939,191	2,934,073
<b>Total operating expenses</b>	<b>10,067,371</b>	<b>8,870,739</b>
<b>Operating income</b>	<b>2,797,939</b>	<b>3,405,874</b>
<b>Non-operating revenues (expenses)</b>		
Investment income	5,880	13,124
Interest expense	(1,633,394)	(1,728,279)
<b>Total non-operating revenues (expenses)</b>	<b>(1,627,514)</b>	<b>(1,715,155)</b>
<b>Income (loss) before transfers and capital contributions</b>	<b>1,170,425</b>	<b>1,690,719</b>
<b>Transfers in (out) and capital contributions</b>		
Transfers in	5,429,883	5,705,757
Transfers out	(6,736,187)	(7,271,318)
Capital improvement fees	696,141	642,214
Capital grants	467,481	39,750
<b>Total transfers and capital contributions</b>	<b>(142,682)</b>	<b>(883,597)</b>
<b>Change in net position</b>	<b>1,027,743</b>	<b>807,122</b>
<b>Net position- beginning</b>	<b>33,482,651</b>	<b>32,675,529</b>
<b>Net position- ending</b>	<b>\$ 34,510,394</b>	<b>\$ 33,482,651</b>

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

<i>For the Fiscal Years Ended September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 12,662,443	\$ 12,547,000
Payments to suppliers	(5,075,884)	(5,452,262)
Payments to employees	(614,132)	(627,162)
<b>Net cash provided by operating activities</b>	<b>6,972,427</b>	<b>6,467,576</b>
<b>Cash flows from noncapital financing activities</b>		
Transfers from other funds	5,429,883	5,705,757
Transfers to other funds	(6,736,187)	(7,271,318)
<b>Net cash used in noncapital financing activities</b>	<b>(1,306,304)</b>	<b>(1,565,561)</b>
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(1,521,318)	(2,078,581)
Interest paid on bonds	(2,456,712)	(2,586,616)
Retirement of bonds	(2,811,750)	(2,317,266)
Capital improvement fees	696,141	642,214
<b>Net cash used in capital and related financing activities</b>	<b>(6,093,639)</b>	<b>(6,340,249)</b>
<b>Cash flow from investing activities:</b>		
Interest on cash and investments	5,880	13,124
Purchase of investments	226,974	(11,227)
<b>Net cash provided by (used) in investing activities</b>	<b>232,854</b>	<b>1,897</b>
Net (decrease) in cash and cash equivalents	(194,662)	(1,436,337)
Cash and cash equivalents, beginning of year	2,280,337	3,716,674
Cash and cash equivalents, end of year	\$ 2,085,675	\$ 2,280,337
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 2,797,939	\$ 3,405,874
Adjustments to reconcile income from operations to net cash from operating activities		
Depreciation	3,939,191	2,934,073
(Increase) decrease in accounts receivables	(295,126)	195,594
(Increase) decrease in inventories	(93,630)	58,232
(Increase) decrease in prepaid items	18,940	6,162
(Increase) decrease in deferred outflows	287,983	72,806
Decrease (increase) in accounts payable	22,706	(460,480)
Decrease (increase) in accrued salaries and other liabilities	21,064	16,593
Decrease (increase) in due to other funds	259,258	(8,008)
Decrease (increase) in customer deposits	92,259	74,793
Decrease (increase) in compensated absences	562	(7,162)
Decrease (increase) in net pension liability	(159,725)	253,835
Decrease (increase) in OPEB liability	10,505	(1,576)
Decrease (increase) in deferred inflows	70,501	(73,160)
Total adjustments	4,174,488	3,061,702
<b>Net cash provided by operations</b>	<b>\$ 6,972,427</b>	<b>\$ 6,467,576</b>
<i>Supplemental disclosure of noncash activities</i>		
Contributed capital assets from Urban County	\$ 467,481	\$ 39,750
Initiation of capital lease	-	434,278

**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, 2020*

	Budget		Actual	Variance
	Original	Final		With Final Budget
<b>Operating revenues:</b>				
Water services	\$ 7,438,500	\$ 7,273,500	\$ 7,483,073	\$ 209,573
Sewer services	5,119,700	5,019,700	5,318,493	298,793
Miscellaneous	81,751	81,751	63,744	(18,007)
<b>Total operating revenues</b>	<b>12,639,951</b>	<b>12,374,951</b>	<b>12,865,310</b>	<b>490,359</b>
<b>Operating expenses:</b>				
Water treatment				
Other services and charges	617,824	602,824	602,393	431
Contractual services	1,000,000	1,000,000	1,092,947	(92,947)
Supplies	47,000	67,870	20,055	47,815
Depreciation	-	-	146,656	(146,656)
<b>Total water treatment</b>	<b>1,664,824</b>	<b>1,670,694</b>	<b>1,862,051</b>	<b>(191,357)</b>
Water distribution				
Personnel services	342,636	342,636	369,586	(26,950)
Other services and charges	283,165	283,670	178,787	104,883
Supplies	48,770	49,205	28,872	20,333
Depreciation	-	-	1,175,424	(1,175,424)
<b>Total water distribution</b>	<b>674,571</b>	<b>675,511</b>	<b>1,752,669</b>	<b>(1,077,158)</b>
Water meter division				
Personnel services	112,951	106,951	99,217	7,734
Other services and charges	17,500	17,500	45,533	(28,033)
Supplies	188,400	263,400	45,781	217,619
Depreciation	-	-	347,602	(347,602)
<b>Total water meter division</b>	<b>318,851</b>	<b>387,851</b>	<b>538,133</b>	<b>(150,282)</b>
Utility billing				
Personnel services	172,750	172,750	173,917	(1,167)
Other services and charges	137,500	137,500	269,191	(131,691)
Supplies	8,600	8,600	8,679	(79)
Depreciation	-	-	327	(327)
<b>Total utility billing</b>	<b>318,850</b>	<b>318,850</b>	<b>452,114</b>	<b>(133,264)</b>
Waste water treatment				
Other services and charges	651,450	615,450	468,505	146,945
Contractual services	874,589	874,589	972,521	(97,932)
Supplies	10,000	82,740	9,034	73,706
Depreciation	-	-	1,006,044	(1,006,044)
<b>Total waste water treatment</b>	<b>1,536,039</b>	<b>1,572,779</b>	<b>2,456,104</b>	<b>(883,325)</b>
Waste water collection				
Personnel services	245,839	200,839	202,302	(1,463)
Other services and charges	558,940	655,685	471,366	184,319
Contractual services	953,775	953,775	972,521	(18,746)
Supplies	322,625	318,880	96,973	221,907
Depreciation	-	-	1,263,138	(1,263,138)
<b>Total waste water collection</b>	<b>2,081,179</b>	<b>2,129,179</b>	<b>3,006,300</b>	<b>(877,121)</b>
<b>Total operating expenses</b>	<b>6,594,314</b>	<b>6,754,864</b>	<b>10,067,371</b>	<b>(3,312,507)</b>
<b>Operating income</b>	<b>6,045,637</b>	<b>5,620,087</b>	<b>2,797,939</b>	<b>3,802,866</b>

**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, 2020*

	Budget			Variance With
	Original	Final	Actual	Final Budget
<b>Non-operating revenues (expenses)</b>				
Investment income	12,000	12,000	5,880	6,120
Interest expense	(5,561,025)	(5,561,025)	(1,633,394)	3,927,631
<b>Total non-operating revenues (expenses)</b>	<b>(5,549,025)</b>	<b>(5,549,025)</b>	<b>(1,627,514)</b>	<b>3,921,511</b>
<b>Income before transfers and capital contributions</b>	<b>496,612</b>	<b>71,062</b>	<b>1,170,425</b>	<b>1,099,363</b>
<b>Transfers in (out) and capital contributions</b>				
Transfers in	6,381,213	6,381,213	5,429,883	(951,330)
Transfers (out)	(7,582,994)	(7,582,994)	(6,736,187)	846,807
Capital improvement fees	759,110	669,110	696,141	(27,031)
Capital grants	-	-	467,481	(467,481)
<b>Total transfers and capital contributions</b>	<b>(442,671)</b>	<b>(532,671)</b>	<b>(142,682)</b>	<b>389,989</b>
<b>Change in net position</b>	<b>\$ 53,941</b>	<b>\$ (461,609)</b>	<b>1,027,743</b>	<b>\$ 1,489,352</b>
<b>Net position- beginning</b>			<b>33,482,651</b>	
<b>Net position- ending</b>			<b>\$ 34,510,394</b>	

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

<i>September 30,</i>	2020	2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ -
Receivables,		
net of allowances for uncollectibles	820,550	675,576
Due from other funds	2,000,000	2,000,000
<b>Total current assets</b>	<b>2,820,550</b>	<b>2,675,576</b>
Non-current assets		
Land	421,247	421,247
Buildings	668,781	668,781
Equipment	1,734,678	1,734,678
Infrastructure	64,461	64,461
Capital lease	540,552	-
Total non-current assets	3,429,719	2,889,167
Accumulated depreciation	(2,353,018)	(2,320,301)
<b>Total non-current assets, net</b>	<b>1,076,701</b>	<b>568,866</b>
<b>Total assets</b>	<b>3,897,251</b>	<b>3,244,442</b>
<b>Deferred outflows of resources</b>		
Deferred outflows related to pensions	2,158	8,024
Deferred outflows related to OPEB	470	137
<b>Total deferred outflows of resources</b>	<b>2,628</b>	<b>8,161</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,899,879</b>	<b>\$ 3,252,603</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 391,694	\$ 390,048
Due to other funds	890,709	470,232
Current portion of long term debt	110,581	678
<b>Total current liabilities</b>	<b>1,392,984</b>	<b>860,958</b>
Noncurrent liabilities:		
Compensated absences	18,725	6,147
Capital lease payable	461,985	-
Landfill closure	372,376	387,764
Net pension liability	16,629	24,615
OPEB liability	2,399	1,874
<b>Total noncurrent liabilities</b>	<b>872,114</b>	<b>420,400</b>
<b>Total liabilities</b>	<b>2,265,098</b>	<b>1,281,358</b>
<b>Deferred inflows of resources</b>		
Deferred inflows related to pensions	3,551	26
Deferred inflows related to OPEB	177	177
<b>Total deferred inflows of resources</b>	<b>3,728</b>	<b>203</b>
<b>Net position</b>		
Net investment in capital assets	506,216	568,866
Unrestricted	1,124,837	1,402,176
<b>Total net position</b>	<b>1,631,053</b>	<b>1,971,042</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 3,899,879</b>	<b>\$ 3,252,603</b>

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>	<b>2020</b>	<b>2019</b>
<b>Operating Revenues:</b>		
Charges for services	\$ 5,375,985	\$ 5,093,075
Miscellaneous	-	29,670
<b>Total operating revenues</b>	<b>5,375,985</b>	<b>5,122,745</b>
<b>Operating Expenses:</b>		
Personal services	106,773	73,122
Other services and charges	186,927	163,279
Supplies	8,032	13,073
Contractual services	4,256,525	4,209,444
Depreciation	32,717	24,669
<b>Total operating expenses</b>	<b>4,590,974</b>	<b>4,483,587</b>
<b>Operating income (loss)</b>	<b>785,011</b>	<b>639,158</b>
<b>Transfers in (out)</b>		
Transfers out	(1,125,000)	(1,125,000)
<b>Change in net position</b>	<b>(339,989)</b>	<b>(485,842)</b>
<b>Net position- beginning</b>	<b>1,971,042</b>	<b>2,456,884</b>
<b>Net position- ending</b>	<b>\$ 1,631,053</b>	<b>\$ 1,971,042</b>

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

<i>For the Fiscal Years Ended September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 5,231,011	\$ 5,217,790
Payments to suppliers	(4,023,828)	(3,981,093)
Payments to employees	(96,728)	(64,446)
<b>Net cash provided by operating activities</b>	<b>1,110,455</b>	<b>1,172,251</b>
<b>Cash flows from noncapital financing activities</b>		
Transfers to other funds	(1,125,000)	(1,125,000)
<b>Net cash used in noncapital financing activities</b>	<b>(1,125,000)</b>	<b>(1,125,000)</b>
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(540,552)	(14,290)
Capital lease proceeds	570,485	-
Landfill closure costs	(15,388)	(32,961)
<b>Net cash used in capital and related financing activities</b>	<b>14,545</b>	<b>(47,251)</b>
Net (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 785,011	\$ 639,158
Adjustments to reconcile income from operations to net cash from operating activities		
Depreciation	32,717	24,669
(Increase) decrease in accounts receivables	(144,974)	95,045
(Increase) decrease in deferred outflows	5,533	(5,225)
Increase (decrease) in accounts payable	1,646	(14,684)
Increase (decrease) in due to other funds	420,477	424,612
Increase (decrease) in compensated absences	13,981	(279)
Increase (decrease) in net pension liability	(7,986)	12,692
Increase (decrease) in OPEB liability	525	(79)
Increase (decrease) in deferred inflows related to pensions	3,525	(3,835)
Increase (decrease) in deferred inflows related to OPEB	-	177
Total adjustments	325,444	533,093
<b>Net cash provided by operations</b>	<b>\$ 1,110,455</b>	<b>\$ 1,172,251</b>

**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, 2020

	Budget			Variance
	Original	Final	Actual	With Final Budget
<b>Operating revenues:</b>				
Garbage fees	\$ 4,050,000	\$ 4,265,846	\$ 4,152,796	\$ (113,050)
Brush fees	1,372,800	1,372,800	1,183,293	(189,507)
Recycling services	5,000	5,000	3,112	(1,888)
Miscellaneous	82,000	82,000	36,784	(45,216)
<b>Total operating revenues</b>	<b>5,509,800</b>	<b>5,725,646</b>	<b>5,375,985</b>	<b>(349,661)</b>
<b>Operating expenses:</b>				
Solid waste collection				
Personnel services	-	-	2,391	(2,391)
Other services and charges	64,500	64,500	142,484	(77,984)
Contractual services	3,195,640	3,318,640	3,640,939	(322,299)
Depreciation	-	-	1,434	(1,434)
<b>Total solid waste collection</b>	<b>3,260,140</b>	<b>3,383,140</b>	<b>3,787,248</b>	<b>(404,108)</b>
Recycling				
Personnel services	78,986	80,986	72,287	8,699
Other services and charges	8,755	8,722	7,903	819
Supplies	6,800	6,800	5,666	1,134
Depreciation	-	-	24,188	(24,188)
<b>Total recycling</b>	<b>94,541</b>	<b>96,508</b>	<b>110,044</b>	<b>(13,536)</b>
Landfill				
Other services and charges	30,400	33,400	36,016	(2,616)
<b>Total landfill</b>	<b>30,400</b>	<b>33,400</b>	<b>36,016</b>	<b>(2,616)</b>
Brush collection				
Personnel services	-	-	32,095	(32,095)
Other services and charges	-	-	524	(524)
Contractual services	650,000	685,000	615,586	69,414
Supplies	-	-	2,366	(2,366)
Capital outlay	-	570,485	-	570,485
Depreciation	-	-	7,095	(7,095)
<b>Total brush collection</b>	<b>650,000</b>	<b>1,255,485</b>	<b>657,666</b>	<b>597,819</b>
<b>Total operating expenses</b>	<b>4,035,081</b>	<b>4,768,533</b>	<b>4,590,974</b>	<b>177,559</b>
<b>Operating income</b>	<b>1,474,719</b>	<b>957,113</b>	<b>785,011</b>	<b>(172,102)</b>
<b>Transfers in (out)</b>				
Transfers out	(1,125,000)	(1,125,000)	(1,125,000)	-
<b>Total transfers</b>	<b>(1,125,000)</b>	<b>(1,125,000)</b>	<b>(1,125,000)</b>	<b>-</b>
<b>Change in net position</b>	<b>\$ 349,719</b>	<b>\$ (167,887)</b>	<b>(339,989)</b>	<b>\$ (172,102)</b>
<b>Net position- beginning</b>			<b>1,971,042</b>	
<b>Net position- ending</b>			<b>\$ 1,631,053</b>	

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

<i>September 30,</i>	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 27,576	\$ 100
Cash and cash equivalents- restricted	13,590	14,094
Receivables, net of allowances for uncollectibles	135,331	99,199
Inventories	38,573	31,354
<b>Total current assets</b>	<b>215,070</b>	<b>144,747</b>
Non-current assets		
Land	2,866,462	1,465,448
Buildings	648,541	648,541
Equipment	640,947	640,947
Infrastructure	13,704,908	12,252,404
Construction-in-progress	97,058	1,490,750
Total non-current assets	17,957,916	16,498,090
Accumulated depreciation	(5,651,387)	(5,220,466)
<b>Total non-current assets, net</b>	<b>12,306,529</b>	<b>11,277,624</b>
<b>Total assets</b>	<b>12,521,599</b>	<b>11,422,371</b>
<b>Deferred outflows of resources</b>		
Deferred outflows related to pensions	14,657	47,899
Deferred outflows related to OPEB	2,735	849
<b>Total deferred outflows of resources</b>	<b>17,392</b>	<b>48,748</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 12,538,991</b>	<b>\$ 11,471,119</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 38,717	\$ 72,144
Accrued salaries and other liabilities	32,768	26,657
Due to other funds	607,455	545,350
Current portion of long term debt	57,454	2,844
<b>Total current liabilities</b>	<b>736,394</b>	<b>646,995</b>
Noncurrent liabilities:		
Compensated absences	33,203	27,199
Notes payable	1,397,045	-
Customer deposits	3,594	3,594
Net pension liability	113,236	158,491
OPEB liability	14,389	11,413
<b>Total noncurrent liabilities</b>	<b>1,561,467</b>	<b>200,697</b>
<b>Total liabilities</b>	<b>2,297,861</b>	<b>847,692</b>
<b>Deferred inflows of resources</b>		
Deferred inflows related to pensions	22,614	2,639
Deferred inflows related to OPEB	1,000	1,000
<b>Total deferred inflows of resources</b>	<b>23,614</b>	<b>3,639</b>
<b>Net Position</b>		
Net investment of capital assets	10,855,719	11,277,624
Restricted for:		
Construction	13,590	14,094
Unrestricted	(651,793)	(671,930)
<b>Total net position</b>	<b>10,217,516</b>	<b>10,619,788</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 12,538,991</b>	<b>\$ 11,471,119</b>

**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>	<b>2020</b>	<b>2019</b>
<b>Operating revenues:</b>		
Charges for services	\$ 302,600	\$ 321,634
Miscellaneous	125	275
<b>Total operating revenues</b>	<b>302,725</b>	<b>321,909</b>
<b>Operating expenses:</b>		
Personal services	270,744	247,744
Other services and charges	212,734	183,579
Supplies	232,826	258,497
Depreciation	430,922	345,539
<b>Total operating expenses</b>	<b>1,147,226</b>	<b>1,035,359</b>
<b>Operating income (loss)</b>	<b>(844,501)</b>	<b>(713,450)</b>
<b>Non-operating revenues (expenses)</b>		
Interest expense	(25,393)	-
<b>Income (loss) before transfers and capital contributions</b>	<b>(869,894)</b>	<b>(713,450)</b>
<b>Transfers in (out) and capital grants</b>		
Capital grants	217,622	229,365
Transfers in	250,000	250,000
<b>Total transfers and capital contributions</b>	<b>467,622</b>	<b>479,365</b>
<b>Change in net position</b>	<b>(402,272)</b>	<b>(234,085)</b>
<b>Net position- beginning</b>	<b>10,619,788</b>	<b>10,853,873</b>
<b>Net position- ending</b>	<b>\$ 10,217,516</b>	<b>\$ 10,619,788</b>

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

<i>For the Fiscal Years Ended September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 266,593	\$ 250,792
Payments to suppliers	(424,101)	(277,911)
Payments to employees	(248,732)	(231,967)
<b>Net cash used in operating activities</b>	<b>(406,240)</b>	<b>(259,086)</b>
<b>Cash flows from noncapital financing activities</b>		
Transfers from other funds	250,000	250,000
<b>Net cash provided by noncapital financing activities</b>	<b>250,000</b>	<b>250,000</b>
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(1,439,014)	(79,829)
Notes payable proceeds received	1,450,810	-
Capital grants	196,809	71,802
Interest paid on notes payable	(25,393)	-
<b>Net cash provided by (used) in capital and related financing activities</b>	<b>183,212</b>	<b>(8,027)</b>
Net (decrease) in cash and cash equivalents	26,972	(17,113)
Cash and cash equivalents, beginning of year	14,194	31,307
Cash and cash equivalents, end of year	\$ 41,166	\$ 14,194
Reconciliation of operating loss to net cash used in operating activities		
Operating (loss)	\$ (844,501)	\$ (713,450)
Adjustments to reconcile (loss) from operations to net cash from operating activities		
Depreciation	430,922	345,539
(Increase) decrease in accounts receivables	(36,132)	(71,117)
(Increase) decrease in inventories	(7,219)	-
(Increase) decrease in deferred outflows	31,356	(29,612)
Increase (decrease) in accounts payable	(33,427)	66,116
Increase (decrease) in accrued salaries and other liabilities	6,111	18,255
Increase (decrease) in due to other funds	62,105	98,049
Increase (decrease) in compensated absences	6,849	(23,611)
Increase (decrease) in net pension liability	(45,255)	71,920
Increase (decrease) in OPEB liability	2,976	(446)
Increase (decrease) in deferred inflows related to pensions	19,975	(21,729)
Increase (decrease) in deferred inflows related to OPEB	-	1,000
<b>Total adjustments</b>	<b>438,261</b>	<b>454,364</b>
<b>Net cash used in operations</b>	<b>\$ (406,240)</b>	<b>\$ (259,086)</b>
<i>Supplemental disclosure of noncash activities</i>		
<i>Contributed capital assets from TxDOT</i>	\$ -	\$ 157,563

**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, 2020*

	Budget			Variance
	Original	Final	Actual	With Final Budget
<b>Operating revenues:</b>				
Fuel sales	\$ 220,000	\$ 220,000	\$ 222,981	\$ 2,981
Hangar rentals	51,588	51,588	79,619	28,031
Miscellaneous	11,639	11,639	125	(11,514)
<b>Total operating revenues</b>	<b>283,227</b>	<b>283,227</b>	<b>302,725</b>	<b>19,498</b>
<b>Operating expenses:</b>				
Airport operations				
Personnel services	209,999	209,999	270,744	(60,745)
Other charges and services	103,350	103,350	112,735	(9,385)
Supplies	278,050	278,050	232,826	45,224
Depreciation	-	-	430,922	(430,922)
<b>Total airport operations</b>	<b>591,399</b>	<b>591,399</b>	<b>1,047,227</b>	<b>(455,828)</b>
Airport grant programs				
Other charges and services	100,000	100,000	99,999	1
<b>Total airport grant programs</b>	<b>100,000</b>	<b>100,000</b>	<b>99,999</b>	<b>1</b>
<b>Total operating expenses</b>	<b>691,399</b>	<b>691,399</b>	<b>1,147,226</b>	<b>(455,827)</b>
<b>Operating (loss)</b>	<b>(408,172)</b>	<b>(408,172)</b>	<b>(844,501)</b>	<b>(436,329)</b>
<b>Non-operating revenues (expenses)</b>				
Interest expense	-	-	(25,393)	(25,393)
<b>Total non-operating revenues (expenses)</b>	<b>-</b>	<b>-</b>	<b>(25,393)</b>	<b>(25,393)</b>
<b>Income (loss) before transfers and captial contributions</b>	<b>(408,172)</b>	<b>(408,172)</b>	<b>(869,894)</b>	<b>(461,722)</b>
<b>Transfers in (out) and capital grants</b>				
Transfers in	260,000	260,000	250,000	(10,000)
Capital grants	50,000	50,000	217,622	167,622
<b>Total transfers and capital contributions</b>	<b>310,000</b>	<b>310,000</b>	<b>467,622</b>	<b>157,622</b>
<b>Change in net position</b>	<b>\$ (98,172)</b>	<b>\$ (98,172)</b>	<b>(402,272)</b>	<b>\$ (304,100)</b>
<b>Net position- beginning</b>			10,619,788	
<b>Net position- ending</b>			\$ 10,217,516	

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ -
<b>Total current assets</b>	-	-
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	(5,057,990)	(4,954,624)
<b>Total non-current assets, net</b>	10,532	113,898
<b>Total assets</b>	\$ 10,532	\$ 113,898
<b>Liabilities</b>		
Current liabilities:		
Due to other funds	\$ 250,269	\$ 250,269
<b>Total current liabilities</b>	250,269	250,269
Noncurrent liabilities:		
Capital lease payable	-	-
<b>Total noncurrent liabilities</b>	-	-
<b>Total liabilities</b>	250,269	250,269
<b>Net Position</b>		
Net investment in capital assets	10,532	113,898
Unrestricted	(250,269)	(250,269)
<b>Total net position</b>	(239,737)	(136,371)
<b>Total liabilities and net position</b>	\$ 10,532	\$ 113,898

**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>	<b>2020</b>	<b>2019</b>
<b>Operating Revenues</b>		
Miscellaneous	\$ -	\$ -
<b>Total operating revenues</b>	-	-
<b>Operating Expenses:</b>		
Depreciation	103,366	516,396
<b>Total operating expenses</b>	103,366	516,396
<b>Operating (loss)</b>	(103,366)	(516,396)
<b>Non-operating revenues (expenses)</b>		
Interest expense	-	(522)
<b>(loss) before transfers</b>	(103,366)	(516,918)
<b>Transfers in (out)</b>		
Transfers in	-	104,641
<b>Change in net position</b>	(103,366)	(412,277)
<b>Net position- beginning</b>	(136,371)	275,906
<b>Net position- ending</b>	\$ (239,737)	\$ (136,371)

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

<i>For the Fiscal Years Ended September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ -	\$ -
<b>Net cash provided by operating activities</b>	-	-
<b>Cash flows from noncapital financing activities</b>		
Transfers from other funds	-	104,641
<b>Net cash provided by noncapital financing activities</b>	-	104,641
<b>Cash flows from capital and related financing activities</b>		
Retirement of capital leases	-	(104,119)
Interest paid on notes	-	(522)
<b>Net cash used in capital and related financing activities</b>	-	(104,641)
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)	\$ (103,366)	\$ (516,396)
Adjustments to reconcile (loss) from operations to net cash from operating activities		
Depreciation	103,366	516,396
Increase (decrease) in due to other funds	-	-
Total adjustments	103,366	516,396
<b>Net cash provided by operations</b>	\$ -	\$ -

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash	\$ 7,573	\$ 11,098
Investments, at fair value:		
Equities	9,405,149	8,654,278
Mutual funds	117,985	-
Corporate bonds	782,304	1,292,024
Money market mutual funds	737,809	490,555
Municipal bonds	1,781,537	1,481,884
<b>Total assets</b>	<b>\$ 12,832,357</b>	<b>\$ 11,929,839</b>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Net position</b>		
Net position restricted for pensions	12,832,357	11,929,839
<b>Total net position</b>	<b>12,832,357</b>	<b>11,929,839</b>
<b>Total liabilities and net position</b>	<b>\$ 12,832,357</b>	<b>\$ 11,929,839</b>

**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>	<b>2020</b>	<b>2019</b>
<b>Additions</b>		
<b>Contributions</b>		
Employer contributions	\$ 599,436	\$ 519,827
Plan member contributions	599,436	513,232
Total contributions	<b>1,198,872</b>	1,033,059
<b>Investment income</b>		
Net appreciation in fair value of investments	<b>87,988</b>	1,173
Interest and dividends	<b>310,148</b>	269,965
Total investment income	<b>398,136</b>	271,138
Less investment expense	<b>(66,104)</b>	(63,645)
Net investment income	<b>332,032</b>	207,493
Total additions	<b>1,530,904</b>	1,240,552
<b>Deductions</b>		
Benefits paid	<b>595,725</b>	601,744
Refunds of contributions	-	230,391
Administrative expenses	<b>32,661</b>	55,756
Total deductions	<b>628,386</b>	887,891
<b>Net change in fiduciary net position</b>	<b>902,518</b>	352,661
<b>Net position, beginning of year</b>	<b>11,929,839</b>	11,577,178
<b>Net position, end of year</b>	<b>\$ 12,832,357</b>	<b>\$ 11,929,839</b>

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 16,711	\$ 11,612
Investments	494,114	492,003
<b>Total assets</b>	<b>\$ 510,825</b>	<b>\$ 503,615</b>
<b>Liabilities</b>		
Accounts payable	501	\$ 1,000
<b>Total liabilities</b>	<b>501</b>	<b>1,000</b>
<b>Net position</b>		
Net position restricted for other purposes	510,324	502,615
<b>Total net position</b>	<b>510,324</b>	<b>502,615</b>
<b>Total liabilities and net position</b>	<b>\$ 510,825</b>	<b>\$ 503,615</b>

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>	<b>2020</b>	<b>2019</b>
<b>Additions</b>		
Interest income	\$ 10,228	\$ 12,548
Total additions	10,228	\$ 12,548
<b>Deductions</b>		
Administrative expenses	2,519	3,038
Total deductions	2,519	3,038
<b>Net change in fiduciary net position</b>	<b>7,709</b>	9,510
<b>Net Position, beginning of year</b>	<b>502,615</b>	493,105
<b>Net position, end of year</b>	<b>\$ 510,324</b>	\$ 502,615

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

<i>September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 6,376,134	\$ 4,776,645
Restricted assets:		
Cash and cash equivalents	-	733,449
Accounts receivable, net	12,152	458,935
Due from City of Weslaco	283,274	-
Land Escrow	31,473	-
Long-term note receivables	3,223,281	1,969,563
<b>Total Assets</b>	<b>\$ 9,926,314</b>	<b>\$ 7,938,592</b>
<b>Liabilities</b>		
Accounts payable	\$ 119,110	\$ 5,724
Accrued salaries and payroll taxes	-	7,126
<b>Total Liabilities</b>	<b>119,110</b>	<b>12,850</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue- non-current receivables	3,223,281	1,969,563
<b>Total deferred inflows of resources</b>	<b>3,223,281</b>	<b>1,969,563</b>
<b>Fund Balances</b>		
Restricted for:		
Debt service	320,000	320,000
Capital projects	-	733,449
Unassigned	6,263,923	4,902,730
<b>Total Fund Balances</b>	<b>6,583,923</b>	<b>5,956,179</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 9,926,314</b>	<b>\$ 7,938,592</b>

**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>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Nonproperty taxes	\$ 3,467,507	\$ 3,354,407
Capital grants	-	204,340
Program income	648,411	897,589
Investment income	104,750	128,854
Miscellaneous	355,931	47,322
<b>Total Revenues</b>	<b>4,576,599</b>	<b>4,632,512</b>
<b>Expenditures</b>		
Development Services	3,580,672	2,061,420
Capital outlay	58,640	44,355
Debt service:		
Principal	275,000	1,877,423
Interest and fees	34,543	89,164
<b>Total Expenditures</b>	<b>3,948,855</b>	<b>4,072,362</b>
<b>Net change in fund balances</b>	<b>627,744</b>	<b>560,150</b>
<b>Fund balances at beginning of year</b>	<b>5,956,179</b>	<b>5,396,029</b>
<b>Fund balances at end of year</b>	<b>\$ 6,583,923</b>	<b>\$ 5,956,179</b>

**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, 2020*

Fund balances of component unit	\$	6,583,923
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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		4,950,721
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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		3,223,281
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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.		(3,727)
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Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the component unit balance sheet.		(880,000)
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Net position of governmental activities	\$	13,874,198
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**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, 2020*

Net change in fund balances	\$	627,744
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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 (\$108,038) exceeded capital outlay \$58,640 in the current period.		(49,398)
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		1,253,718
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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 (\$275,000) exceeded note proceeds (\$-0-).		275,000
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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.		5,975
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Change in net position of governmental activities:	\$	2,113,039
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## **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
2009 & Prior	\$ 417,229	Various	\$ 285,558	Various	\$ 131,671
2010	53,959	72.47%	39,104	27.53%	14,855
2011	51,880	72.33%	37,523	27.67%	14,357
2012	50,869	72.00%	36,624	28.00%	14,245
2013	61,298	72.90%	44,686	27.10%	16,612
2014	61,594	71.91%	44,291	28.09%	17,303
2015	72,681	82.16%	59,717	17.84%	12,964
2016	88,988	83.79%	74,559	16.21%	14,429
2017	124,185	77.19%	95,854	22.81%	28,331
2018	224,910	77.14%	173,498	22.86%	51,412
2019	421,406	71.86%	302,827	28.14%	118,579
	<u>1,628,999</u>		<u>1,194,241</u>		<u>434,758</u>
Less					
Allowances for uncollectible	(618,310)		(466,811)		(151,499)
Net Amount	\$ 1,010,689		\$ 727,430		\$ 283,259

**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 10/1/19	Current Assessments & Correction	Collections	Adjustments	Uncollected 9/30/20
2009 & Prior	\$ 461,542	\$ -	\$ 29,556	\$ (14,757)	\$ 417,229
2010	59,747	-	4,038	(1,750)	53,959
2011	58,507	-	4,445	(2,182)	51,880
2012	59,197	-	6,216	(2,112)	50,869
2013	70,154	-	6,956	(1,900)	61,298
2014	71,169	-	8,085	(1,490)	61,594
2015	90,051	-	11,328	(6,042)	72,681
2016	117,547	-	26,322	(2,237)	88,988
2017	182,327	-	53,067	(5,075)	124,185
2018	414,861	-	133,918	(56,033)	224,910
2019	-	12,988,669	12,512,099	(55,164)	421,406
<b>Total</b>	<b>\$ 1,585,102</b>	<b>\$ 12,988,669</b>	<b>\$ 12,796,030</b>	<b>\$ (148,742)</b>	<b>\$ 1,628,999</b>

**ALLOCATION TO FUNDS**

Tax Year	Collections	General Fund		I & S Fund	
		%	\$	%	\$
2009 & Prior	\$ 29,556	Various	\$ 21,856	Various	\$ 7,700
2010	4,038	72.46%	2,926	27.54%	1,112
2011	4,445	72.33%	3,215	27.67%	1,230
2012	6,216	71.99%	4,475	28.01%	1,741
2013	6,956	72.90%	5,071	27.10%	1,885
2014	8,085	71.91%	5,814	28.09%	2,271
2015	11,328	82.16%	9,307	17.84%	2,021
2016	26,322	83.79%	22,054	16.21%	4,268
2017	53,067	77.19%	40,960	22.81%	12,107
2018	133,918	77.14%	103,306	22.86%	30,612
2019	12,512,099	73.33%	9,175,300	26.67%	3,336,799
<b>Total</b>	<b>\$ 12,796,030</b>		<b>\$ 9,394,284</b>		<b>\$ 3,401,746</b>



# BONDED DEBT REQUIREMENTS



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

*As of September 30, 2020*

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2020		\$ -	\$ -	\$ -	\$ 4,300,000
2021	2.000%	54,635	40,637	1,400,000	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		\$ 119,822	\$ 65,187	\$ 4,300,000	

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

*As of September 30, 2020*

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2020		\$ -	\$ -	\$ -	\$ 5,795,000
2021	3.000%	127,300	127,300	360,000	5,435,000
2022	3.500%	121,900	121,900	370,000	5,065,000
2023	3.500%	115,425	115,425	390,000	4,675,000
2024	4.000%	108,600	108,600	380,000	4,295,000
2025	4.000%	101,000	101,000	400,000	3,895,000
2026	4.000%	93,000	93,000	415,000	3,480,000
2027	5.000%	84,700	84,700	430,000	3,050,000
2028	4.500%	73,950	73,950	450,000	2,600,000
2029	4.500%	63,825	63,825	470,000	2,130,000
2030	5.000%	53,250	53,250	495,000	1,635,000
2031	5.000%	40,875	40,875	520,000	1,115,000
2032	5.000%	27,875	27,875	545,000	570,000
2033	5.000%	14,250	14,250	570,000	-
<b>Total</b>		<b>\$ 1,025,950</b>	<b>\$ 1,025,950</b>	<b>\$ 5,795,000</b>	

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

*As of September 30, 2020*

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2020		\$ -	\$ -	\$ -	\$ 2,915,000
2021	5.00%	70,225	62,850	295,000	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		\$ 304,075	\$ 233,850	\$ 2,915,000	

**City of Weslaco, Texas**  
**Certificates of Obligation, Series 2018**

*As of September 30, 2020*

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2020		\$ -	\$ -	\$ -	\$ 3,660,000
2021	5.00%	72,378	72,378	135,000	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		\$ 715,199	\$ 705,230	\$ 3,660,000	

**City of Weslaco, Texas**  
**General Obligation Bonds, Series 2019**

*As of September 30, 2020*

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2020		\$ -	\$ -	\$ -	\$ 8,630,000
2021	5.00%	185,350	180,600	190,000	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		\$ 2,079,400	\$ 1,894,050	\$ 8,630,000	

**City of Weslaco, Texas**  
**Tax and Revenue Certificates of Obligation, Series 2012**

*As of September 30, 2020*

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2020		\$ -	\$ -	\$ -	\$ 1,200,000
2021	3.000%	18,000	18,000	1,200,000	-
Total		\$ 18,000	\$ 18,000	\$ 1,200,000	

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

*As of September 30, 2020*

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2020		\$ -	\$ -	\$ -	\$ 8,920,000
2021	4.500%	201,300	201,300	75,000	8,845,000
2022	4.500%	200,363	200,363	75,000	8,770,000
2023	4.500%	199,238	199,238	80,000	8,690,000
2024	4.500%	198,038	198,038	80,000	8,610,000
2025	4.500%	196,438	196,438	80,000	8,530,000
2026	4.500%	194,838	194,838	90,000	8,440,000
2027	4.500%	193,038	193,038	100,000	8,340,000
2028	4.500%	191,038	191,038	1,035,000	7,305,000
2029	4.500%	167,750	167,750	1,085,000	6,220,000
2030	4.500%	143,338	143,338	1,140,000	5,080,000
2031	4.500%	117,688	117,688	1,185,000	3,895,000
2032	4.500%	91,025	91,025	1,245,000	2,650,000
2033	4.500%	63,013	63,013	1,295,000	1,355,000
2034	4.500%	33,875	33,875	1,355,000	-
Total		\$ 2,190,980	\$ 2,190,980	\$ 8,920,000	

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

*As of September 30, 2020*

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2020		\$ -	\$ -	\$ -	\$ 13,850,000
2021	5.000%	-	292,350	1,700,000	12,150,000
2022	5.000%	292,350	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		\$ 1,038,975	\$ 1,038,975	\$ 13,850,000	

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

*As of September 30, 2020*

Fiscal Year	Interest Rate	Interest Payment		Principal Due	Principal Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2020		\$ -	\$ -	\$ -	\$ 19,045,000
2021	3.000%	456,300	456,300	-	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		\$ 3,571,025	\$ 3,571,025	\$ 19,045,000	

**City of Weslaco, Texas**

**Economic Development Sales Tax Revenue Refunding Bonds, Series 2012**

*As of September 30, 2020*

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2020		\$ -	\$ -	\$ -	\$ 880,000
2021	3.40%	14,960	10,200	280,000	600,000
2022	3.40%	10,200	5,185	295,000	305,000
2023	3.40%	5,185	-	305,000	-
		<u>\$ 30,345</u>	<u>\$ 15,385</u>	<u>\$ 880,000</u>	



## STATISTICAL SECTION



## City of Weslaco, Texas Statistical Section

This part of the City of Weslaco, Texas' comprehensive annual 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.

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

**TABLE I**

*Fiscal Year Ending September 30,*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 14,042,568
Restricted	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	6,259,134
Unrestricted	(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	1,330,224
<b>Total governmental activities net position</b>	<b>\$ 31,721,830</b>	<b>\$ 26,282,194</b>	<b>\$ 25,393,984</b>	<b>\$ 27,985,075</b>	<b>\$ 27,973,344</b>	<b>\$ 27,938,131</b>	<b>\$ 24,612,866</b>	<b>\$ 28,590,573</b>	<b>\$ 24,130,704</b>	<b>\$ 21,631,926</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 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)	\$ 25,204,572
Restricted	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	1,054,121
Unrestricted	(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	2,533,841
<b>Total business-type activities net position</b>	<b>\$ 46,358,963</b>	<b>\$ 46,073,481</b>	<b>\$ 45,986,286</b>	<b>\$ 45,177,341</b>	<b>\$ 43,931,968</b>	<b>\$ 43,482,608</b>	<b>\$ 38,838,802</b>	<b>\$ 35,664,650</b>	<b>\$ 32,418,865</b>	<b>\$ 28,792,534</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 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	\$ 39,247,140
Restricted	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	7,313,255
Unrestricted	(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	3,864,065
<b>Total primary government net position</b>	<b>\$ 78,080,793</b>	<b>\$ 72,355,675</b>	<b>\$ 71,380,270</b>	<b>\$ 73,162,416</b>	<b>\$ 71,905,312</b>	<b>\$ 71,420,739</b>	<b>\$ 63,451,668</b>	<b>\$ 64,257,124</b>	<b>\$ 56,549,569</b>	<b>\$ 50,424,460</b>

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,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 4,426,526
Public safety	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	11,562,667
Emergency medical service	200,937	185,668	151,728	144,283	137,335	101,226	269,969	332,102	462,305	398,347
Health	-	-	-	-	-	-	-	90,067	88,459	104,426
Public works	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	2,669,907
Culture and recreation	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	1,144,997
Development services	-	-	-	-	-	-	2,724,236	3,364,499	3,256,023	3,101,439
Interest on long-term debt	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	1,452,443
Total governmental activities expenses	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	24,860,752
Business-type activities:										
Water and Wastewater	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	7,768,721
Solid Waste	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	3,863,097
Airport	1,172,619	1,035,359	925,905	850,901	687,702	668,097	536,560	507,619	505,452	532,689
Total business-type activities expenses	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	12,164,507
Total primary government expenses	\$ 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	\$ 37,025,259
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines, and charges for services:										
General government	\$ 1,384,500	\$ 1,468,352	\$ 959,157	\$ 896,763	\$ 714,548	\$ 725,949	\$ 588,302	\$ 405,601	\$ 381,323	\$ 363,068
Public Safety	633,021	811,163	978,002	1,156,105	853,586	653,606	748,737	842,122	919,126	695,632
Emergency medical services	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	948,437
Other activities	-	-	-	-	-	-	155,378	394,360	399,142	260,053
Culture and recreation	18,568	33,373	43,670	76,676	85,163	73,359	-	-	-	-
Operating grants and contributions	6,120,352	889,479	648,763	585,580	484,336	273,122	233,899	99,359	16,179	-
Capital grants and contributions	435,057	625,616	446,200	137,739	571,469	1,065,726	463,568	454,010	724,994	500,163
Total governmental activities program revenues	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	2,767,353
Business-type activities:										
Charges for services:										
Water and Wastewater	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	9,411,060
Solid Waste	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	4,127,015
Airport	302,725	321,909	215,430	245,143	183,291	159,919	207,034	156,302	110,894	111,261
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,381,244	911,329	1,001,408	2,325,711	1,658,319	4,148,622	481,853	664,218	2,424,601	154,017
Total business-type activities program revenues	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	13,803,353
Total primary government program revenues	\$ 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	\$ 16,570,706
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (22,093,399)
Business-type activities	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	1,638,846
Total primary government net expense	\$ (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)	\$ (20,454,553)

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,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental activities:</b>										
Taxes:										
Ad valorem	\$ 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	\$ 9,632,751
Sales	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	9,864,624
Occupancy	381,039	349,728	365,473	444,151	351,911	384,439	419,960	382,934	336,419	358,390
Franchise and other	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	1,724,786
Intergovernmental	-	-	-	-	-	-	-	16,149	4,421	77,375
Investment earnings	200,243	272,670	191,883	103,608	60,217	31,839	130,602	89,278	66,619	64,147
Gain (loss) on sale/retirement of capital assets	-	55,829	-	44,939	-	-	56,720	(348,529)	116,255	100,339
Miscellaneous	320,215	353,746	858,322	353,902	721,662	232,759	377,674	226,739	249,246	301,972
Rescindment of contingency	-	-	-	-	-	-	-	-	-	550,000
Absences	-	-	-	-	-	-	-	-	191,261	-
Transfers	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	996,770
<b>Total governmental activities</b>	<b>28,500,161</b>	<b>27,655,947</b>	<b>26,751,618</b>	<b>26,618,641</b>	<b>24,020,554</b>	<b>23,677,666</b>	<b>24,880,019</b>	<b>24,034,197</b>	<b>23,905,485</b>	<b>23,671,154</b>
<b>Business-type activities</b>										
Investment earnings	5,880	13,124	7,672	2,044	1,513	1,350	4,013	19,609	13,629	109
Transfers	(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)	(996,770)
<b>Total business-type activities</b>	<b>(2,175,424)</b>	<b>(2,427,437)</b>	<b>(2,043,373)</b>	<b>(3,234,267)</b>	<b>(1,045,591)</b>	<b>(2,039,960)</b>	<b>(1,017,127)</b>	<b>(1,001,531)</b>	<b>(1,007,511)</b>	<b>(996,661)</b>
<b>Total primary government</b>	<b>26,324,737</b>	<b>25,228,510</b>	<b>24,708,245</b>	<b>23,384,374</b>	<b>\$ 22,974,963</b>	<b>\$ 21,637,706</b>	<b>\$ 23,862,892</b>	<b>\$ 23,032,666</b>	<b>\$ 22,897,974</b>	<b>\$ 22,674,493</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 5,439,636	\$ 888,210	\$ (178,860)	\$ (580,310)	\$ 35,213	\$ 3,325,265	\$ 4,509,837	\$ 2,955,875	\$ 2,594,597	\$ 1,577,755
Business-type activities	285,482	87,195	858,980	1,245,373	449,360	4,643,806	2,935,101	2,744,668	3,601,511	642,185
<b>Total primary government</b>	<b>\$ 5,725,118</b>	<b>\$ 975,405</b>	<b>\$ 680,120</b>	<b>\$ 665,063</b>	<b>\$ 484,573</b>	<b>\$ 7,969,071</b>	<b>\$ 7,444,938</b>	<b>\$ 5,700,543</b>	<b>\$ 6,196,108</b>	<b>\$ 2,219,940</b>

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,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Fund</b>										
Post GASB 54										
Nondisposable	\$ 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	57,391
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,874,000	2,874,000	2,874,000	-	-	-	-	-	-	-
Unassigned	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	779,427
<b>Total General Fund</b>	<b>\$ 12,044,822</b>	<b>\$10,844,329</b>	<b>\$ 9,423,776</b>	<b>\$ 7,529,804</b>	<b>\$ 8,081,571</b>	<b>\$ 9,024,986</b>	<b>\$ 7,125,040</b>	<b>\$ 5,468,654</b>	<b>\$ 1,692,898</b>	<b>\$ 836,818</b>
<b>All Other Governmental Funds</b>										
Post GASB 54										
Nondisposable	\$ -	\$ -	\$ -	\$ -	\$ 34,311	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	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	1,618,055
Assigned	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	4,718,358
Capital projects funds	-	-	-	-	-	-	6,399,437	7,701,460	1,166,502	1,206,560
<b>Total all other governmental funds</b>	<b>\$ 14,889,265</b>	<b>\$17,647,934</b>	<b>\$ 5,451,814</b>	<b>\$ 5,618,250</b>	<b>\$ 5,943,424</b>	<b>\$ 6,762,740</b>	<b>\$ 11,320,946</b>	<b>\$12,329,248</b>	<b>\$ 5,247,766</b>	<b>\$ 7,542,973</b>

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

(1) The City implemented GASB Statement No. 54 in fiscal year 2011

**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,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Taxes:										
Property taxes	\$ 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	\$ 9,847,584
Sales	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	9,864,624
Occupancy	381,039	349,728	365,473	444,151	351,911	384,439	419,960	382,934	336,419	358,390
Franchise and other	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	1,724,786
Charges for services	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	2,565,294
Program income	-	-	-	-	-	-	360,576	389,134	341,845	150,054
Intergovernmental	6,225,877	1,390,095	893,763	723,319	1,055,805	1,338,849	697,467	569,518	745,594	577,538
Licenses and permits	653,513	693,682	719,740	664,177	493,175	479,501	446,828	405,601	381,323	363,068
Investment income	200,243	272,670	191,883	103,608	60,217	31,839	130,602	89,278	66,619	64,147
Fines and forfeitures	356,116	503,972	696,728	752,327	698,250	523,767	636,486	668,891	772,752	463,778
Contributions	-	-	-	-	-	-	2,736	50	500	142
Miscellaneous	320,215	478,746	1,059,521	314,916	889,172	394,982	374,938	527,110	248,746	301,830
Total revenues	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	26,281,235
<b>Expenditures</b>										
General government	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	4,310,348
Public Safety	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	11,664,128
Public Works	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	1,342,074
Health	-	-	-	-	-	-	-	85,956	84,348	100,315
Culture and recreation	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	1,073,525
Economic development	591,644	590,635	576,780	581,915	589,640	593,849	1,568,220	2,144,101	1,923,521	2,171,025
Nondepartmental	-	-	-	-	-	-	565,216	477,223	395,172	684,020
Capital outlay	-	-	-	949,108	4,530,211	4,692,755	2,390,421	823,384	2,416,513	633,058
Debt service										
Principal	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	9,628,025
Interest and fiscal charges	1,153,870	1,051,561	755,633	782,830	786,594	890,033	1,152,048	1,197,893	1,352,412	1,420,192
Advance refunding escrow	-	-	-	-	77,555	-	-	-	-	-
Total expenditures	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	33,026,710
Excess of revenues over (under) expenditures	(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	(6,745,475)
<b>Other Financing Sources (Uses)</b>										
Proceeds from sale of capital assets	\$ 194,261	\$ 55,829	\$ 92,117	\$ 300,741	\$ -	\$ -	\$ 56,720	\$ 56,950	\$ 124,435	\$ 367,174
Debt Proceeds	440,000	14,257,349	4,506,702	2,184,974	4,450,281	658,299	-	22,157,515	1,155,000	9,044,918
Proceeds from 380 Agreements	-	-	-	-	-	-	-	-	-	-
Bond interest	-	-	-	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	701,808	-	-	-	-	-
Bond redemption	-	-	-	-	(4,392,713)	-	-	(14,630,000)	-	-
Debt issuance costs	-	-	-	-	-	-	-	(366,731)	(30,323)	(101,814)
Volunteer separation expense	-	-	-	-	-	-	-	-	-	-
380 Agreement expenditures	-	-	-	-	-	-	(738,139)	(581,949)	(780,562)	(912,644)
Accrued 380 Agreement Interest	-	-	-	-	-	-	-	-	(949,937)	-
Sales Tax rebates	-	-	-	-	-	-	(580,488)	(645,082)	(843,934)	-
Transfers in	4,496,390	4,780,188	5,065,169	4,686,079	2,208,425	2,419,014	-	-	-	-
Transfers out	(2,315,086)	(2,444,268)	(3,329,170)	(1,699,768)	(1,286,321)	(2,460,758)	(700,000)	(700,000)	(480,000)	(200,000)
Total other financing sources (uses)	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)	8,197,634
Net change in fund balances	\$ (64,527)	\$ 13,616,673	\$ 1,727,536	\$ (876,941)	\$ (1,762,731)	\$ 196,754	\$ 573,147	\$ 9,353,244	\$ 501,913	\$ 1,452,159
<b>Debt service as a percentage of noncapital expenditures</b>										
	14%	15%	13%	14%	14%	16%	19%	19%	17%	52%

**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
2011	2010	9,310,540	8,704,523	93.49%	537,361	9,241,884	99.26%
2012	2011	9,346,948	8,859,282	94.78%	416,479	9,275,761	99.24%
2013	2012	9,559,563	9,095,317	95.14%	386,401	9,481,717	99.19%
2014	2013	9,667,300	9,119,003	94.33%	446,866	9,565,869	98.95%
2015	2014	9,952,186	9,682,147	97.29%	151,976	9,834,123	98.81%
2016	2015	10,995,171	10,562,367	96.06%	250,955	10,813,322	98.35%
2017	2016	11,478,848	10,983,948	95.69%	474,357	11,458,305	99.82%
2018	2017	11,812,045	11,481,619	97.20%	259,969	11,741,588	99.40%
2019	2018	11,882,540	11,480,754	96.62%	192,992	11,673,746	98.24%
2020	2019	12,988,669	12,512,099	96.33%	-	12,512,099	96.33%

Source: Hidalgo County Tax Assessor-Collector  
[www.hidalgocountytax.org](http://www.hidalgocountytax.org)

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

<b>FISCAL YEAR</b>	<b>RESIDENTIAL PROPERTY</b>	<b>COMMERCIAL PROPERTY</b>	<b>TAX-EXEMPT</b>	<b>TOTAL TAXABLE ASSESSED VALUE</b>	<b>TOTAL DIRECT OVERLAPPING TAX RATE</b>
2011	773,012,581	638,233,550	352,481,585	1,411,246,131	2.6978
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	2.5842

Source: Hidalgo County Appraisal District  
[www.hidalgoad.org](http://www.hidalgoad.org)

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

	2019			2010		
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	\$ 40,769,270	1	2.02%	\$ 38,475,794	1	2.73%
H E B Weslaco Transportation	21,405,246	2	1.06%	12,594,975	2	0.89%
Wal-Mart Real Estate Business	16,413,816	3	0.81%	8,635,324	5	0.61%
G3C Weslaco Westgate	15,173,098	4	0.75%			
Capcor Weslaco LTD	14,959,087	5	0.74%			
AEP Texas Central Co	14,077,720	6	0.70%	6,298,560	10	0.45%
Weslaco Micro-Hospital LLC	9,400,000	7	0.47%			
Jazman RGV Group	8,530,254	8	0.42%			
Lowes Home Centers Inc	7,689,390	9	0.38%	5,260,544	13	0.35%
BOYD Weslaco LTD	7,669,766	10	0.38%			
Weslaco Palm Plaza	7,638,938	11	0.38%	5,807,190	11	0.41%
Weslaco MHC Limited Partnership	7,577,505	12	0.38%			
JCPenney #1101	7,485,894	13	0.37%	6,747,644	8	0.48%
Weslaco Motors LLP	7,363,133	14	0.36%			
WesFar Apartments LLC	7,165,969	15	0.36%			
HD Development Properties LP	7,091,344	16	0.35%	4,642,820	17	0.33%
Parkwood Rentals LTD	6,587,499	17	0.33%			
HIC Texas LLC	6,226,022	18	0.31%	4,538,362	18	0.32%
RST Texas Retail Estate LP	6,106,901	19	0.30%			
Weslaco Ford/Mercury Inc	6,006,444	20	0.30%			
Clearview Weslaco LLP				10,878,712	3	0.77%
John Knox Villages				10,501,271	4	0.74%
Reyna Family Land LTD				8,626,661	6	0.61%
Wal-Mart Property Tax Department				8,164,299	7	0.58%
Lowe's #2980				6,410,698	9	0.45%
2300 Sugar Sweet Realty LLC				5,722,531	12	0.41%
Home Depot Centers Inc				5,194,551	14	0.37%
Verizon Southwest				4,868,350	15	0.34%
JC Penny #1101				4,714,172	16	0.33%
SDI Weslaco Holdings				4,524,398	19	0.32%
RGV Express LTD				4,488,802	20	0.32%
Saenz Maximo						
<b>TOTAL</b>	<b>\$ 225,337,296</b>		<b>11.17%</b>	<b>\$ 167,095,658</b>		<b>11.82%</b>

Source:  
[www.hidalgoad.org](http://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										
2011	2010	0.5049	0.1918	0.6967	1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
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	0.0192	2.5842
TAX LEVIES										
2011	2010			9,310,540	19,795,607	37,953,268	148,860,984	18,910,655	13,752,694	248,583,748
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	7,861,517	385,424,283

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**CITY OF WESLACO, TEXAS  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AS OF SEPTEMBER 30, 2020  
TABLE IX**

	<b>GROSS DEBT Less SINKING FUND</b>	<b>ESTIMATED % DEBT APPLICABLE TO CITY OF WESLACO</b>	<b>CITY OF WESLACO SHARE OF DEBT</b>
City of Weslaco, Texas	\$ 33,648,713	100.00%	\$ 33,648,713
Total Direct Debt	33,648,713		33,648,713
Weslaco Ind School Dist	68,581,526	72.44%	49,680,457
Hidalgo County	366,620,000	5.31%	19,467,522
Hidalgo Co Drainage Dist #1	172,350,000	5.54%	9,548,190
South Texas College	128,814,693	4.99%	6,427,853
Total overlapping debt	736,366,219		85,124,022

Total direct and overlapping debt: **\$ 118,772,735**

Percent of Assessed Valuation: 5.89%

Direct Overlapping Debt per Capita: \$ 2,853

POPULATION: 41,629

ASSESSED VALUATION \$ 2,017,633,430

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

**Legal Debt Margin Calculation to Fiscal Year 2019**

Assessed Value	\$ 2,017,633,430
Debt Limit (10% of assessed value)	201,763,343
Debt applicable to limit:	
General outstanding debt	90,923,453
Less: Amount set aside for repayment of general obligation debt	(531,690)
Total net debt applicable to limit	<u>90,391,763</u>
Legal debt margin	<u>111,371,580</u>

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Debt Limit	\$ 141,124,613	\$ 142,173,949	\$ 139,051,427	\$ 159,911,825
Total net debt applicable to limit	<u>24,605,645</u>	<u>21,684,025</u>	<u>26,487,380</u>	<u>24,605,645</u>
Legal debt margin	<u>\$ 116,518,968</u>	<u>\$ 120,489,924</u>	<u>\$ 112,564,047</u>	<u>\$ 135,306,180</u>
Total net debt applicable to the limit as a percentage of debt limit	17.44%	15.25%	19.05%	15.39%

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.

	2015		2016		2017		2018		2019		2020
\$	151,195,149	\$	166,102,626	\$	173,352,656	\$	181,167,101	\$	188,603,939	\$	201,763,343
	23,040,965		19,704,803		18,296,141		16,806,190		90,541,350		90,391,763
\$	128,154,184	\$	146,397,823	\$	155,056,515	\$	164,360,911	\$	98,062,589	\$	111,371,580
	15.24%		11.86%		10.55%		9.28%		48.01%		44.80%

**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	
2011	8,789,754	6,094,985	621,415	3,316,184	542,298	64,930	5.46
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	-	-	-

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

**Governmental Activities**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificate of Obligation</b>	<b>Capital Leases</b>	<b>Bond Premiums</b>	<b>Notes Payable</b>	<b>380 Agreement Infrastructure</b>	<b>Total Governmental Activities</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2011	620,800	23,223,916	-	-	-	6,815,202	30,659,918	5.78%	859.54
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

**Business-Type Activities**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificate of Obligation</b>	<b>Revenue Bonds</b>	<b>Capital Leases</b>	<b>Tax Notes</b>	<b>Bond Premiums</b>	<b>Total Business-Type Activities</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2011	1,300,284	2,845,000	21,290,000	-	-	-	25,435,284	4.79%	713.07
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	-	4,424,653	54,131,934	6.88%	1,300.34

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

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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
2011	620,800	23,223,916	-	-	-	603,258	23,241,458	1.65%	651.57
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	531,690	29,851,860	1.48%	717.09

**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
2011	1,300,284	2,845,000	21,290,000	-	-	-	603,258	24,832,026	1.76%	696.16
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	531,690	53,600,244	2.66%	1,287.57

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			
	2010	2011	2012	2013
Agriculture, Forestry, Fishing, Hunting	\$ -	\$ -	\$ -	\$ -
Construction	998,716	1,547,374	2,839,442	4,144,701
Manufacturing	908,666	1,043,977	944,415	1,374,389
Wholesale Trade	9,751,237	10,052,972	12,488,875	12,138,082
Retail trade	274,769,984	296,818,500	317,956,827	321,405,175
Transportation and warehousing	1,417,200	1,311,262	1,637,871	303,218
Information	6,916,201	7,440,719	9,086,834	13,229,751
Finance and insurance	2,172,227	2,096,979	1,999,036	2,177,332
Real estate, rental and leasing	3,062,869	2,730,662	2,783,960	2,881,418
Professional, scientific and technical	891,767	1,136,202	1,072,369	838,393
Administration, support, waste management, and remediation	1,730,296	3,592,463	6,176,976	5,830,822
Educational Services	17,608	38,083	57,033	60,791
Health care and social assistance	696,535	512,033	560,036	560,511
Arts, entertainment, and recreation	1,143,847	1,774,225	1,692,620	1,952,878
Accommodation and food service	70,735,449	76,342,659	82,835,766	86,549,881
Other Services	8,923,286	9,623,843	10,287,220	10,073,577
Other	16,125	19,346	15,201	17,086
<b>Total</b>	<b>\$ 384,152,013</b>	<b>\$ 416,081,299</b>	<b>\$ 452,434,481</b>	<b>\$ 463,538,005</b>
City Direct Sales Tax	2.00%	2.00%	2.00%	2.00%

Source:

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

2014		2015		2016		2017		2018		2019	
\$	3,207	\$	481	\$	-	\$	-	\$	-	\$	-
	3,219,615		4,096,068		4,826,488		4,674,526		9,760,889		12,862,191
	2,222,116		2,378,251		2,445,955		2,072,963		2,107,094		5,557,368
	11,505,002		10,535,297		19,201,140		16,838,228		15,259,410		17,620,327
	331,306,451		321,305,069		309,212,380		305,882,008		328,057,738		329,808,142
	276,655		-		281,022		-		-		411,291
	13,421,501		12,686,024		12,326,179		13,508,709		14,393,780		14,811,056
	2,641,731		1,607,030		2,651,045		2,878,573		3,251,223		3,255,107
	2,356,502		2,654,053		5,278,955		6,528,384		7,465,029		8,590,041
	989,140		1,137,739		1,024,656		1,018,046		993,481		837,433
	5,368,529		2,194,032		1,768,350		2,109,445		2,299,598		3,143,185
	166,539		94,791		350,578		318,639		330,995		480,058
	691,519		1,256,497		941,118		704,434		767,353		674,483
	2,581,663		3,673,234		3,377,805		4,406,081		4,652,256		5,176,107
	96,841,186		109,219,280		111,418,585		115,038,118		122,294,284		130,022,066
	10,221,189		10,775,234		11,543,232		11,810,678		15,390,148		15,836,736
	19,870		22,000		6,560		16,481		14,056		2,721
<b>\$</b>	<b>483,832,415</b>	<b>\$</b>	<b>483,635,080</b>	<b>\$</b>	<b>486,654,048</b>	<b>\$</b>	<b>487,805,313</b>	<b>\$</b>	<b>527,037,334</b>	<b>\$</b>	<b>549,088,312</b>
	2.00%		2.00%		2.00%		2.00%		2.00%		2.00%

CITY OF WESLACO, TEXAS  
SALES TAX REVENUE PAYERS BY INDUSTRY  
CALENDAR YEARS 2019 AND 2010  
TABLE XV

	2019				2010			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Construction	71	5.50%	\$ 257,244	2.34%	49	4.73%	\$ 19,974	0.26%
Manufacturing	60	4.65%	111,147	1.01%	38	3.67%	18,173	0.24%
Wholesale Trade	79	6.12%	352,407	3.21%	34	3.29%	195,025	2.54%
Retail trade	572	44.31%	6,596,163	60.06%	460	44.44%	5,495,400	71.53%
Transportation and warehousing	6	0.46%	8,226	0.07%	6	0.58%	28,344	0.37%
Information	22	1.70%	296,221	2.70%	26	2.51%	138,324	1.80%
Finance and insurance	20	1.55%	65,102	0.59%	20	1.93%	43,445	0.57%
Real estate, rental and leasing	16	1.24%	171,801	1.56%	15	1.45%	61,257	0.80%
Professional, scientific and technical	39	3.02%	16,749	0.15%	49	4.73%	17,835	0.23%
Administration, support, waste management, and remediation	48	3.72%	62,864	0.57%	47	4.54%	34,606	0.45%
Educational Services	8	0.62%	9,601	0.09%	6	0.58%	352	0.00%
Health care and social assistance	14	1.08%	13,490	0.12%	14	1.35%	13,931	0.18%
Arts, entertainment, and recreation	22	1.70%	103,522	0.94%	15	1.45%	22,877	0.30%
Accommodation and food service	193	14.95%	2,600,441	23.68%	132	12.75%	1,414,709	18.41%
Other Services	119	9.22%	316,735	2.88%	113	10.92%	178,466	2.32%
Other	2	0.15%	54	0.00%	11	1.06%	323	0.00%
<b>Total</b>	<b>1,291</b>	<b>100.00%</b>	<b>\$ 10,981,766</b>	<b>100.00%</b>	<b>1,035</b>	<b>100.00%</b>	<b>\$ 7,683,040</b>	<b>100.00%</b>

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**

<b>FISCAL YEAR</b>	<b>CITY DIRECT RATE</b>	<b>STATE RATE</b>	<b>TOTAL TAX RATE</b>
2011	2.00%	6.25%	8.25%
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%

**CITY OF WESLACO, TEXAS**  
**MISCELLANEOUS STATISTICAL FACTS**  
**SEPTEMBER 30, 2020**  
**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		
<b>Miles of Street:</b>		<b>City:</b>	
Graded	1.65	Number of City Employees	340
Paved	227	Number of Street Lights	1600
<b>Miles of Sewers:</b>		<b>Municipal Water Plant:</b>	
Storm	97.3	Number of Connections:	11,958
Sanitary	214.2	Miles of Water Mains	131.0
<b>Building Permits:</b>		<b>Average Daily:</b>	<b>Gallons</b>
Permits Issued	591	Consumption	5,630,000
Estimated Cost	\$ 58,919,796	Daily Plant Capacity	8,800,000
<b>Fire Protection:</b>		Water Sold for Year	1,631,888,300
Number of Stations	3	<b>Population:</b>	
Number of Employees	74	1940 Census	6,883
Number of Volunteers	0	1950 Census	7,487
<b>Police Protection</b>		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
<b>Recreation</b>		2000 Census	26,935
Parks-Number of Acres (Developed)	175.93	2010 Census	35,670
Parks-Number of Acres (Undeveloped)	57.99	2019-Estimated	41,629
Skateboard Parks	1	<b>Number of Hospitals/ER's</b>	
Tennis Courts	9	KNAPP Medical Center	1      No. of beds    233
Golf Courses	2	South Texas ER	1      No. of beds    10
Swimming Pools	1	Valley Baptist Micro-Hospital	1      No. of beds    22
Parks	7		
<b>Education:</b>			
<b>Public/Private Schools</b>		<b>Airports</b>	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			
<b>Colleges/Universities</b>		<b>Source:</b>	
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		<a href="http://www.weslacoedc.com">www.weslacoedc.com</a>	
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**

<b>CALENDAR YEAR</b>	<b>POPULATION</b>	<b>PERSONAL INCOME</b>	<b>PER CAPITA PERSONAL INCOME</b>	<b>UNEMPLOYMENT RATE</b>
2010	34,701	514,199,418	14,818	9.9%
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%

Source: [www.census.gov](http://www.census.gov)

Source: [www.wfsolutions.org](http://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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>										
Building permits issued	1,964	1,946	1,935	1,998	2,001	2,039	2,099	2,309	1,688	591
Building inspections conducted	3,625	3,488	3,260	3,985	4,670	4,991	5,066	5,117	6,179	745
<b>Police</b>										
Physical Arrests-Adults	2,624	2,619	2,747	2,308	2,572	2,531	2,693	2,774	2,460	1,607
Physical Arrests-Juveniles	620	639	385	474	306	274	352	363	318	151
<b>Fire</b>										
Fire responses	1,876	1,704	1,696	1,751	2,097	1,897	1,876	2,197	2,410	2,311
EMS responses	5,042	5,486	5,251	5,919	5,443	5,880	6,424	6,511	6,614	8,607
<b>Library</b>										
Volumes in collection	58,814	67,800	66,368	69,903	72,514	76,787	80,723	83,145	90,066	92,098
Total volumes borrowed	60,876	64,790	46,606	53,185	53,416	52,469	49,769	50,267	55,688	44,365
<b>Water</b>										
New connections	133	133	126	74	121	168	281	281	377	349
Average daily consumption (million of gallons)	6.01	6.01	5.29	4.80	5.26	5.81	5.23	5.23	5.15	5.63
Peak daily consumption (million of gallons)	8.86	-	6.80	7.95	6.17	6.74	5.15	5.15	6.45	6.60
<b>Wastewater</b>										
Average daily wastewater treatment (million of gallons)	4.13	-	4.92	3.79	3.68	3.68	4.10	4.10	3.67	4.00
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1	1	1
Patrol Units	26	70	56	59	59	59	60	60	75	75
<b>Fire Stations</b>	3	3	3	3	3	3	3	3	3	3
<b>Other public works</b>										
Street (miles)	97.54	97.54	223.00	223.00	223.00	223.00	223.00	223.00	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
<b>Parks &amp; Recreation</b>										
Acreage (Developed)	153.53	153.53	171.97	171.97	171.97	171.97	171.97	171.97	171.97	175.93
Acreage (Undeveloped)	-	-	-	-	-	-	-	-	57.99	57.99
Playgrounds	11	11	16	16	16	16	16	16	16	16
Golf courses (private)	1	1	2	2	2	2	2	2	2	2
<b>Water</b>										
Water main (miles)	126.0	126.0	128.0	129.6	129.6	129.6	129.6	129.6	131.0	131.5
Fire hydrants	-	-	-	1,670	1,670	1,670	1,670	1,670	1,682	1,693
Storage capacity (million of gallons)	7.90	7.90	2.39	6.39	6.39	6.39	6.39	6.39	6.39	15.30
<b>Wastewater</b>										
Sanitary sewer (miles)	118.01	118.01	213.00	213.31	213.31	213.31	213.31	213.31	214.20	214.80
Storm Sewer (miles)	50.94	50.94	96.00	96.39	96.39	96.39	96.39	96.39	97.30	97.50
Treatment capacity (million of gallons)	7.25	7.25	7.25	8.25	8.25	8.25	8.25	8.25	8.25	7.40

**CITY OF WESLACO, TEXAS  
TOP TEN PRINCIPAL EMPLOYERS  
CALENDAR YEAR 2019 AND 2010  
TABLE XX**

<b>EMPLOYER</b>	<b>2019</b>			<b>2010</b>		
	<b>EMPLOYEES</b>	<b>RANK</b>	<b>PERCENTAGE OF TOTAL CITY EMPLOYMENT</b>	<b>EMPLOYEES</b>	<b>RANK</b>	<b>PERCENTAGE OF TOTAL CITY EMPLOYMENT</b>
Weslaco ISD	2,358	1	43.39%	2,817	1	44.30%
Knapp Medical Center	900	2	16.56%	1,000	2	15.73%
HEB (3 Locations)	450	3	8.28%	407	8	6.40%
NAMCE/Woodcrafters	375	4	6.90%	592	3	9.31%
City of Weslaco	298	5	5.48%	351	5	5.52%
Wal-Mart	260	6	4.78%	260	6	4.09%
Payne Auto Group	250	7	4.60%	389	4	6.12%
South Texas College	214	8	3.94%	214	7	3.37%
Valley Grande Manor	180	9	3.31%	161	9	2.53%
Texas A&M Ag	150	10	2.76%	-	-	-
Foremost Paving				168	10	2.64%
<b>Total</b>	<b>5,435</b>		<b>100.00%</b>	<b>6,359</b>		<b>100.00%</b>

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**

<b>FUNCTION</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
General Government	38	31	36	40	53	49	51	53	53	54
Legislative	7	7	7	7	7	7	7	7	7	7
Other	31	24	29	33	46	42	44	46	46	47
Public Safety	141	132	140	136	152	162	167	171	178	179
Public Works	25	37	22	42	45	45	44	44	44	44
Health & Welfare	2	1	2	2	3	3	3	4	4	5
Recreation	3	3	2	7	12	12	12	14	11	11
Refuse Collection	4	3	3	1	1	1	2	4	2	2
Library	12	11	17	16	16	16	15	15	15	15
Water	23	22	31	22	23	17	15	14	15	15
Wastewater	0	0	14	11	12	3	4	4	5	5
Airport	4	4	3	3	3	3	4	4	4	4
Museum	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>252</b>	<b>244</b>	<b>270</b>	<b>280</b>	<b>320</b>	<b>311</b>	<b>317</b>	<b>327</b>	<b>331</b>	<b>334</b>



## 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, 2020, 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 March 26, 2021. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a significant deficiency.

### **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 2020-002.

### **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.

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

Harlingen, Texas  
March 26, 2021

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR THE 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, 2020. 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 The 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, 2020.

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## Report on Internal Control over Compliance

Management of the City of Weslaco 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's 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's 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-003, that we consider to be significant deficiencies.

The City of Weslaco's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Weslaco's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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  
March 26, 2021

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**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?	<u>  X  </u> yes	<u>      </u> no
* Significant deficiencies identified that are not considered to be material weakness(es)?	<u>  X  </u> yes	<u>      </u> none reported
Noncompliance material to financial statements noted?	<u>  X  </u> yes	<u>      </u> no

*Federal Awards*

Internal control over major programs:		
* Material weakness(es) identified?	<u>      </u> yes	<u>  X  </u> no
* Significant deficiencies identified that are not considered to be material weakness(es)?	<u>  X  </u> yes	<u>      </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)?	<u>  X  </u> yes	<u>      </u> no
Identification of major programs:		

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
21.019	COVID-19 Coronavirus Relief Fund- CARES Act

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<u>      </u> 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**

**A. Material Weakness in Internal Control**

**Reference Number: (2020-001)**

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

**Criteria:**

Internal controls should be designed and implemented over the accounting of governmental fund accounts receivable and related revenue to ensure amounts recorded in the financial statements are in accordance with the modified accrual basis of accounting. The material prior period adjustment in the City's financial statements is an indication of a material weakness.

**Condition Found:**

Accounts receivable for EMS billings for the year ended September 30, 2020 were not deferred and considered unavailable revenue in accordance with the modified accrual basis of accounting. These amounts related to EMS accounts receivable required adjustment during our audit.

Our audit procedures identified other additional amounts related to grants receivable and related revenues which management also elected to correct. Because these errors were not prevented, or detected and corrected timely, there is an indication that the internal controls for accounting in accordance with the modified accrual basis of accounting were not effective for fiscal year 2020.

**Cause:**

The City did not have internal controls in place to review governmental fund accounts receivable and related revenue amounts, and identify and adjust for those amounts in accordance with the modified accrual basis of accounting.

**Effect:**

The accounting treatment for EMS accounts receivable resulted in material misstatements that were not prevented, or detected and corrected. Other amounts related to grants receivable and related revenues were not identified and adjusted by management in a timely manner.

**Recommendation:**

We recommend that the City review amounts recorded as accounts receivable and identify and adjust for those amounts that do not meet modified accrual basis of accounting. In addition, we recommend Management review its grant activity for proper recognition of accounts receivable and related revenues.

**Views:**

Management agrees with the findings. See corrective action plan beginning on page 210.

**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- Continued**

**B. Significant Deficiency in Internal Control and Compliance Finding**

<b>Reference Number: (2020-002)</b>	<b>Budgetary process and expenditures in excess of appropriations</b>
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 for an aggregate total of \$2,177,733.
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 210.

**City of Weslaco, Texas**  
**Schedule of Findings and Questioned Costs**

**Section III– Findings Relating to Internal Control Over Major Programs**

**B. Significant Deficiency in Internal Control over Compliance**

**Reference Number: (2020-003)                      Review of Reimbursement Request Forms and Supporting Documentation**

**CFDA 21.019 COVID-19 Coronavirus Relief Fund**

**Passed through identifying number: 2020-HID-CRF-WES-05**

**Award Year: 2019-2020**

**Federal Agency: U.S. Department of Treasury**

**Passed through Hidalgo County**

Criteria:	Non-federal entities are required to establish and maintain effective internal controls over compliance in accordance with 2 CFR 200.303
Condition Found:	During testing of payroll costs charged to the program, CRI identified several instances where the amounts requested on the Reimbursement Request Forms did not match the support provided. Daily Activity Reports (DARs) submitted for reimbursement did not match actual supporting documentation such as check stubs. Differences were identified in both fringe benefits, and classification of time card hours.
Cause:	Although the City did use the appropriate DARs provided by the County, the City relied on the form's automatic calculation for certain fringe benefits. Other differences were a result of oversight of the Request for reimbursements and the supporting documentation.
Effect:	The noted oversight resulted in various adjustments made by the County in their review of the reimbursement requests. The adjustment detail was not provided to the City for reconciliation of total costs charged to the program.
Questioned Cost:	\$972
Recommendation:	CRI recommends that the support for the grant reimbursements be reviewed in detail by the Accountant and Finance Director prior to submitting expenditures for reimbursement. The amounts requested should be cross checked with the supporting expenditure detail to ensure only amounts paid by the City are being requested for reimbursement.
Views:	Management agrees with the findings. See corrective action plan beginning on page 210.

# City of Weslaco

*"The City on the Grow"*



David Suarez, Mayor  
Leo Munoz, Mayor Pro-Tem, District 1  
Greg Kerr, Commissioner, District 2  
Jose "J.P." Rodriguez, Commissioner, District 3  
Adrian Farias, Commissioner, District 4  
Letty Lopez, Commissioner, District 5  
Josh Pedraza, Commissioner, District 6

Mike R. Perez, City Manager

## Schedule of Findings and Questioned Costs Corrective Action Plan

### PROGRAM DESCRIPTION

Reference Number: (2020-001)

Corrective Action Plan:

### CORRECTIVE ACTION PLAN

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

Management will implement procedures that include review of governmental fund accounts receivable and related revenue amounts for EMS billing and grants and adjust for those amounts that do not meet revenue recognition in accordance with the modified accrual basis of accounting.

Reference Number: (2020-002)

Corrective Action Plan:

**Budgetary process and expenditures in excess of appropriations**

During the fiscal year there were two rounds of budget amendments designed to incorporate unbudgeted projects into 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.

Reference Number: (2020-003)

Corrective Action Plan:

**Review of Reimbursement Request Forms and Supporting Documentation**

Management will implement procedures that include cross checking total reimbursement request to supporting check disbursement detail to ensure amounts requested are accurate and agree to financial records.

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: (2019-001)**

**Emergency medical service billing and reconciliation process**

Status:

Finding has been resolved, no further corrective action is currently deemed necessary. Management performed a year-end reconciliation of EMS collections receipted through the City's accounting software and amounts posted to the separate billing software to make certain balances included all relevant EMS activity.

**Reference Number: (2019-002)**

**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 (2020-002).

# City of Weslaco, Texas

## Schedule of Expenditures of Federal Awards

*For the Year Ended September 30, 2020*

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-through Entity Identifying Number	(4) Provided to Subrecipients	(5) Federal Expenditures
<b>U.S. Department of Justice</b>				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034		-	24,560
Law Enforcement Assistance FBI Advanced Police Training	16.300		-	12,723
Public Safety Partnership and Community Policing Grants	16.710		-	79,741
Recovery Act- Assistance to Rural Law Enforcement to Combat Crime and Drugs				
Competitive Grant Program	16.810		-	18,042
NICS Act Record Improvement Program	16.813		-	15,000
Equitable Sharing Program	16.922		-	56,519
Passed through Office of the Governor				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3526101	-	72,640
Violence Against Women Formula Grants	16.588	3814701	-	14,378
Victims of Crime Act Formula Grant Program	16.575	3814601	-	33,984
Total Passed through Office of the Governor				121,002
Total U.S. Department of Justice				327,587
<b>U.S. Department of Treasury</b>				
Passed through Hidalgo County, Texas				
COVID -19 Coronavirus Relief Fund - CARES ACT	21.019	2020-HID-CRF-WES-05	-	4,888,975
<b>U.S. Department of Homeland Security</b>				
Passed through Office of the Governor				
Homeland Security Grant Program	97.067	3173404	-	108,083
Homeland Security Grant Program	97.067	3814201	-	19,000
Total passed through Office of the Governor				127,083
Total U.S. Department of Homeland Security				127,083
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 5,343,645</b>

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, 2020. 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, 2020, the City of Weslaco, Texas had no sub-recipients.

#### **Federal Loans and Loan Guarantees**

During the year ended September 30, 2020, the City had no outstanding federal loans payable or loan guarantees.

#### **Federally Funded Insurance**

During the year ended September 30, 2020, the City had no federally funded insurance.

#### **Noncash Awards**

During the year ended September 30, 2020, 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, 2020, the City did not elect to use this rate.