

City of Weslaco, Texas

# Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2013





**COMPREHENSIVE**  
**ANNUAL FINANCIAL REPORT**  
**CITY OF WESLACO, TEXAS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**Issued By:**  
**LEONARDO OLIVARES, City Manager**  
**BRET MANN, Finance Director**

**CITY OF WESLACO, TEXAS  
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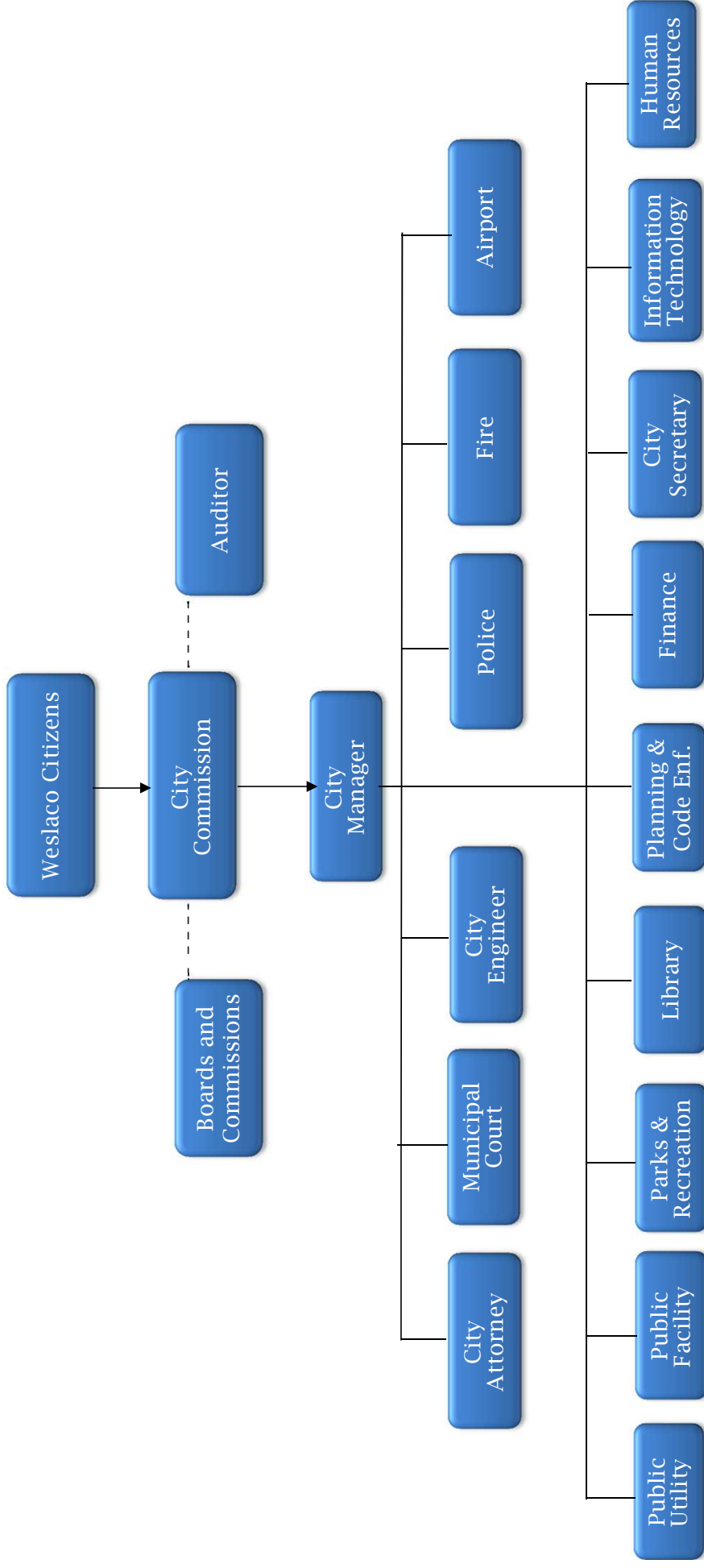
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**PART I**

**INTRODUCTORY SECTION**



# City of Weslaco Organizational Chart



**CITY OF WESLACO, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
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**CITY OFFICIALS**

Mayor	David Suarez John F. “Johnny” Cuellar Mayor Pro-Temp David R. Fox Olga Noriega Gerardo “Jerry” Tafolla Lupe V. Rivera Fidel L. Pena III
City Manager	Leonardo Olivares
Finance Director	Bret Mann
City Secretary	Elizabeth M. Walker
City Attorney	Ramon Vela
Chief Appraiser	Rolando Garza Hidalgo County Appraisal District
Collector of Taxes	Paul Villarreal County of Hidalgo
Chief of Police	Michael L. Kelley
Fire Chief	Santiago “Jimmy” Cuellar
Municipal Court Administrator	Rosa Badillo
Human Resources Director-Interim	Veronica Ramirez
Information Technology	Epifanio R. Garcia
Parks & Recreation Director	David Arce
Public Facilities Director	Oscar Garcia
Public Utilities Director	David Salinas
Library Director	Arnold Becho
Aviation Director/Emergency Management	George P. Garrett

# City of Weslaco

*"The City on the Grow"*



David Suarez, Mayor  
John F. Cuellar, Mayor Pro-Tem, District 2  
David R. Fox, Commissioner, District 1  
Olga M. Noriega, Commissioner, District 3  
Gerardo "Jerry" Tafolla, Commissioner, District 4  
Lupe V. Rivera, Commissioner, District 5  
Fidel L. Pena III, Commissioner, District 6

Leonardo Olivares, City Manager

May 16, 2014

The Honorable David Suarez  
City of Weslaco  
255 S. Kansas Avenue  
Weslaco, Texas 78596

Dear Mayor Suarez:

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of Weslaco, Texas for the fiscal year ended September 30, 2013.

This report is published to provide the City Commission, City staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the municipal government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

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.

The City's financial statements have been audited by Garcia & Pena, CPAs, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial



statements for the fiscal year ended September 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

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 a population of 36,846. The City is authorized to levy a property tax on both real and personal properties located within its boundaries. It also is authorized by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission. The City has more than 64,000 inhabitants for the purposes of annexation.

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 a 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; 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 also is financially accountable for a legally separate economic development corporation, which is reported separately within the City of Weslaco's financial statements. Additional information on this legally separate entity can be found in Note A 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, 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 a department. Transfers of appropriations between departments, however, require the special 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 77-85 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the special revenue funds subsection of this report on page 90.

### **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.** The City currently is experiencing record sales tax revenues. The last fiscal year we have seen positive growth over the prior year.

The taxable assessed value of property in the City remained stable for this fiscal year. The growth in the City has offset the lower housing values that have impacted the entire country. The unemployment rate has decreased to 11.4%. The current labor force is approximately 15,000 workers.

**Long-term Financial Planning.** The City Commission has also been focusing on the City's property tax rate. This focus has been 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 has held the City's property tax rate steady at a rate of \$0.6967 per \$100.00 of valuation. However, the Commission has adopted a long-term plan to lower property taxes. Consequently, the budget adopted for Fiscal Year 2014 decreased the rate to \$0.6867 per \$100.00 of valuation.

The City continues to look for ways to maximize the collection of funds owed to the City. This strategy along with equitable user fees is preferable to increases in the property tax rate. We are constantly striving to increase the efficiency of the City's operations in ways that will enhance the services provided to our citizens.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in certificates of deposit, obligations of agencies of the United States. The maturities of the investments ranged from 1 month to 3 years, with an average maturity of 24 months. All funds kept with the depository bank are collateralized at a minimum rate of 102% of the market value. The City's objectives for managing cash include safety, liquidity, yield, and public trust.

**Pension and other post employment benefits.** The City of Weslaco contributes to a single-employer defined benefit pension plan for its fire fighters. Every few 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 of Weslaco also provides pension benefits for its employees not covered by the firefighters' pension plan. These benefits are provided through a defined contribution plan in the state-wide Texas Municipal Retirement System (TMRS). The City of Weslaco has no obligation in connection with employee benefits offered through this plan beyond its contractual payments to TMRS.

Additional information on the City of Weslaco's pension plan benefits can be found in Note K in the notes to the financial statements.

### **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 the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Weslaco finances.

Sincerely,

A handwritten signature in black ink, appearing to read "Leonardo Olivares", with a stylized flourish at the end.

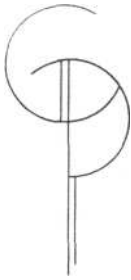
Leonardo Olivares, JD MPA  
City Manager

LO:BM:cv



**PART II**

**FINANCIAL SECTION**



**GARCIA & PENA**  
Certified Public Accountants  
R O. Box 8032  
301 West 4th  
Weslaco, Texas 78599  
956-969-1433 • Fax 956-968-1467 • 956-421-4601

Manuel B. Garcia, CPA  
Jaime X. Pena, CPA

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Member of the City Commission  
City of Weslaco  
255 S. Kansas Ave.  
Weslaco, Texas 78596

Honorable Mayor and Members of the City Commission:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate blended presented component unit, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents. We also have audited the individual fund financial statements and schedules as of and for the year ended September 30, 2013 with comparisons to September 30, 2012, as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Economic Development Corporation of Weslaco, Texas (Fund), a blended presented component unit was not audited in accordance with Government Auditing Standards. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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, 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 blended presented component units, each major fund, and the aggregate remaining fund information, of the City of Weslaco, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basis 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 of Weslaco, Texas basic financial statements. The introductory section, combining and individual non-major fund financial statements 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements 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 combining and individual non-major fund financial statements 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 May 22, 2013, 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 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 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.

*Garcia & Pena, CPAs*

Garcia & Pena,  
Certified Public Accountants

May 22, 2014

# **City of Weslaco, Texas**

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

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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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages a - d of this report.

### **Financial Highlights**

#### **City Changes in Net Position – Governmental and Business-Type Activities**

Total government-wide net position increased \$6.3M as a result of this year's operations. Governmental activities contributed \$3.M with the balance of \$3.3M resulting from business-type activities.

- **Governmental Activities – Revenues and Expenses Compared to Last Year -** Total revenues increased \$130,390 over last year, however, sales tax increased \$603,947, but were offset by a loss of \$348,529 in the sale of assets and \$187,804 decrease in grants. Property taxes increased by \$112,618, but were offset by a decrease of \$16,519 in other general revenues. Expenses decreased \$230,888 or less than 1% over last year. The decrease was the result of a \$ 1,139,018 decrease in interest and long-term financing costs, but with increases in public safety, public works and economic development.
- **Business-Type Activities – Revenues and Expenses Compared to Last Year -** Total revenues increased \$112,753 from last year. Charges for services increased by \$1,276,941. Grants and contributions decreased by \$1,164,188. Expenses increased \$383,147 netting \$3,337,102 net increase in financial position for the year.
- **City as a Whole – Revenues and Expenses Compared to Last year -** Governmental revenues reflected a very small change overall, but what's significant is the increases in sales taxes of \$603,947, taking up the slack from the decrease of operating and capital grants. Business-type revenues increased by \$1,276,941, thus generating revenues of 8% more over last year while expenses increased by \$383,142 or 2.8% more than last year.
- **As of the close of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$17,797,902.** Approximately 37.62% of this total amount, \$6,720,005 is available for spending at the government's discretion (undesignated fund balance).
- **At the end of the current fiscal year, the general fund's fund balance was \$5,468,654, or 30.99% of total general fund expenditures.**

# City of Weslaco, Texas

## Management's Discussion and Analysis

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### Overview of the Financial Statements

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

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

The statement of net position presents information on all of the City of Weslaco's assets, deferred outflows of resources, and liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Weslaco is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Weslaco that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Weslaco include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Weslaco include water and wastewater, solid waste, and an airport.

The government-wide financial statements include not only the City of Weslaco itself (known as the primary government), but also the Weslaco Economic Development Corporation (EDC), which is a legally separate entity. 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 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 13-16 of this report.



## City of Weslaco, Texas

### Management's Discussion and Analysis

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**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 of Weslaco, 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 of Weslaco 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 of Weslaco maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the Economic Development Corporation, and the capital projects fund, all of which are considered to be major funds. Data from the other three 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 of Weslaco adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-23 of this report.

## City of Weslaco, Texas

### Management's Discussion and Analysis

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***Proprietary funds.*** The City of Weslaco 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 of Weslaco 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 of Weslaco'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 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 funds of the City of Weslaco. Individual fund data for the internal service fund is provided elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-31 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 basic fiduciary fund financial statements can be found on pages 143-145 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 can be found on pages 32-68 of this report.

#### **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 of Weslaco, assets exceeded liabilities by \$64,255,214 at the close of the most recent fiscal year.

The City of Weslaco's net position available for capital projects acquisition is \$24,988,829, which reflects 37.77% of total net position. On September 30, 2013, the City had an outstanding bonds balance of \$88,815,558 and had \$918,806 in cash to be used for completing the 2007 bond issues projects.

## City of Weslaco, Texas

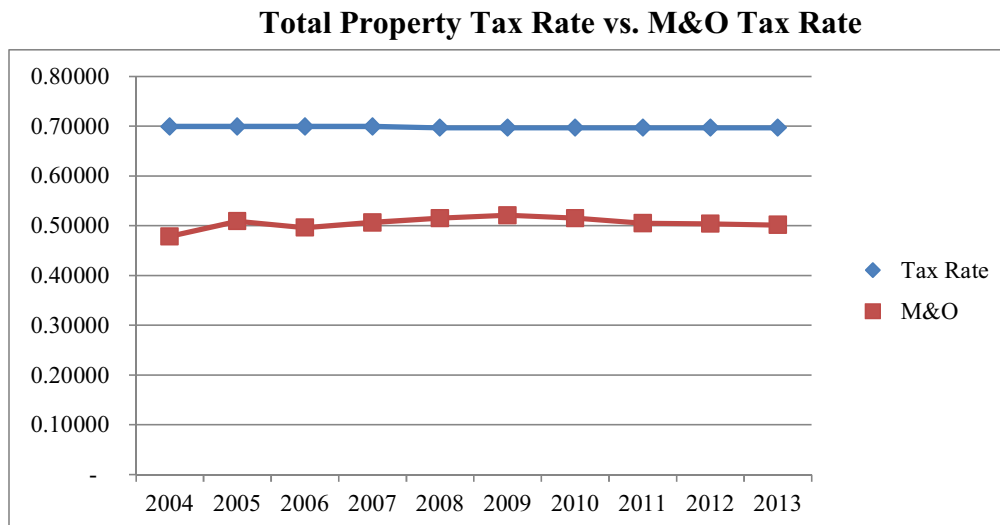
### Management's Discussion and Analysis

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An additional portion of the City of Weslaco's net position (3 percent) represents other resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* is a \$12,389,869. This amount may be used to meet the government's ongoing obligations to citizens and creditors.

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

**Governmental activities.** The property tax levy increased by \$212,615 (2.27 percent) during the year due mostly to new development and construction. The tax rate has been reduced or maintained each year for the last eight years. This has been due to a concerted effort on the part of the City Commission to maintain or reduce the tax rate. Below is a graph showing the changes in the maintenance and operation (M & O – used for operations of the City) as it compares with the total property tax rate that includes the debt service portion of the tax rate as well.



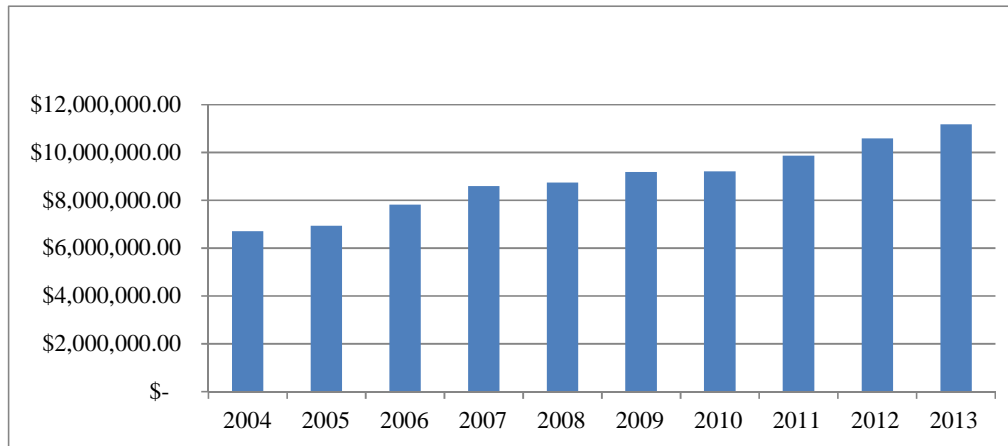
Sales tax rebates amounted to \$11,182,267 for the year with an increase of \$603,947 or 5.71% over the last fiscal year. Of the total amount collected, 25% goes to the Weslaco Economic Development Corporation. The remainder stays in the General Fund with some of those funds being used for the operation of the library.

# City of Weslaco, Texas

## Management's Discussion and Analysis

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### Sales Tax Rebates



Operating grants for governmental activities amounted to \$-0- in the General Fund. It is the practice of the City of Weslaco to utilize grant revenues whenever possible to improve city services and quality of life in our community.

**Business-type activities.** Business-type activities accounted for 55.5% of the City of Weslaco's net position.

- The water rates increased 17.03%, and wastewater rates were adjusted during the current fiscal year by 8.5%. The rate increases were necessary to increase bond debt service coverage ratios and to provide for needed capital improvements. Some of the planned capital improvements include a new water plant as well as renovations to the north sewer plant.
- The net position of the Water & Wastewater Fund increased by \$1,791,465. Revenues increased by \$1,121,636 and expenses increased by \$809,158.
- The net position of the Solid Waste Fund increased by \$607,085. Revenues increased by \$105,953 and expenses decreased by \$20,307.
- The net position of the Airport Fund increased by \$938,552. The Airport Fund receives revenues from fuel sales, hangar rentals, and grants. Any shortfalls are subsidized by the General Fund. Grants from the state are utilized when possible to improve and maintain the airport.
- Investment earnings increased by \$5,980 for business-type activities because of an overall high balance of cash and cash investments during most of the year.

# City of Weslaco, Texas

## Management's Discussion and Analysis

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### 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 of Weslaco'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 of Weslaco's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$17,797,902. Approximately 37.62% of this total amount \$6,720,005 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, or 2) to pay debt service.

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 unreserved fund balance was \$4,738,640 the total fund balance reached \$5,468,654. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 26.86 percent of total general fund expenditures, while total fund balance represents 30.99 percent of that same amount. While it is recommended that the General Fund should have an unreserved fund balance of no less than 5 to 15% of operating expenditures, the City has placed the target for unreserved fund balance in the General Fund at 25%. The City has implemented a fiscal forecast model that is designed to increase the fund balance in the General Fund to 25% by the year 2015, in the current year the City had reached its goal.

- The City Commission maintained the tax rate to \$.6967 for the 2013 tax levy balance.
- The sales tax revenues increased by 5.71% over the prior year. The increase in the sales tax revenues can be attributed at least in part to retail development on the expressway. Now that the expressway expansion is complete it is reasonable to expect the economic growth to continue.

The debt service fund has a total fund balance of \$996,318 after all scheduled debt service payments were made, all of which is reserved for the payment of debt service. It is prudent to maintain a fund balance in the debt service fund up to one year's debt service payments. The scheduled tax supported debt service payments for fiscal year 2013 was \$3,019,134, with interest paid of \$891,783.

## **City of Weslaco, Texas**

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

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**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 \$1,545,001, the unrestricted position for the Solid Waste Fund amounted to \$1,922,516 and those for the Airport Fund amounted to \$(372,062). Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Weslaco's business-type activities.

#### **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, 2013, amounts to \$118,165,408 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Weslaco's investment in capital assets for the current fiscal year was 59.78% (a 110.01% increase for business-type activities, and 51.80% decrease for governmental activities).

Additional information on the City of Weslaco's capital assets can be found in Note F on pages 44-45 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Weslaco had total bonded debt outstanding of \$82,660,558. Of this amount, \$20,409,790 comprises debt backed by the full faith and credit of the government. The remainder of the City of Weslaco's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Weslaco currently has an "A+" rating from Standard & Poor's and a "Baa2" rating from Moody's for general obligation debt. This is reflective of the rating review in February 21, 2014, by Standard & Poor's and January 4, 2012 by Moody's. The prior ratings were "Baa1" from Moody's and "A-" from Standard & Poor's.

In 1995, the State Legislature enacted a 10% (of taxable valuations) debt limit rate for school districts in Texas and has subsequently been used by municipalities as a general rule in computing debt margin.

Additional information on the City of Weslaco's long-term debt can be found in Note G on pages 46-52 of this report.



# City of Weslaco, Texas

## Management's Discussion and Analysis

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### Economic Factors and Next Year's Budget

- The employment rate for the City of Weslaco is currently 89.0 percent, compared to 88.7 percent a year ago. This rate compares to the state's average employment rate of 92.0 percent.
- Due to a desire by the City Commission to make the City of Weslaco more attractive to businesses and individuals, the adopted property tax rate was maintained to \$.6967 per \$100 of valuation for fiscal year 2013. This tax rate represents the lowest tax rate in thirteen years, as well as a concerted effort on the part of the City Commission and staff to continue the downward trend on the tax rate. While the City Commission is doing there part to keep the tax rate as low as possible it is important to note that the City's tax rate is only one of six tax rates from all taxing entities that together make up the total tax rate for Weslaco's citizens. Weslaco's total tax rate is quite favorable when compared with other cities in the area.

Taxing Entity	<u>Mcallen</u>	<u>Mission</u>	<u>Weslaco</u>	<u>Edinburg</u>	<u>Pharr</u>
<i>Population</i>	<i>134,719</i>	<i>80,452</i>	<i>36,846</i>	<i>81,029</i>	<i>73,138</i>
Valuation	\$ 8,570,436,843	\$ 3,408,053,996	\$ 1,390,514,266	\$ 3,343,330,620	\$ 2,196,383,776
City	\$ 0.4313	\$ 0.5288	\$ 0.6967	\$ 0.6350	\$ 0.6800
Drainage	0.0750	0.0750	0.0750	0.0750	0.0750
Hidalgo County	0.5900	0.5900	0.5900	0.5900	0.5900
STC	0.1507	0.1507	0.1507	0.1507	0.1507
ISD	1.1650	1.3000	1.1397	1.2398	1.3592
STISD	0.0492	0.0492	0.0492	0.0492	0.0492
Total	\$ <b>2.4612</b>	\$ <b>2.6937</b>	\$ <b>2.7013</b>	\$ <b>2.7397</b>	\$ <b>2.9041</b>

Note: Population figures are 2012 estimates obtained from the U.S. Census Bureau.  
Valuation represents "Net Taxable Before Freeze" as reported by the Hidalgo County Appraisal District for the tax year 2012.  
Tax rates are for the tax year 2012 and were obtained from the Hidalgo County Appraisal District.

### 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.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF WESLACO, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash investments	\$ 17,590,040	\$ 3,837,120	\$ 21,427,160
Receivables (net of allowance for doubtful accounts)			-
Utility receivables		2,635,605	2,635,605
Ad valorem taxes	1,425,394	-	1,425,394
Sales taxes	853,239	-	853,239
Ambulance fees	199,507	-	199,507
Other	487,534	-	487,534
Other assets	5,000	-	5,000
Due from other governments	200,677	628,602	829,279
Internal balances	(130,044)	130,044	-
Notes receivables	805,580	-	805,580
Due from others	-	-	-
Prepaid items	-	-	-
Inventories	33,249	153,249	186,498
Assets held for resale	340,485	-	340,485
Long-term note receivable (SDI Weslaco Holdings, LLC)	3,414,929	-	3,414,929
Restricted assets:			
Cash and cash investments	1,512,392	19,656,810	21,169,202
Capital assets:			
Land	3,945,414	2,551,870	6,497,284
Buildings	19,151,359	1,010,863	20,162,222
Equipment	9,875,154	7,615,826	17,490,980
Improvements	37,105,427	44,700,500	81,805,927
Infrastructure (380 Agreements)	7,629,307	-	7,629,307
Construction-in-progress	-	46,594,901	46,594,901
Accumulated depreciation	(29,953,655)	(32,061,558)	(62,015,213)
<b>Total assets</b>	<u>74,490,988</u>	<u>97,453,832</u>	<u>171,944,820</u>
<b>Deferred outflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred outflows of resources</b>	<u>\$ 74,490,988</u>	<u>\$ 97,453,832</u>	<u>\$ 171,944,820</u>

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

**CITY OF WESLACO, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Accounts payable	\$ 637,476	\$ 707,810	\$ 1,345,286
Accrued salaries payable	390,011	44,803	434,814
Bank overdraft	-	313,925	313,925
Contracts payable	684,117	1,689,125	2,373,242
Other liabilities	394,430	145,917	540,347
Trust-Boy's & Girl's Club	909,891	-	909,891
Trust-Friends of the Library	487,496	-	487,496
Trust-PEG	115,005	-	115,005
Unearned revenue	621,414	-	621,414
Payable from restricted assets:			
Current portion of long-term debt		-	-
Revenue bonds payable	-	1,319,312	1,319,312
Accrued interest	144,466	307,075	451,541
Deposits		892,891	892,891
Due within one year	2,941,077	145,062	3,086,139
Non-current liabilities:			-
Due in more than one year	38,575,032	56,223,271	94,798,303
<b>Total Liabilities</b>	<u>45,900,415</u>	<u>61,789,191</u>	<u>107,689,606</u>
<b>Deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	6,236,897	12,912,376	19,149,273
Restricted for:			
Prepaid items	-	-	-
Debt service	1,691,574	2,369,441	4,061,015
General fund	696,765	-	696,765
Special revenue funds	2,969,463	-	2,969,463
Capital projects	7,701,460	17,287,369	24,988,829
Unrestricted	9,294,414	3,095,455	12,389,869
<b>Total Net Position</b>	<u>\$ 28,590,573</u>	<u>\$ 35,664,641</u>	<u>\$ 64,255,214</u>
<b>Total Liabilities, Deferred inflow of resources, and Net Position</b>	<u>\$ 74,490,988</u>	<u>\$ 97,453,832</u>	<u>\$ 171,944,820</u>

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

**CITY OF WESLACO, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2013**

Program Activities	Expenses	Program Revenues		
		Fees, Fine and Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
General government and administration	\$ 4,077,130	\$ 405,601	\$ -	\$ -
Public safety	10,714,272	842,122	14,985	143,068
Emergency medical services	332,102	1,223,157	-	-
Public works	3,039,309	-	-	234,723
Health	90,067	144,841	-	-
Culture and recreation	1,692,154	70,482	84,374	76,219
Development services	2,719,417	179,037	-	-
Sales tax rebates	645,082	-	-	-
Interest on long-term debt	1,187,398	-	-	-
<b>Total governmental activities</b>	<u>24,496,931</u>	<u>2,865,240</u>	<u>99,359</u>	<u>454,010</u>
<b>Business-type activities:</b>				
Water and Wastewater	9,435,022	12,160,485	-	166,783
Solid Waste	4,044,683	4,752,518	-	-
Airport	511,380	156,302	1,860	1,091,770
<b>Total business-type activities</b>	<u>13,991,085</u>	<u>17,069,305</u>	<u>1,860</u>	<u>1,258,553</u>
<b>Total governmental and and business-type activities</b>	<u>\$ 38,488,016</u>	<u>\$ 19,934,545</u>	<u>\$ 101,219</u>	<u>\$ 1,712,563</u>
<b>General Revenues</b>				
Taxes:				
Ad valorem				
Sales				
Occupancy				
Other				
Franchise fees				
Intergovernmental				
Investment earnings				
Gain (loss) on sale/retirement of capital assets				
Miscellaneous				
<b>Transfers</b>				
<b>Total general revenues and transfers</b>				
<b>Change in net position</b>				
<b>Net position at beginning of year, as restated</b>				
<b>Net position at end of year</b>				

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

Net (Expenses) Revenue  
And Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (3,671,529)	\$ -	\$ (3,671,529)
(9,714,097)		(9,714,097)
891,055		891,055
(2,804,586)		(2,804,586)
54,774		54,774
(1,461,079)		(1,461,079)
(2,540,380)		(2,540,380)
(645,082)		(645,082)
(1,187,398)		(1,187,398)
<u>(21,078,322)</u>	<u>-</u>	<u>(21,078,322)</u>
	2,892,246	2,892,246
	707,835	707,835
	738,552	738,552
<u>-</u>	<u>4,338,633</u>	<u>4,338,633</u>
<u>\$ (21,078,322)</u>	<u>\$ 4,338,633</u>	<u>\$ (16,739,689)</u>
9,823,287	-	9,823,287
11,182,267	-	11,182,267
382,934	-	382,934
79,912	-	79,912
1,561,020	-	1,561,020
16,149	-	16,149
89,278	19,609	108,887
(348,529)	-	(348,529)
226,739	-	226,739
1,021,140	(1,021,140)	-
<u>24,034,197</u>	<u>(1,001,531)</u>	<u>23,032,666</u>
2,955,875	3,337,102	6,292,977
<u>25,634,698</u>	<u>32,327,539</u>	<u>57,962,237</u>
<u>\$ 28,590,573</u>	<u>\$ 35,664,641</u>	<u>\$ 64,255,214</u>

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



**GOVERNMENTAL-TYPE  
ACTIVITIES**

**CITY OF WESLACO, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>Economic Development</u>
<b>Assets</b>			
Cash and cash investments	\$ 6,413,254	\$ 383,410	\$ 2,602,228
Receivables (net where applicable of allowance for doubtful accounts):			
Ad valorem taxes	1,101,652	323,742	-
Sales taxes	853,239	-	-
Ambulance fees	199,507	-	-
Other	322,057	-	29,074
Other assets	5,000	-	-
Due from other funds	-	575,645	213,310
Due from other governments	200,677	-	-
Notes receivable	-	-	4,220,509
Restricted Cash	1,512,392	-	-
Prepaid items	-	-	-
Inventories	33,249	-	340,485
<b>Total Assets</b>	<u><u>\$ 10,641,027</u></u>	<u><u>\$ 1,282,797</u></u>	<u><u>\$ 7,405,606</u></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Liabilities:			
Accounts payable	\$ 577,560	\$ -	\$ 48,281
Accrued salaries and payroll taxes	386,707	-	3,304
Contracts payable	484,743	-	37,248
Due to other funds	788,955	-	-
Compensated balances	-	-	-
Other liabilities	380,430	-	14,000
Trust account	1,512,392	-	-
Deferred revenues	1,041,586	286,479	4,036,343
<b>Total Liabilities</b>	<u><u>5,172,373</u></u>	<u><u>286,479</u></u>	<u><u>4,139,176</u></u>
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Inventory	33,249	-	340,485
<b>Restricted for:</b>			
Debt service reserve	-	-	695,256
<b>Committed for:</b>			
Public safety equipment	696,765	-	-
<b>Assigned to:</b>			
Project development	-	-	600,000
Library acquisition	-	-	-
Debt service	-	996,318	-
Capital projects	-	-	-
Unassigned:	4,738,640	-	1,630,689
<b>Total Fund Balances</b>	<u><u>5,468,654</u></u>	<u><u>996,318</u></u>	<u><u>3,266,430</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 10,641,027</u></u>	<u><u>\$ 1,282,797</u></u>	<u><u>\$ 7,405,606</u></u>

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

Capital Projects	Non-Major Funds	Total Governmental Funds
\$ 7,701,460	\$ 390,763	\$ 17,491,115
-	-	-
-	-	1,425,394
-	-	853,239
-	-	199,507
-	136,403	487,534
-	-	5,000
-	-	788,955
-	-	200,677
-	-	4,220,509
-	-	1,512,392
-	-	-
-	-	373,734
<u>\$ 7,701,460</u>	<u>\$ 527,166</u>	<u>\$ 27,558,056</u>
\$ -	\$ -	\$ 625,841
-	-	390,011
-	162,126	684,117
-	-	788,955
-	-	-
-	-	394,430
-	-	1,512,392
-	-	5,364,408
<u>-</u>	<u>162,126</u>	<u>9,760,154</u>
-	-	373,734
-	-	695,256
-	-	696,765
-	-	600,000
-	14,364	14,364
-	-	996,318
7,701,460	-	7,701,460
-	350,676	6,720,005
<u>7,701,460</u>	<u>365,040</u>	<u>17,797,902</u>
<u>\$ 7,701,460</u>	<u>\$ 527,166</u>	<u>\$ 27,558,056</u>

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

**CITY OF WESLACO, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

Total fund balance-total governmental funds \$ 17,797,902

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

Deferred revenue in the General Fund and Debt Service Fund which are included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds. 1,328,065

Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental fund balance sheet. Include capital assets of Internal Service Funds. 47,753,006

Long-term note receivables are not available to pay for current period expenditures therefore are not reported as available resources but are off-set as deferred revenues. 3,414,929

Interest payables on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet. (144,466)

Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Fund are:

(Net of amount allocated to business-type activities, capital assets and long-term liabilities). Internal Service Fund balances are not included in other reconciling items:

Current assets	\$	98,925	
Liabilities		(141,679)	
Net of amount allocated to business-type activities		-	(42,754)

Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (Includes Internal Service Funds' non-current liabilities):

Due within one year	\$	2,941,077	
Due in more than one year		38,575,032	(41,516,109)

Net position of governmental activities \$ 28,590,573

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

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	General	Debt Service	Economic Development
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 7,007,298	\$ 2,675,752	\$ -
Penalty and interest	232,633	95,800	-
Sales	8,386,700	-	2,795,567
Occupancy	-	-	-
Other	79,912	-	-
Franchise fees	1,561,020	-	-
Charges for services	2,832,851	-	-
Program Income	-	-	389,134
Intergovernmental	569,518	-	-
Licenses and permits	405,601	-	-
Investment income	10,374	14,219	64,685
Fines and forfeitures	668,891	-	-
Contributions	50	-	-
Miscellaneous	217,485	-	2,968
Proceeds from sales (net)	75,443	-	(18,493)
<b>Total Revenues</b>	<u>22,047,776</u>	<u>2,785,771</u>	<u>3,233,861</u>
<b>Expenditures</b>			
Current:			
General government and administration	3,696,510	1,375	-
Public safety	10,699,897	-	-
Public works	1,556,054	-	-
Health	85,956	-	-
Culture and recreation	997,701	-	301,785
Economic development	-	-	2,103,913
Nondepartmental	477,223	-	-
Capital outlay	128,198	-	258,254
Debt service:			
Principal retirement	-	2,125,976	400,627
Interest and fiscal charges	-	891,783	306,110
<b>Total Expenditures</b>	<u>17,641,539</u>	<u>3,019,134</u>	<u>3,370,689</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>4,406,237</u>	<u>(233,363)</u>	<u>(136,828)</u>
<b>Other financing sources (uses):</b>			
Bond proceeds	-	12,328,195	2,870,000
Bond redemption	-	(11,865,000)	(2,765,000)
Bond issuance costs	-	(183,309)	(58,639)
Transfers in (out)	(700,000)	-	-
380 Agreement expenditures	(581,949)	-	-
Sales Tax rebates	(645,082)	-	-
<b>Total other financing sources (uses)</b>	<u>(1,927,031)</u>	<u>279,886</u>	<u>46,361</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	2,479,206	46,523	(90,467)
<b>Prior Period Adjustment (Note U)</b>	1,296,550		207,444
<b>Fund balances at beginning of year,</b>	<u>1,692,898</u>	<u>949,795</u>	<u>3,149,453</u>
<b>Fund balances at end of year</b>	<u>\$ 5,468,654</u>	<u>\$ 996,318</u>	<u>\$ 3,266,430</u>

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

Capital Projects	Non-Major Funds	Total Governmental Funds
\$ -	\$ -	\$ 9,683,050
-	-	328,433
-	-	11,182,267
-	382,934	382,934
-	-	79,912
-	-	1,561,020
-	-	2,832,851
-	-	389,134
-	-	569,518
-	-	405,601
-	-	89,278
-	-	668,891
-	-	50
300,421	6,236	527,110
-	-	56,950
<u>300,421</u>	<u>389,170</u>	<u>28,756,999</u>
-	-	3,697,885
-	-	10,699,897
-	-	1,556,054
-	-	85,956
-	129,026	1,428,512
-	40,188	2,144,101
-	-	477,223
-	436,932	823,384
-	-	2,526,603
-	-	1,197,893
<u>-</u>	<u>606,146</u>	<u>24,637,508</u>
<u>300,421</u>	<u>(216,976)</u>	<u>4,119,491</u>
6,959,320		22,157,515
-		(14,630,000)
(124,783)		(366,731)
-	-	(700,000)
-	-	(581,949)
-	-	(645,082)
<u>6,834,537</u>	<u>-</u>	<u>5,233,753</u>
7,134,958	(216,976)	9,353,244
566,502	582,016	1,503,994
<u>\$ 7,701,460</u>	<u>\$ 365,040</u>	<u>\$ 17,797,902</u>

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 BALANCE OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2013**

Net change in fund balances-total governmental funds		\$ 9,353,244
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 and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		823,384
Long-term note advances (Repayment)		(210,097)
Governmental funds do not report the retirement of fixed assets. In the Government-Wide Statement of Activities this is the amount of fixed assets retired in the current period.		(2,335,900)
Governmental funds do not recognize as revenue the sale of property on extended payment plans beyond the current year.		1,630,000
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (Includes Internal Service Funds' depreciation expense of \$112,480).		(2,398,519)
Long-term liability for accrued vacation and accrued sick leave, bond premium amortization, and bond issuance costs amortization is not recorded with the governmental activities.		(109,033)
The issuance of long-term debt (e.g., bonds) provides current financial resource to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items.		
Proceeds	\$ 22,157,515	
Premium/Issuance Costs	366,731	
Principal Retirement	17,156,603	
380 Agreement Expenditures	581,949	(4,052,232)
Some property tax will not be collected for several months after the city's fiscal year end, they are not considered "available" revenues in the governmental funds.		(188,196)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.		17,647
Internal Service funds are used by management to charge the costs of certain activities such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities net of amount allocated to business-type activities and depreciation.		
Change in net position	313,097	
Net of amount allocated to business-type activities	-	
Depreciation expense	112,480	425,577
Change in net position of governmental activities		<u>\$ 2,955,875</u>
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-BUDGET AND ACTUAL**  
**SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP	Final
			Basis	Budget
<b>Revenues</b>				
Taxes:				
Ad-valorem	\$ 9,472,179	\$ 9,604,477	\$ 9,683,050	\$ 78,573
Penalty and interest	309,000	323,633	328,433	4,800
Sales	10,403,754	11,060,347	11,182,267	121,920
Hotel/Motel Tax	300,000	300,000	382,934	82,934
Other	58,600	58,600	79,912	21,312
Franchise fees	1,505,526	1,505,526	1,561,020	55,494
Charges for service	2,471,640	2,471,640	2,832,851	361,211
Program income	352,826	352,846	389,134	36,288
Intergovernmental	377,050	422,091	569,518	147,427
Licenses and permits	455,957	455,957	405,601	(50,356)
Investment income	16,718	16,718	89,278	72,560
Fines and forfeitures	406,000	413,000	668,891	255,891
Contributions	50	10,050	50	(10,000)
Miscellaneous	189,513	189,513	527,110	337,597
Proceeds from sales (net)	58,750	58,750	56,950	(1,800)
<b>Total Revenues</b>	<u>26,377,563</u>	<u>27,243,148</u>	<u>28,756,999</u>	<u>1,513,851</u>
<b>Expenditures</b>				
Current:				
General government and administration	2,922,665	3,740,656	3,697,885	42,771
Public safety	9,691,231	10,528,641	10,699,897	(171,256)
Public works	2,481,459	1,400,590	1,556,054	(155,464)
Health	88,147	88,653	85,956	2,697
Cultural and recreation	1,380,492	1,364,764	1,428,512	(63,748)
Economic development	2,200,196	2,200,196	2,144,101	56,095
Nondepartmental services	445,100	515,100	477,223	37,877
Capital outlay	2,035,000	2,090,547	823,384	1,267,163
Debt service				
Principal retirement	1,559,549	1,559,549	2,526,603	(967,054)
Interest	941,573	941,573	1,197,893	(256,320)
<b>Total Expenditures</b>	<u>23,745,412</u>	<u>24,430,269</u>	<u>24,637,508</u>	<u>(207,239)</u>
<b>Deficiency of revenues over expenditures</b>	<u>2,632,151</u>	<u>2,812,879</u>	<u>4,119,491</u>	<u>1,306,612</u>
<b>Other financing sources (uses):</b>				
Bond proceeds	1,125,000	1,125,000	22,157,515	21,032,515
Bond redemption	-	-	(14,630,000)	(14,630,000)
Bond issuance costs	-	-	(366,731)	(366,731)
380 Agreement expenditures	(702,922)	(702,922)	(581,949)	120,973
Sales Tax rebates	(847,543)	(847,543)	(645,082)	202,461
Transfers in (out)	(950,000)	(700,000)	(700,000)	-
<b>Total other financing sources (uses)</b>	<u>(1,375,465)</u>	<u>(1,125,465)</u>	<u>5,233,753</u>	<u>6,359,218</u>
<b>Excess (deficiency) of revenues and other sources over expenditures (uses)</b>	<u>\$ 1,256,686</u>	<u>\$ 1,687,414</u>	<u>9,353,244</u>	<u>\$ 7,665,830</u>
<b>Prior Period Adjustment (Note U)</b>			1,503,994	
<b>Fund balances at beginning of year,</b>			6,940,664	
<b>Fund balances at end of year</b>			<u>\$ 17,797,902</u>	

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



**BUSINESS-TYPE  
ACTIVITIES**

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

	Business-Type Activities-Enterprise Funds				
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Governmental Activities Internal Service Fund
<b>Assets</b>					
Current Assets					
Cash and cash investments	\$ 2,250,565	\$ 1,586,555	\$ -	\$ 3,837,120	\$ 98,925
Receivables (net where applicable of allowance for doubtful accounts)	1,887,774	721,835	25,996	2,635,605	-
Accrued interest	-	-	-	-	-
Due from other funds	130,044	-	-	130,044	-
Due from other governments	609,300	-	19,302	628,602	-
Due from others	-	-	-	-	-
Inventories	93,824	-	59,425	153,249	-
Prepaid expenses	-	-	-	-	-
<b>Total current assets</b>	<u>4,971,507</u>	<u>2,308,390</u>	<u>104,723</u>	<u>7,384,620</u>	<u>98,925</u>
Restricted Assets					
Cash and cash investments	18,932,858	-	723,952	19,656,810	-
Non-current assets					
Deferred charges	-	-	-	-	-
Capital assets					
Land	665,175	421,247	1,465,448	2,551,870	-
Buildings	362,323	-	648,540	1,010,863	-
Equipment	5,195,923	1,890,958	528,945	7,615,826	3,085,983
Improvements	39,503,453	733,242	4,463,805	44,700,500	65,857
Infrastructure					
Construction-in-progress	45,176,668	-	1,418,233	46,594,901	
Accumulated depreciation	(26,025,374)	(2,432,964)	(3,603,220)	(32,061,558)	(2,555,542)
<b>Total capital assets, net of accumulated depreciation</b>	<u>64,878,168</u>	<u>612,483</u>	<u>4,921,751</u>	<u>70,412,402</u>	<u>596,298</u>
<b>Total non-current assets</b>	<u>64,878,168</u>	<u>612,483</u>	<u>4,921,751</u>	<u>70,412,402</u>	<u>596,298</u>
<b>Total assets</b>	<u>\$ 88,782,533</u>	<u>\$ 2,920,873</u>	<u>\$ 5,750,426</u>	<u>\$ 97,453,832</u>	<u>\$ 695,223</u>

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

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

	Business-Type Activities-Enterprise Funds				
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Governmental Activities Internal Service Fund
<b>Liabilities</b>					
Current Liabilities					
Accounts payable	\$ 266,195	\$ 385,874	\$ 55,741	\$ 707,810	\$ 11,635
Accrued salaries	39,967	-	4,836	44,803	-
Bank Overdraft	-	-	313,925	313,925	-
Due to other funds	-	-	-	-	130,044
Customer deposits	890,257	-	2,634	892,891	-
Other liabilities	145,917	-	-	145,917	-
Compensated absences	87,970	-	99,649	187,619	-
<b>Total current liabilities</b>	<u>1,430,306</u>	<u>385,874</u>	<u>476,785</u>	<u>2,292,965</u>	<u>141,679</u>
Liabilities payable from restricted assets					
Accounts payable	1,689,125	-	-	1,689,125	-
Rebatable Arbitrage	-	-	-	-	-
Revenue bonds payable	1,319,312	-	-	1,319,312	-
Accrued interest	307,075	-	-	307,075	-
<b>Total liabilities payable from restricted assets</b>	<u>3,315,512</u>	<u>-</u>	<u>-</u>	<u>3,315,512</u>	<u>-</u>
Noncurrent liabilities					
Revenue bonds payable	55,459,119	58,602	-	55,517,721	-
Landfill closure	-	662,993	-	662,993	-
<b>Total noncurrent liabilities</b>	<u>55,459,119</u>	<u>721,595</u>	<u>-</u>	<u>56,180,714</u>	<u>-</u>
<b>Total liabilities</b>	<u>\$ 60,204,937</u>	<u>\$ 1,107,469</u>	<u>\$ 476,785</u>	<u>\$ 61,789,191</u>	<u>\$ 141,679</u>

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

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

	Business-Type Activities-Enterprise Funds				
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Governmental Activities Internal Service Fund
<b>Net Position</b>					
Invested capital assets, net of related debt	\$ 8,099,737	\$ (109,112)	\$ 4,921,751	\$ 12,912,376	\$ 596,298
Restricted for:					
Revenue bond retirement	2,369,441	-	-	2,369,441	-
Construction	16,563,417	-	723,952	17,287,369	-
Unrestricted	1,545,001	1,922,516	(372,062)	3,095,455	(42,754)
<b>Total net position</b>	<u>\$ 28,577,596</u>	<u>\$ 1,813,404</u>	<u>\$ 5,273,641</u>	<u>\$ 35,664,641</u>	<u>\$ 553,544</u>

Reconciliation to government-wide statement of net position:

Adjustment to reflect the consolidation of Internal Service  
Funds' activities related to Enterprise Funds

Net position of business-type activities	\$ 35,664,641
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The notes to the financial statements are an integral part of this statement

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	
<b>Operating Revenues:</b>					
Water Sales	\$ 6,306,078	\$ -	\$ -	\$ 6,306,078	\$ -
Charges for services	4,760,944	4,664,274	-	9,425,218	-
Other	-	-	151,188	151,188	-
Miscellaneous	408,655	88,244	6,974	503,873	-
<b>Total operating revenues</b>	<u>11,475,677</u>	<u>4,752,518</u>	<u>158,162</u>	<u>16,386,357</u>	<u>-</u>
<b>Operating Expenses:</b>					
Personal services	1,062,036	-	178,658	1,240,694	-
Other services and charges	1,189,345	52,377	107,673	1,349,395	67,271
Supplies	516,692	945	17,181	534,818	-
Contractual services	3,887,549	4,026,773	-	7,914,322	-
<b>Total operating expenses</b>	<u>6,655,622</u>	<u>4,080,095</u>	<u>303,512</u>	<u>11,039,229</u>	<u>67,271</u>
Depreciation	(1,516,924)	(61,837)	(207,868)	(1,786,629)	(112,480)
<b>Income (loss) from operations</b>	<u>3,303,131</u>	<u>610,586</u>	<u>(353,218)</u>	<u>3,560,499</u>	<u>(179,751)</u>
<b>Non-operating revenues (expenses)</b>					
Investment income	19,609	-	-	19,609	-
Unrealized gain on investments	-	-	-	-	-
Administrative fees	-	-	-	-	-
Capital Improvement fees	684,808	-	-	684,808	-
Capital grants	166,783	-	1,091,770	1,258,553	-
Interest expense	(2,382,866)	(3,501)	-	(2,386,367)	(7,152)
Loss on sale of asset	-	-	-	-	-
<b>Total non-operating revenues (expenses)</b>	<u>(1,511,666)</u>	<u>(3,501)</u>	<u>1,091,770</u>	<u>(423,397)</u>	<u>(7,152)</u>
<b>Income (loss) before transfers</b>	1,791,465	607,085	738,552	3,137,102	(186,903)

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

<b>Income (loss) before transfers</b>	1,791,465	607,085	738,552	3,137,102	(186,903)
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**CITY OF WESLACO, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	
Transfers in	-		200,000	200,000	500,000
Transfers (out)	-	-	-	-	-
Change in net position	1,791,465	607,085	938,552	3,337,102	313,097
<b>Net position at beginning of year, as restated</b>	<u>14,071,765</u>	<u>(2,517,824)</u>	<u>(2,246,723)</u>	<u>9,307,218</u>	<u>240,447</u>
<b>Net position at end of year</b>	<u><u>\$ 15,863,230</u></u>	<u><u>\$ (1,910,739)</u></u>	<u><u>\$ (1,308,171)</u></u>	<u><u>\$ 12,644,320</u></u>	<u><u>\$ 553,544</u></u>

Reconciliation to government-wide statement of net position:

Adjustment to reflect the consolidation of Internal Service  
Funds' activities related to Enterprise Funds -

Change in net position of business-type activities \$ 12,644,320

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

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 11,474,095	\$ 4,722,893	\$ 371,505	\$ 16,568,493	\$ -
Cash received from others	39,656	76,577	-	116,233	-
Cash received from operating grants	-	-	-	-	-
Cash received from other funds for services	130,044	-	-	130,044	-
Cash payments to suppliers for goods and services	(5,820,914)	(4,061,846)	(337,343)	(10,220,103)	(55,636)
Cash payments to employees for services	(1,040,079)	-	(163,572)	(1,203,651)	-
Cash payments to other funds	-	-	-	-	-
<b>Net cash provided (used) by operating activities</b>	<u>4,782,802</u>	<u>737,624</u>	<u>(129,410)</u>	<u>5,391,016</u>	<u>(55,636)</u>
<b>Cash flows from noncapital financing activities</b>					
Capital grants	1,390,800	-	1,091,770	2,482,570	-
Transfers from other funds	-	-	200,000	200,000	500,000
Transfers to other funds	-	-	-	-	(130,044)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>1,390,800</u>	<u>-</u>	<u>1,291,770</u>	<u>2,682,570</u>	<u>369,956</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(13,728,168)	-	(739,794)	(14,467,962)	(283,987)
Casualty loss	-	-	-	-	-
Retirement on accounts payable	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Capital Improvement/Administrative Fees	684,808	-	-	684,808	-
Bond proceeds	-	-	-	-	-
Note proceeds	-	-	-	-	-
Interest paid on bonds	(2,391,623)	(3,500)	-	(2,395,123)	(7,152)
Retirement of bonds	(1,397,781)	(55,000)	-	(1,452,781)	-
Landfill closure costs	-	(54,885)	-	(54,885)	-
Capital grants	29,946	-	-	29,946	-
Contributed capital	-	-	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(16,802,818)</u>	<u>(113,385)</u>	<u>(739,794)</u>	<u>(17,655,997)</u>	<u>(291,139)</u>

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

**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	
<b>Cash flow from investing activities:</b>					
Interest on cash and investments	19,609	-	-	19,609	-
Unrealized loss on investments	-	-	-	-	-
<b>Net cash provided (used) by investing activities</b>	<b>19,609</b>	<b>-</b>	<b>-</b>	<b>19,609</b>	<b>-</b>
Net increase (decrease) in cash and cash investments	(10,609,607)	624,239	422,566	(9,562,802)	23,181
Cash and cash investments, October 1	31,793,030	962,316	(12,539)	32,742,807	75,744
<b>Cash and cash investments, September 30</b>	<b>\$ 21,183,423</b>	<b>\$ 1,586,555</b>	<b>\$ 410,027</b>	<b>\$ 23,180,005</b>	<b>\$ 98,925</b>

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



**CITY OF WESLACO, TEXAS**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

	Business Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total	
Reconciliation of income (losses) from operations to net cash provided (used) by operating activities:					
Income (loss) from operations	\$ 3,303,131	\$ 610,586	\$ (353,218)	\$ 3,560,499	\$ (179,751)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities					
Depreciation	1,516,924	61,837	207,868	1,786,629	112,480
Provision for doubtful accounts					
Change in assets and liabilities:					
(Increase) Decrease in Assets:					
Accounts receivables	(1,582)	7,240	(19,439)	(13,781)	-
Other receivables	-	-	-	-	-
Due from other funds	130,044	76,577	(18,340)	188,281	-
Inventories	-	-	(9,222)	(9,222)	-
Increase (Decrease) in Liabilities:					
Due to other funds	-	-	-	-	-
Accounts payable	(226,606)	(18,616)	47,855	(197,367)	11,635
Accrued salaries	39,967	-	4,836	44,803	-
Deposits	39,656	-	-	39,656	-
Liability for compensated absences	(18,010)	-	10,250	(7,760)	-
Other liabilities	(722)	-	-	(722)	-
<b>Net cash provided (used) by operating activities</b>	<u>\$ 4,782,802</u>	<u>\$ 737,624</u>	<u>\$ (129,410)</u>	<u>\$ 5,391,016</u>	<u>\$ (55,636)</u>
Reconciliation of total cash and cash investments					
Current assets-cash and cash investments	\$ 2,250,565	\$ 1,586,555	\$ -	\$ 3,837,120	\$ 98,925
Restricted assets-cash and cash investments	18,932,858	-	723,952	19,656,810	-
Current liabilities-Bank Overdraft	-	-	(313,925)	(313,925)	-
<b>Total cash and cash investments</b>	<u>\$ 21,183,423</u>	<u>\$ 1,586,555</u>	<u>\$ 410,027</u>	<u>\$ 23,180,005</u>	<u>\$ 98,925</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. General Statement**

The City of Weslaco, Texas 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 and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinion, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

**2. Financial Reporting Entity**

The accompanying financial statements present the reporting entity, which consists of the primary government. Financial reporting standards also require the City of Weslaco, Texas to include, if any, legally-separate entities or 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 could cause the City's basic financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing Board and either is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing Board, a governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the primary government.

Applying these tests to other entities and activities for possible inclusion in the reporting entity, the City has determined that the Weslaco Economic Development Corporation (EDC) meets the financial accountability tests and, therefore is included as a blended component unit. Its Board is appointed by the City Commission and the City sets expenditure caps.

The Firemen's Relief and Retirement fund is included as a pension trust fund, and reported as a fiduciary fund in the accompanying financial statements. The City is represented on the governing board and has the ability to significantly influence operations.

The City's general-purpose financial statements do not reflect the operations of the Weslaco Chamber of Commerce (WCC), Weslaco Independent School District (WISD) or Texas

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Municipal Retirement System (TMRS). The Weslaco Chamber of Commerce and Weslaco Independent School District are not included because they have their own elected governing boards and are independent of the City as to fiscal accountability and financial affairs. Responsibility for administration and operation of TMRS has been vested with its board of Trustees. The City has no oversight responsibility regarding TMRS. Also excluded from the reporting entity is the Housing Authority of Weslaco. The Housing Authority is governed by a board of five commissioners, administers 180 units of low-income housing and also operates 328 units of existing Section 8 Housing Voucher Choice Program.

Based on the following criteria, the City determined that the actual degree of oversight is remote, and the financial operations and status of the Housing Authority is not integral to that of the City, thus the relationship of the Housing Authority to the City is best described in a note to the financial statements as follows:

a. Ability to Exercise Oversight Responsibility

The City of Weslaco appoints members to the Authority and has a moral responsibility for debts. The City of Weslaco has little influence in the hiring of management and clerical staff, reviewing and approving budgets, adjustments and amendments, signing contracts, exercising control over facilities and property, and determining the outcome or disposition of matters affecting the service tenants of the Housing Authority received.

b. Scope of Service

The Housing authority provides housing for the residents of the City of Weslaco. The Housing Authority operates within the city limits.

c. Special Financing Relationships

The City of Weslaco and the Housing Authority are two separate legal entities and the financial operations and status of each is not integral.

The four industrial development corporation's referred to in Note O are not part of the City's reporting entity because the City exercises no oversight responsibility and has no accountability for fiscal matters. The significant factors for exclusion are: the appointed board members have no continuing relationships with the City; the board designates management; the City cannot significantly influence the corporations' operations; the Board has sole budgetary authority; the corporations' control surpluses and deficits, the City is not legally or morally obligated for the corporations' debt and the corporation's are responsible for fiscal management and fee determination. In this situation, the preceding factors are conclusive in contrast to the following factors indicating inclusion. The corporation's operate within the boundaries of the City and the City approves bonds for issuance.

Government Accounting Standards Board has issued the following pronouncements, which are relevant to the City, became effective this fiscal year and have been implemented:

*GASB Statement No 60, Accounting and Financial Reporting For Service Concession Arrangements*

The objective of this statement is to improve financial reporting by addressing issues related to Service Concession Arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE A.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

between a transferor (a government) an operator (government on non-governmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this statement generally are required to be applied retroactively for all periods presented. The adoption of this standard will not have a significant impact on the City’s financial statements.

GASB Statement No 61, *The Financial Reporting Entity: Omnibus* – an amendment of GASB Statements No. 14 and No 34.

The objective of this statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements - and Management’s Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB AICPA Pronouncements*.

The objective of this statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with our contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure

Hereinafter, these pronouncements collectively are referred to as the “FASB and AICPA” pronouncements. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this statement generally are required to be applied retroactively for all periods presented.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows and Resources, Deferred Inflows of Resources and Net Position*

The statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of nets assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statements, which are distinct from assets and liabilities. The provisions of this

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE A.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged.

The following statements will become effective in future years. Management does not believe these statements will have a significant impact on the City's financial statements.

- GASB Statement No 65, *Items Previously Reported as Assets and Liabilities*
- GASB Statement No. 66, *Technical Corrections – 2012* – an amendment of GASB Statements No. 10 and No. 62
- GASB Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25
- GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 27
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Management Date* – an amendment of GASB Statement No. 68

3. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the City. The effect of inter-fund activity, within the governmental and business-type activities columns, has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE A.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

**General Fund –**

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Special Revenue Fund –**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to finance specific activities.

**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 reserved to signify the amounts that are restricted exclusively for debt service expenditures.

**Capital Projects Fund –**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

**Proprietary Funds-**

Proprietary Funds are accounted for using the economic resources measurements focus on the accrual basis of accounting. The accounting objectives are determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

**Water and Wastewater Fund –**

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.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Solid Waste Fund –**

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.

**Airport Fund –**

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**5. Measurement Focus/Basis of Accounting and Financial Statement Presentation**

Measurement focus refers to what is being measured: basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position.

Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and wastewater services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurements focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.



**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

**6. Budgetary Control**

1. The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager subsequently submits a budget of estimated expenditures and revenues to the City Commission by August 1. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Upon receipt of the budget estimates, the Commission holds public hearing on the proposed budget. Information about the Budget Ordinance is then published in the official newspaper of the City.
3. Prior to October 1, the budgets for the General, Special Revenue, and Debt Service Funds are legally enacted through passage of an ordinance.
4. At least ten days prior to October 1, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Commission, even though the City Charter does not impose any restrictions or limit expenditures to amounts appropriated.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Debt Service Funds

Formal budgetary integration is not employed for Capital Project Funds because effective budgetary control is alternatively achieved through the life of the respective project and not on an annual basis.

6. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with Generally Accepting Accounting Principles (GAAP).
7. Current year appropriations lapse at year-end.

Budgeted amounts are as originally adopted or as amended by the City Commission through September 30, 2013. Subsequent to year-end management and the City Commission amended the September 30, 2013 budget authorizing the reallocation of expenses and related budget transfers relative to the Interest and Sinking Fund, Water and Wastewater Fund and General Fund. All budget appropriations lapse at year-end except for the Urban County Development Grants (CDBG). Although they are appropriated annually, unspent appropriations in the Urban County Development Grants (CDBG) are appropriated under the same objects of expenditures in subsequent grant periods.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

7. Cash and Cash Investments

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the proprietary fund type considers cash and equivalents to include all highly liquid investments with maturity of three months or less when purchased.

The City maintains and controls three major cash investment pools. 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 and Cash investments 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**

In accordance with provisions of GASB Statement No.31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in current transactions between willing parties.

**Interest Rate Risk**

The City's investment policy limits investment maturities to no more than two years from the date of purchase.

8. Prepaid Items and Inventories

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the prepaid items have been recorded as un-spendable to signify that a portion of fund balance is not available for other subsequent expenditures.

9. Inventories

The inventories in the Governmental Funds and Proprietary Funds consist of supplies and are recorded at the lower of weighted average cost or market.

10. Inter-fund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "Internal balances".

11. Transactions Between Funds

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Proprietary Funds an indirect cost percentage of information technology services and salaries and wages and related costs of personnel who perform administrative services for those funds but are paid through the General Fund along with other indirect costs deemed necessary for their operations. During the year ended September 30, 2013, the City allocated \$1,221,140 as a transfer for such services.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

12. 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 is not available. Donated assets are valued at their fair market value on the date donated. 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 \$1,000.00 or more and over one year of useful life. Infrastructure assets, capitalized have an original cost of \$5,000.00 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

13. 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, 2009 are entitled to be paid a maximum of \$1,000 for both sick and vacation upon termination.

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 in the employ of the City.

At September 30, 2013, the liability for accrued vacation leave and accrued sick leave is approximately \$ 2,320,771. The amount applicable to the Enterprise Funds of \$182,545 has been recorded in the Water, Wastewater, Solid Waste, and Airport Funds. The amount applicable to the General Fund long-term debt has been recorded in the General Fund as \$2,138,226.

14. Nature and Purpose of Reservations and Designation of Fund Equity

The fund equity reserves for revenue bonds retirement and construction. Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond future debt service" account is used to report

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

resources set aside to make potential future deficiencies in the revenue bond current debt service account. The fund equity designation for subsequent years' expenditures primarily represents capital outlays.

Fund balance, reported in governmental funds, which has some level of constraint placed on it, is classified as non-spendable, restricted, committed, or assigned. The amount remaining, which can be spent for any lawful purpose is classified as unassigned. Amounts classified as restricted have constraints placed on the use by law, regulations of other governments, creditors, grantors or be enabling legislation. Those classified as committed are constrained by the City Commission through an ordinance for specific purposes, but are neither restricted nor committed. Reversing a commitment would require City Commission approval through an ordinance. Non-spendable 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.

15. Net Position

Net position represents the difference between assets, deferred outflow of resources, and liabilities, deferred inflow of resources. Net position in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

16. Implementation of New Accounting Principles

The City elected to utilize the infrastructure transition option in the implementation of GASB Statement No. 34 (GASB 34), "Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments" and in fiscal year 2010 capitalized its major infrastructure networks; street, drainage and parks. It is using in the absence of actual cost information, weighted average age calculation for estimating the historical cost of these infrastructure networks.

17. Reclassification

Certain items in the prior year have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported net income. As a result of implementing the infrastructure transition provision of GASB 34, net assets at October 1, 2012 is reconciled as follows:

	<u>Governmental Activities</u>
Net Assets, October 1, 2012	
as previously reported	\$ 8,510,899
Internal Service Fund Balance	240,447
Deferred Revenue	1,516,261
General Fixed Assets , net	79,539,451
Estimated depreciation at October 1, 2012	(28,159,397)
Prior Period Reclassification	1,503,994
Accrued Interest	(162,113)
Long-term Debt	(37,354,844)
Net Assets, October 1, 2012	<u>\$ 25,634,698</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**B. BUDGET BASIS OF ACCOUNTING**

The City of Weslaco, Texas prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statements of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-General Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis in the General Fund are that total property taxes collected are recognized as revenues (budget) as opposed to recognizing the current year levy as revenues (GAAP).

Adjustments necessary to convert the General Fund's excess of revenues and other sources over expenditure and other uses on the budget basis to a GAAP basis are provided below:

Excess of revenues and other uses over	
expenditures and other sources-budget basis	\$ 2,479,206
Accrued interest	(117,295)
Net of fixed assets	477,223
Current year levy in excess of collection	(334,570)
Net of allowance for uncollectible	41,950
Excess of revenues and other sources	
over expenditures and other uses-	
GAAP basis	<u><u>\$ 2,546,514</u></u>

**NOTE C. DEPOSITS AND INVESTMENTS**

**Deposits and Credit Risks**

**Custodial Credit Risk**

Custodial credit risk refers to the risk that in the event of a bank failure, the City's deposits may not be returned to them.

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, 2013. At year-end, the respective bank balance totaled \$2,838,678. 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 \$2,838,678. 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 as detailed below.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE C. DEPOSITS AND INVESTMENTS (CONTINUED)**

<u>Bank</u>	<u>Bank</u>	<u>Amount</u>
The Independent Banker's Bank San Antonio, Texas	First National Bank Weslaco, Texas	\$ 6,402
FHLB Atlanta	BBVA Compss Bank	<u>2,832,276</u>
	Total	<u><u>\$ 2,838,678</u></u>

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.

All securities held at September 30, 2013, were insured or registered, or were held by the City or its agent in the City's name (Category 1).

Fair Values of Financial Instruments –

The following methods of assumptions were used by the City in estimating its fair value disclosures for financial instruments:

- Cash, cash equivalents, short-term investments, and promises to give are due in less than one year. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The City's investments carried at fair value at September 30, 2013, are:

	<u>Fair Value</u>
Investments:	
Texpool	\$ 26,046,589
Texpool - Friends of the Library	482,663
Government Agencies	-
Total Investments	<u><u>\$ 26,529,252</u></u>

The City's portfolios are actively monitored and managed, and while the City's liquidity is managed such that these securities can be held to maturity, changes in market conditions may make it advantageous to sell them in advance of maturities.

Firemen's Relief and Retirement Fund Investments

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE C.      DEPOSITS AND INVESTMENTS (CONTINUED)**

The Firemen's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2013. All investments held by the Firemen's Relief and Retirement Fund at September 30, 2013 were uninsured and unregistered securities which are held by the counterparty, its trust department, or agent, but not in the Funds name (Category 3).

	<u>Fair Value</u>
Investments:	
Texpool	\$     200,375
Jessup & Lamont (Stocks & Bonds)	<u>7,323,932</u>
Total Investments	<u><u>\$   7,524,307</u></u>

**NOTE D.      DUE FROM OTHER GOVERNMENTS**

Due from other governments for the General Fund consists of the following:

County of Hidalgo	Rural Fire	\$     49,875
County of Hidalgo	County Tax Office	46,560
Urban County Program	CDBG	
Department of Justice	Stonegarden	28,996
	E. Byrne Grant (Non-Recovery)	17,135
	Drug Enforcement Agency	17,202
	Bulletproof Vest Partnership	14,515
	Federal Bureau of Investigation	2,682
Texas Alcohol and Beverage		
Commision		21,380
Texas - Bingo		<u>2,332</u>
Total Due from Other Governments		<u><u>\$   200,677</u></u>

**NOTE E.      NOTES RECEIVABLES**

Economic Development Corporation Grant Fund

As an inducement for businesses to expand their operations to the City's Industrial Park, the Economic Development Corporation (EDC), 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 good and services from merchants in the local area. All notes receivable carry incentives to the extent of the note receivable balance.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE E. NOTES RECEIVABLES (CONTINUED)**

The following is a summary of notes receivable payable to the Corporation at September 30, 2013.

	2012	Additions	Deletions	2013	
AC/DC Signs	\$ 59,017	\$ -	\$ 16,568	\$ 42,449	
Savory Perks	16,083		16,083	-	(1)
RGV Word	202,630		102,735	99,895	*
Joe Olivarez	60,447		60,447	-	
Weslaco Professional Plaza	300,000			300,000	*
Maverick Ind. Services	49,594		49,594	-	
Jose's Cafecito	7,392		1,461	5,931	*
Dos Logistics	95,000			95,000	*
Sevilla Café	5,437		1,599	3,838	*
Ship & More	6,299		6,299	-	(1)
Angel F.Ceballos	20,000			20,000	
Mid Valley Trailer		116,750		116,750	*
LRGVDC		1,630,000	15,261	1,614,739	*
Downtown Properties		130,000	8,283	121,717	
Total	<u>\$ 821,899</u>	<u>\$ 1,876,750</u>	<u>\$ 278,330</u>	<u>\$ 2,420,319</u>	

On June 19, 2013, the Board voted to write-off outstanding loans to Savory Perks and Ship & More. Both businesses had gone out of business and loans are deemed uncollectible.

Long-Term Note Receivable  
(SDI Weslaco Holdings, LLC)

\$ 1,800,190\*

Note receivable from SDI Weslaco Holdings, LLC (SDI) of \$914,408 at September 30, 2009, subsequently increased to \$2,213,255 at 8% interest rate after September 30, 2010. 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, (EDC) 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 \$194,836 under the 380 Agreement.

The economic incentive portion of the note 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 deferred revenues.

This is to control compliance with the agreements. The long-term note receivable principal payments will be recognized as revenues, with an equal off-set to deferred revenues.

The rest of the note balances are to be collected in cash.

Note balances with deferred component \$ 4,036,343



**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE F. CAPITAL ASSETS**

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 4,215,555	\$ -	\$ 270,141	\$ 3,945,414
Construction-in-Progress	-	-	-	-
Total assets, not being depreciated	<u>4,215,555</u>	<u>-</u>	<u>270,141</u>	<u>3,945,414</u>
Capital assets being depreciated				
Buildings	20,822,945	664,603	2,336,189	19,151,359
Equipment	9,726,779	291,724	33,410	9,985,093
Improvements	37,144,865	151,044	300,421	36,995,488
380 Agreements Infrastructure	<u>7,629,307</u>	<u>-</u>	<u>-</u>	<u>7,629,307</u>
Total capital assets being depreciated	<u>75,323,896</u>	<u>1,107,371</u>	<u>2,670,020</u>	<u>73,761,247</u>
Less accumulated depreciation for:				
Buildings	5,796,036	503,951	570,851	5,729,136
Equipment	4,991,537	553,317	33,410	5,511,444
Improvements	<u>17,371,824</u>	<u>1,341,251</u>	<u>-</u>	<u>18,713,075</u>
Total accumulated depreciation	<u>28,159,397</u>	<u>2,398,519</u>	<u>604,261</u>	<u>29,953,655</u>
Total capital assets being depreciated, net	<u>47,164,499</u>	<u>(1,291,148)</u>	<u>2,065,759</u>	<u>43,807,592</u>
Governmental activities, capital assets, net	<u>\$ 51,380,054</u>	<u>\$ (1,291,148)</u>	<u>\$ 2,335,900</u>	<u>\$ 47,753,006</u>

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government and administration	\$ 202,941
Public Safety	346,477
Public Works	1,483,255
Health	4,111
Development services	98,093
Cultural and recreational	<u>263,642</u>
Total depreciation expense- Government activities	<u>\$ 2,398,519</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE F. CAPITAL ASSETS (CONTINUED)**

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 2,551,870	\$ -	\$ -	\$ 2,551,870
Construction-in-progress	32,233,748	14,361,153		46,594,901
Total capital assets not being depreciated	34,785,618	14,361,153	-	49,146,771
Capital assets being depreciated				
Building	1,010,863		-	1,010,863
Equipment	7,475,318	140,508		7,615,826
Improvements	44,700,500			44,700,500
Total capital assets being depreciated	53,186,681	140,508	-	53,327,189
Less accumulated depreciation for:				
Building	550,297	19,849	-	570,146
Equipment	6,433,393	259,865		6,693,258
Improvements	23,291,239	1,506,915		24,798,154
Total accumulated depreciation	30,274,929	1,786,629	-	32,061,558
Total capital assets being depreciated, net	22,911,752	(1,646,121)	-	21,265,631
Business-type activities capital assets, net	\$ 57,697,370	\$ 12,715,032	\$ -	\$ 70,412,402

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Business-type activities:	
Water and Wastewater	\$ 1,516,924
Solid Waste	61,837
Airport	207,868
Total depreciation expense-	
Business-type activities	\$ 1,786,629

The City has active construction projects as of September 30, 2013. Total accumulated commitments for ongoing capital projects are as follows:

	Governmental Funds	Enterprise Funds
Streets and Drainage Projects	\$ 6,750,000	\$ -
General Facilities	197,384	
New Sewer Plant		12,358,232
	\$ 6,947,384	\$ 12,358,232

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE G. LONG-TERM DEBT**

The following is a summary of bonded and other debt transactions of the City for the year beginning October 1, 2012 and ending September 30, 2013.

Proprietary Fund Long-Term Debt as of September 30, 2013 is as follows:

	<u>2013</u>	<u>2012</u>
<u>Water and Wastewater Fund</u>		
\$2,829,600 General Obligation Refunding Bonds, Series 2012, dated September 1, 2002, due in annual installment varying from \$117,000 to \$369,000 through February 15, 2014, bearing interest rates of 3.00% to 3.875%.	\$ 117,000	\$ 235,800
\$21,710,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007, dated August 15, 2008, due in annual installments varying from \$40,000 to \$2,270,000 through February 15, 2027, bearing interest rates of 4.00% to 5.00%.	20,395,000	20,765,000
\$1,075,082 General Obligation Refinancing Bonds, Series 2010, (Target Savings) due in annual installments varying from \$97,092 to \$138,852 through February 19, 2019 bearing interest at 3.1%.	753,768	853,992
\$2,845,000 Waterworks and Sewer Systems Revenue Refunding Bond, Series 2010, due in annual installments varying from \$375,000 to \$440,000 through December 1, 2018, bearing interest at 3.19%.	2,090,000	2,470,000
\$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% to 5.00%	24,335,000	24,335,000
\$8,500,000 Tax Notes, Series 2011, dated December 28, 2011, due in annual installments from \$460,000 to \$2,000,000 through February 15, 2018, bearing interest rate of 2.75%.	<u>8,040,000</u>	<u>8,500,000</u>
Total Water and Wastewater Fund	<u>55,730,768</u>	<u>57,159,792</u>
<u>Solid Waste Fund</u>		
\$360,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Bonds, Series 2007, dated August 15, 2008, due in annual installments varying from \$45,000 to \$60,000 through February 15, 2014, bearing interest rates of 4.00%.	<u>60,000</u>	<u>115,000</u>
Total Proprietary Fund Long-Term Debt	<u><u>\$ 55,790,768</u></u>	<u><u>\$ 57,274,792</u></u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

Governmental Fund Long-Term Debt as of September 30, 2012 is as follows:

<u>Governmental Long-Term Debt</u>	<u>2013</u>	<u>2012</u>
\$5,030,400 General Obligation Refunding Bonds, Series 2002, dated September 1, 2002, due in annual installments varying from \$208,000 to \$656,000 through February 14, 2014. Interest varies from 3.00% to 3.875%.	\$ 208,000	\$ 419,200
\$14,080,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Bonds, Series 2003, dated August 15, 2003, due in annual installments varying from \$10,000 to \$1,460,000 through February 15, 2023, bearing interest rates of 2.00% to 5.00%.	-	12,785,000
\$6,105,000 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Bonds, Series 2007, dated August 15, 2008, due in annual installments varying from \$5,000 to \$530,000 through February 15, 2027, bearing interest rates of 4.00% to 5.00%.	5,480,000	5,755,000
\$4,064,918 General Obligation Refinancing Bond, Series 2010 (Target Savings), due in annual installments of \$367,908 to \$526,148, through February 2019, bearing interest rates of 3.1%.	2,856,790	3,236,566
\$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% to 3.00%.	11,575,000	
\$6,750,000 Tax and Revenue Certificates of Obligation, Series 2013, dated September 19, 2013, due in installments varying from \$90,000 to \$570,000 through August 15, 2033, bearing interest rates of 2.00% to 5.00%.	6,750,000	
Total Governmental Long-Term Debt	<u>\$ 26,869,790</u>	<u>\$ 22,195,766</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

Economic Development Fund Long-Term Debt as of September 30, 2013 is as follows:

	<u>2013</u>	<u>2012</u>
<u>Economic Development Revenue Bonds</u>		
\$1,155,000 Economic Development Sales Tax Revenue Bonds, Series 2012, due in annual installments not exceeding \$130,000 beginning February 15, 2013 through August 15, 2023, interest rate of 2.60%	\$ 1,155,000	\$ 1,155,000
\$4,060,000 Economic Development Sales Tax Revenue Bonds, Series 2003A, due in annual installments not exceeding \$330,000 beginning February 15, 2004 through February 15, 2003, interest varies between 2.00% and 6.00%.	-	2,765,000
\$1,090,000 Economic Development Sales Tax Revenue Bonds, Series 2011A, due in annual installments varying from \$260,000 to \$280,000 beginning February 15, 2014 through February 15, 2019, interest at 4.47%.	1,090,000	1,090,000
\$1,290,000 Economic Development Sales Tax Revenue Bonds, Series 2011B, due in annual installments varying from \$150,000 to \$335,000 beginning February 15, 2017 through 2021, interest rate of 3.84%.	1,290,000	1,290,000
\$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%.	<u>2,620,000</u>	
Total Revenue Bonds	<u>\$ 6,155,000</u>	<u>\$ 6,300,000</u>
A note dated May 6, 2009 and payable to BBVA Compass Bank for \$1,300,000. The terms of the note include principal and interest payments ranging from \$12,000 to \$18,000 beginning June 6, 2009, continuing regularly thereafter until May 6, 2016 2016, when the entire balance, including principal and interest will be due and payable. The interest rate is a fixed 6.25%. The note is secured by 2.900 acres owned by the Corporation. The note was used to meet its obligations under its existing SDI Weslaco Holdings, LLC. Construction Loan Agreement and Amended Development Agreement.		
	<u>646,070</u>	<u>796,697</u>
Total Note Payable	<u>646,070</u>	<u>796,697</u>
Total Economic Development Revenue Bonds and Notes Payable	<u><u>\$ 6,801,070</u></u>	<u><u>\$ 7,096,697</u></u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

Transactions for the year ended September 30, 2013 are summarized as follows:

	Balance October 1	Issues or Additions	Payments or Expenditures	Balance September 30	Due Within One Year
<u>Governmental Type Activities</u>					
General Obligation Bonds	\$ 3,655,766	\$ -	\$ 590,976	\$ 3,064,790	\$ 595,688
Certificates of Obligation	18,540,000	18,665,000	13,400,000	23,805,000	1,380,000
Bond Premium	-	622,515	11,791	610,724	38,016
Bond Issuance Costs	-	(308,092)	(5,231)	(302,861)	(17,480)
380 Agreement Infrastructure	6,034,640	-	581,949	5,452,691	
Compensated Absences	2,027,741	110,485	-	2,138,226	213,823
Subtotal	30,258,147	19,089,908	14,579,485	34,768,570	2,210,047
<u>Economic Development Sales Tax</u>					
Revenue Bonds	6,300,000	2,870,000	3,015,000	6,155,000	585,000
Bond Issuance Costs	-	(58,639)	(5,108)	(53,531)	(4,597)
Notes Payable	796,697	-	150,627	646,070	150,627
Subtotal	7,096,697	2,811,361	3,160,519	6,747,539	731,030
Total Governmental Activities	<u>\$ 37,354,844</u>	<u>\$ 21,901,269</u>	<u>\$ 17,740,004</u>	<u>\$ 41,516,109</u>	<u>\$ 2,941,077</u>
<u>Business-Type Activities</u>					
General Obligation Bonds	\$ 1,089,792	\$ -	\$ 219,024	\$ 870,768	\$ 219,312
Revenue Bonds Payable	26,805,000	-	380,000	26,425,000	390,000
Certificate of Obligation	20,880,000	-	425,000	20,455,000	465,000
Bond Issuance Costs	(351,772)	31,244	-	(320,528)	(13,516)
Bond Premium	1,366,793	-	-	1,366,793	-
Notes Payable	8,500,000	-	460,000	8,040,000	305,000
Compensated Absences	195,379	-	7,760	187,619	18,762
Landfil Closure	717,878	-	54,885	662,993	66,300
Total Business-Type Activities	59,203,070	31,244	1,546,669	57,687,645	1,450,858
Total Government	<u>\$ 96,557,914</u>	<u>\$ 21,932,513</u>	<u>\$ 19,286,673</u>	<u>\$ 99,203,754</u>	<u>\$ 4,391,935</u>

**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.

On September 19, 2013, the City issued Tax and Revenue Certificates of Obligation, Series 2013 for \$6,750,000. The bond was issued for the financing of drainage improvements; street improvements, park improvements, renovation and repair of city buildings and facilities, purchase of machinery and equipment, and payment of contractual obligations for professional services.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

Revenue Bonds –

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

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

The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special fund noted above contains the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2013.

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.

On December 6, 2010, the City issued General Obligation Refunding Series Bond Series 2010 (Target Savings) for \$5,140,000. The bonds were issued to refund the Tax & Waterworks and Sewer Systems (Limited Pledge) Revenue Certificate of Obligations, originally issued on February 11, 1999 for \$6,550,048 in Governmental Funds and refund the 1998 Waterworks and Sewer Systems Reserve Bonds, originally issued on 9/23/1998 for \$5,930,000. \$4,064,918 was allocated to the tax support 1997 issue and \$1,075,082 to the Water and Sewer Revenue supported 1998 issue. The Refunding Bond issue carries a 3.1% interest rate versus a 4.5% interest of the Refunding issue. In the governmental funds the Refunding Bond issue will reduce the debt service payments by \$186,246 and \$29,635 in the Water and Wastewater funds over the seven year amortization period of the bonds.

Also on December 6, 2010, they issued the Waterworks and Wastewater System Revenue Refunding Bond Series 2010 for \$2,845,000 to complete the refinancing of the 1998 Reserve Bond issue. This issuance carries an interest rate of 3.19%. The Water and Wastewater Fund debt service requirements over seven year amortization period will be reduced by \$119,935.

Also on January 15, 2012, they issued the Tax and Revenue Certificate of Obligation, Notes, Series 2012 for \$24,335,000. 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.

On December 1, 2012, the City issued Limited Tax Refunding Bonds, Series 2012, for \$11,915,000 for financing the design, construction, equipment, renovation and/or rehabilitation of the City's water works and wastewater system.

Tax Notes -

On December 28, 2011, they issued the Tax Notes, Series 2011 for \$8,500,000 for Water and Sewer projects with \$390,132 allocated for public safety vehicles.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

**Defeased Bonds Outstanding –**

In prior years, 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.

**Revenue Bonds Refunding –**

On March 20, 2002, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Bond Series 2003-3003A for \$2,000,000 and \$4,060,000. The 2003 \$2,000,000 bond issue was used to finance the costs of public facilities to include municipally owned building and tourist information/exhibition facilities. The 2003 A \$4,060,000 bonds issues financed the construction of a building for use in manufacturing finished wood products, which is leased to a private enterprise. This is in conformity with the Constitution of Texas, including Section 4a of Article 5190.6, Vernon Texas Civil Statutes. This issue date was March 29, 2003.

On December 2, 2010, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Refunding Bond Series 2010 for \$1,050,000. The 2010 \$1,050,000 bond issues was used to refund the 2003 \$2,000,000 Bond Series.

On June 2, 2011, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Refunding Bond Series 2011A for \$1,090,000 and Sales Tax Revenue Bond, Tax Exempt Series 2011B for \$1,290,000. The 2011A \$1,090,000 bond issue was used to refund the 2010 \$1,050,000 bond series. The 2011B \$1,290,000 bond issue was for the renovation of the new Business Visitor and Event Center.

On August 21, 2012, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Bonds, Series 2012 for \$1,155,000. The 2012 \$1,155,000 bond issue was used to finance the cost of construction, renovation, and remodeling tourism and entertainment facilities, including a multi-purpose use exhibition hall/event center, the Business Visitors and Event Center Building.

On December 20, 2012, the City of Weslaco Economic Development Corporation issued Sales Tax Revenue Refunding Bond, Series 2012 for \$2,870,000. The 2012 \$2,870,000 bond issue was used to pay off the balance of \$2,765,000 due on the Sales Tax Revenue Bond Series 2003A.

**Bond Authorized and Unissued -**

At September 30, 2012, the City had no General Obligations Bonds and Revenue Bonds which were authorized and unissued. The following table summarizes the restricted cash and cash investments:

Reserve for Bond Debt Service	\$ 813,590
Reserve for Revenue Bond Retirement	469,687
Total Reserve for Revenue Bond Retirement	<u>1,283,277</u>
Revenue Bond Construction	16,563,417
Capital Improvement Fee	<u>1,086,164</u>
Total Restricted Cash and Cash Investments as of September 30, 2013	<u><u>\$ 18,932,858</u></u>



**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

The annual aggregate maturities for each bond type for the year subsequent to September 30, 2013, are as follows:

<b>General Obligation Bonds</b>					
Year Ending September 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total
	Principal	Interest	Principal	Interest	
2014	\$ 595,688	\$ 86,564	\$ 219,312	\$ 24,049	\$ 925,613
2015	462,852	69,350	122,148	18,303	672,653
2016	474,720	54,818	125,280	14,467	669,285
2017	494,500	39,795	130,500	10,503	675,298
2018	510,324	24,220	134,676	6,392	675,612
2019	526,706	8,155	138,852	2,152	675,865
Total	<u>\$ 3,064,790</u>	<u>\$ 282,902</u>	<u>\$ 870,768</u>	<u>\$ 75,866</u>	<u>\$ 4,294,326</u>

<b>Certificate of Obligations</b>					
Year Ending September 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total
	Principal	Interest	Principal	Interest	
2014	\$ 1,380,000	\$ 824,665	\$ 465,000	\$ 984,748	\$ 3,654,413
2015	1,315,000	808,489	760,000	959,773	3,843,262
2016	1,370,000	765,861	795,000	927,702	3,858,563
2017	1,405,000	720,492	830,000	893,668	3,849,160
2018	1,450,000	671,842	870,000	853,193	3,845,035
2019-2023	10,240,000	2,485,692	8,300,000	3,182,629	24,208,321
2024-2028	4,045,000	1,125,750	8,435,000	870,125	14,475,875
2029-2033	2,600,000	400,150	-	-	3,000,150
Total	<u>\$ 23,805,000</u>	<u>\$ 7,802,941</u>	<u>\$ 20,455,000</u>	<u>\$ 8,671,838</u>	<u>\$ 60,734,779</u>

<b>Business-Type Activities</b>					
Year Ending September 30	<u>Revenue Bonds</u>		<u>Tax Note</u>		Total
	Principal	Interest	Principal	Interest	
2014	\$ 390,000	\$ 1,114,233	\$ 305,000	\$ 221,100	\$ 2,030,333
2015	410,000	1,101,472	1,190,000	212,712	2,914,184
2016	420,000	1,088,233	1,735,000	179,987	3,423,220
2017	430,000	1,074,677	2,190,000	132,276	3,826,953
2018	440,000	1,060,800	2,620,000	72,050	4,192,850
2019-2023	7,140,000	4,853,260	-	-	11,993,260
2024-2028	8,615,000	3,378,410	-	-	11,993,410
2029-2032	8,580,000	1,018,078	-	-	9,598,078
Total	<u>\$ 26,425,000</u>	<u>\$ 14,689,163</u>	<u>\$ 8,040,000</u>	<u>\$ 818,125</u>	<u>\$ 49,972,288</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE G. LONG-TERM DEBT (CONTINUED)**

<b>Economic Development Corporation of Weslaco</b>					
Year Ending September 30	Revenue Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2014	\$ 585,000	\$ 206,432	\$ 150,627	\$ 36,065	\$ 978,124
2015	605,000	184,187	150,627	26,650	966,464
2016	630,000	161,110	344,816	12,537	1,148,463
2017	655,000	137,116	-	-	792,116
2018	675,000	113,204	-	-	788,204
2019-2023	3,005,000	221,817	-	-	3,226,817
Total	<u>\$ 6,155,000</u>	<u>\$ 1,023,866</u>	<u>\$ 646,070</u>	<u>\$ 75,252</u>	<u>\$ 7,900,188</u>

**NOTE H. SEGMENT INFORMATION FOR ENTERPRISE FUND**

Generally accepted accounting principles require disclosure, as part of the Combined Statements-Overview, of certain information concerning individual funds including segment information for the Enterprise Funds.

The City maintains four Enterprise Funds which provide, water, wastewater, solid waste, and airport services to the City of Weslaco. Selected segment information for the year ended September 30, 2013 is as follows:

	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Total Enterprise Fund
Operating Revenues	\$ 11,475,677	\$ 4,752,518	\$ 158,162	\$ 16,386,357
Operating Expenses	6,655,622	4,080,095	303,512	11,039,229
Depreciation	1,516,924	61,837	207,868	1,786,629
Operating Income	3,303,131	610,586	(353,218)	3,560,499
Net Non-Operating Revenues and Expenses	(1,511,666)	(3,501)	-	(1,515,167)
Contributions	-	-	1,091,770	1,091,770
Transfers	-	-	200,000	200,000
Changes in Net Position	1,791,465	607,085	938,552	3,337,102
Beginning Net Position	14,071,765	(2,517,824)	(2,246,723)	9,307,218
Ending Net Position	<u>\$ 15,863,230</u>	<u>\$ (1,910,739)</u>	<u>\$ (1,308,171)</u>	<u>\$ 12,644,320</u>
<b>Condensed Cash Flow</b>				
Net Cash Provided (Used) by:				
Operating Activities	\$ 4,782,802	\$ 737,624	\$ (129,410)	\$ 5,391,016
Non-Capital Financing Activities	1,390,800	-	1,291,770	2,682,570
Capital and Related Financing Activities	(16,802,818)	(113,385)	(739,794)	(17,655,997)
Investing Activities	19,609	-	-	19,609
Beginning Cash	31,793,030	962,316	(12,539)	32,742,807
Ending Cash	<u>\$ 21,183,423</u>	<u>\$ 1,586,555</u>	<u>\$ 410,027</u>	<u>\$ 23,180,005</u>

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE I. CONTRIBUTED CAPITAL-PROPRIETARY FUND TYPES**

	10/1/2012	Additions (Deletions)	9/30/2013
<u>Water and Sewer Fund</u>			
Contributed Capital Donation	\$ 11,000	\$ -	\$ 11,000
Contributions from City	2,926,974		2,926,974
Contributions In Aid of Construction	707,629		707,629
Contributions-State Grants	3,954,105		3,954,105
Contributions-Federal Grants	5,114,658		5,114,658
Total	<u>12,714,366</u>	<u>-</u>	<u>12,714,366</u>
<u>Sanitation Fund</u>			
Contributions from City	3,715,956		3,715,956
Contributions-Federal Grants	8,187		8,187
Total	<u>3,724,143</u>	<u>-</u>	<u>3,724,143</u>
<u>Airport Fund</u>			
Contributions from City	1,398,150		1,398,150
Contributions-State Grants	1,617,395		1,617,395
Contributions from Revenue Sharing Fund	175,130		175,130
Contributions-Federal Grants	3,391,137		3,391,137
Total	<u>6,581,812</u>	<u>-</u>	<u>6,581,812</u>
<u>Internal Service Fund</u>			
<u>Equipment Replacement Fund</u>			-
Total Contributed Capital	<u>\$ 23,020,321</u>	<u>\$ -</u>	<u>\$ 23,020,321</u>

**NOTE J. 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, 2013 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.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE J. PROPERTY TAX (CONTINUED)**

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. On October 1 taxes are levied and payable by January 31. Property taxes attach as an enforceable lien on property as of January 1. Uncollected taxes are placed in the hands of the attorney for legal action on February 1, following year of assessment.

Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Appraisal Board of Review at 100% for estimated fair market value.

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, 2013, were 94.39% of the tax levy.

Property taxes at the fund level are recorded as receivables and deferred revenues 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.

The City charter of the City of Weslaco, Texas, does not provide for a debt limit, therefore, no computation can be made. However, at September 30, 2013, the City had a tax margin of \$1.8033 for every \$100 valuation based upon a maximum ad valorem tax of \$2.50 for every \$100 valuation imposed by Texas Constitutional law.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE K. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at September 30, 2013 consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
<u>General Fund</u>		
Special Revenue - EDC	\$ -	\$ 213,310
Debt Service Fund		575,645
Total General Fund	<u>-</u>	<u>788,955</u>
<u>Special Revenue Fund</u>		
General Fund	213,310	
Total Special Revenue Fund	<u>213,310</u>	
<u>Debt Service Fund</u>		
General Fund	575,645	
Total Debt Service Fund	<u>575,645</u>	
Total All Funds	<u><u>\$ 788,955</u></u>	<u><u>\$ 788,955</u></u>

**NOTE L. OPERATING TRANSFERS**

Operating transfers at September 30, 2013 consisted of the following individual funds:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund</u>		
Internal Service Fund	\$ -	\$ 500,000
Airport Fund		200,000
Total General Fund	<u>-</u>	<u>700,000</u>
<u>Internal Service Fund</u>		
General Fund	500,000	
Total Internal Service Fund	<u>500,000</u>	<u>-</u>
<u>Enterprise Funds</u>		
Airport Fund		
General Fund	200,000	
Total Enterprise Funds	<u>200,000</u>	<u>-</u>
Total All Funds	<u><u>\$ 700,000</u></u>	<u><u>\$ 700,000</u></u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE M.      PENSION PLAN**

Employee Pension Plans (Other Than Firemen)  
Plan Description

The City provides pension benefits for all of its full-time employees, except the fire department employees, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 849 administered by TMRS, an agent multiple-employer public employee retirement system. It is the opinion of the TMRS management that the plans in TMRS are substantially defined contribution plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the plan.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and monetary credits for service since the plan began, would be the total monetary credits and employees contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 5 years, but he must leave his accumulated contributions in the plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

At September 30, 2013, the contribution rate for the employees was 7%, and the City matching percent was 4.96%, both as adopted by the governing body of the City. Under the state law governing TMRS, the City contribution rate is annually determined by the actuary. The unit credit actuarial cost method is used for determining the contribution rate for each city. This rate consists of the normal cost contribution rate, both of which are calculated to be a level percent of payroll from year to year.

The normal cost contribution rate finances the currently accruing monetary credits due to the city matching percent, which are the obligation of the City matching percent, which are the obligation of the City as of the employee's retirement date, not at the time the employee's contributions are made.

The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his retirement becomes effective.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE M. PENSION PLAN (CONTINUED)**

The prior service contribution rate amortizes the unfunded (or over-funded) actuarial liability (asset) over the remainder of each plan's 25-year amortization period. Currently, the unfunded actuarial liability is being amortized over a 25-year open period. The employer contribution rate cannot exceed a statutory maximum rate that is a function of the employee contribution rate and the City matching percent. The maximum employer contribution rate is 14%. These maximum rates come into play only occasionally. Contributions are made monthly by both the employees and City. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis of the rate and the calendar year when the rate goes into effect.

The City's total payroll in fiscal year 2013 was \$10,048,038 and the City's contributions were based on payroll of \$7,503,177. Both the City and the covered employees made the required contributions, amounting to \$351,441 (8.25% for calendar year 2012 and 4.96% for calendar year 2013) for the City, and \$525,223 (7%) for the employees. There were no related-party transactions. All contributions were made by their respective due dates.

**Funding Status and Programs**

Even though the substance of the City's plan is not to provide a defined benefit in some form, some additional voluntary disclosure is appropriate due to the nontraditional nature of the defined contribution plan which had an initial unfunded pension benefit obligation due to the monetary credits granted by the City for services rendered before the plan began and which can have additions to the unfunded pension benefit credits and benefits. Statement No. 27 of the Governmental Accounting Standards Board (GASB 5) defines Actuarial Accrued Liability (AAL) as a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding progress over time, of public employee pension plans, in accumulating sufficient assets to pay benefits when due rather than placing under emphasis on current point-in-time measures.

The Actuarial Accrued Liability shown below is similar in nature to the standardized disclosure measure required by GASB # 27 for defined benefit plans except that there is no need to project salary increases since the benefit credits earned for service to date are not dependent upon future salaries. The calculations were made as part of the annual actuarial valuation as of December 31, 2012. Because of the money-purchase nature of the plan, the interest rate assumption, currently 7.0% per year does not have as much impact on the results as it does for a defined benefit plan. Market value of investments is not determined for each City's plan. All investments for TMRS are at fair value at December 31, 2012. This is in accordance with the elected implementation of Governmental Accounting Standards Board Statement No. 25. The Texas Legislation, thru House Bill 1113 authorized the "Partial Lump Sum Distributions and the "POP-UP" factor. These provisions became effective September 1, 1997. This increases qualified employment under the Restricted Prior Service Credit.

The City of Weslaco is one of 849 municipalities having the benefit plan administered by TMRS. Each of the 849 Municipalities have an annual, individual actuarial valuation performed. All assumptions for the 12/31/12 valuations are contained in the 2012 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153, or on the TMRS website.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE M. PENSION PLAN (CONTINUED)**

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/12	12/31/11	12/31/10
Actuarial Value of Assets	\$ 29,417,936	\$ 28,450,881	\$ 28,318,513
Actuarial Accrued Liability	29,326,031	27,926,939	27,479,052
Percentage Funded	100.30%	101.90%	103.10%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	(91,905)	(523,942)	(839,461)
Annual Covered Payroll (Calendar year)	7,535,064	7,569,083	9,802,203
UAAL as a Percentage of Covered Payroll	-1.22%	-6.92%	-8.56%
Net Pension Obligation (NPO) at the Beginning of Period			
Annual Pension Cost:			
Annual Required Contribution (ARC)			
Interest on NPO			
Adjustments to the ARC			
Contributions Made	-	-	-
Increase in NPO			
NPO at the end of the period	\$ -	\$ -	\$ -

The book value of assets is amortized cost for bonds and original cost for short-term securities and stocks. The actuarial assumptions used to compute the actuarially determined City contribution rate are the same as those used to compute the actuarial accrued liability. The numbers above reflect changes in actuarial assumptions since the previous actuarial valuation, which had the effect of increasing the City's contribution rate by 1.05% for 2013. Because of the one-year lag between the actuarial valuation date and the calendar year when the newly calculated rate goes into effect, the new actuarial assumptions will first affect the adoption of changes in the plan since the previous actuarial valuation, which had the effect of increasing the unfunded actuarial accrued liability by \$676,641. The 2013 rate will be 6.58%.

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to retirees 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.

**Fireman's Pension Plan**

The Weslaco's Firemen's Relief and Retirement Fund administer a retirement plan for the employees of the fire department. All employees who are members of the fund on the valuation date are included in the valuation.



**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE M. PENSION PLAN (CONTINUED)**

	(After Plan Change) 12/31/09	(Prior to Plan Change) 12/31/09	12/31/08	12/31/07	12/31/06
\$	19,199,534	\$ 15,705,424	\$ 17,001,070	\$ 15,705,424	\$ 14,910,028
	21,559,545	30,697,078	27,821,973	25,524,437	19,506,553
	89.05%	62.55%	61.10%	61.50%	76.40%
	2,360,011	11,497,544	10,820,903	9,819,013	4,596,525
	10,083,824	10,083,824	9,899,222	9,099,212	7,821,257
	23.40%	114.02%	109.30%	107.90%	58.70%
	831,915	1,472,331	1,196,828	984,969	795,931
	831,915	1,472,331	1,196,828	984,969	795,931
\$	-	\$ -	\$ -	\$ -	\$ -

The date of the most recent valuation was December 31, 2009. The valuation was based on the plan of benefits in effect on the valuation date. Valuations are required on this fund every three years. The actuarial cost method used was the Entry Age Actuarial Cost Method. The unfunded accrued liability is being amortized with a level percentage of projected payroll, assuming a 4.0% annual increase. At the current funding levels it is expected to be amortized over nine years.

The City of Weslaco contributed \$319,560 to the plan during this fiscal year including \$6,594 towards amortizing an unfunded accrued liability of \$4,308,720.

At the end of the fiscal year 2013 the City was contributing 10% on gross wages for all full-time firemen and \$240 annually for each volunteer fireman. The full-time firemen contributed 10% of their gross wages to the plan. In 2014 the City's contribution rate will remain at 10%.

Actuarial Present Value of Accrued Benefits	\$ 9,285,971
Actuarial Present Value of Assets	(4,977,251)
Unfunded Actuarial Accrued Liabilities	<u>\$ 4,308,720</u>

Total assets include the present value of additional contributions of \$6,594 per year made by the volunteer firemen.

The City's rate is the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE M.      PENSION PLAN (CONTINUED)**

Other Plans

The City has deferred compensation plans created in accordance with the Internal Revenue Code Section 457. The plans are administered by independent plan administrators through administrative service agreements. One plan is available to all city employees, and the other plan is available to all employees of the Weslaco Fire Department.

Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City, but not subject to the claims of the City's general creditors. Participants' rights under the plan are preferred to those of general creditors of the City in an amount equal to the fair market value of the deferred amount for each participant.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan agreement but does not have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**NOTE N.      DEFERRED REVENUES**

Deferred Revenues at September 30, 2013 are composed of the following:

General Fund		
Taxes receivable net of allowances	\$ 1,002,449	
Paving assessments	26,885	
Confiscated property	5,000	
Other	7,252	
Total General Fund		\$ 1,041,586
Economic Development Corporation	2,427,669	
Total Economic Development Corporation		2,427,669
Debt Service Fund		
Taxes receivable net of allowances	286,479	
Total Debt Service Fund		286,479
Total Deferred Revenues		\$ 3,755,734

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE O. 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 component unit in the Special Revenue Fund.

**NOTE P. COMMITMENTS**

The City contracts with the County of Hidalgo, Office of Tax Assessor-Collector to assess, maintain accountability, and collect its property taxes. The City is also committed to the Hidalgo County Appraisal District for the appraisal of property within the City. Also, on October 1, 1993, the Sewer Plant Operations were contracted to OMI, a private management company. The water plant operations were contracted to OMI, on October 1994. The brush collection was contracted to BFI on April 1996. Minimum annual payments are as follows for the fiscal year ended September 30, 2013:

	<u>2013</u>	<u>2012</u>
County of Hidalgo-Tax Collection	\$ 44,060	\$ 44,060
Hidalgo County Appraisal District	90,554	112,675
OMI Management Company Sewer Plant	1,624,068	1,380,900
OMI Management Company Water Plant	1,143,091	953,509
Browning Ferris Industries (Brush Collections)	1,047,264	1,036,896
Browning Ferris Industries (Garbage Collections)	2,878,146	2,826,754
Upper Valley Humane Society	10,095	69,245
Municipal Judge	65,190	65,190
Medical Doctor (EMS)	40,000	46,664
Total	<u>\$ 6,942,468</u>	<u>\$ 6,535,893</u>

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE P. COMMITMENTS (CONTINUED)**

The Economic Development Corporation of Weslaco (EDC) extended economic incentives to private enterprises as follows:

	<u>Commitment</u>	<u>Paid in Prior Years</u>	<u>Paid in Current Year</u>	<u>Balance Due</u>
<u>Monetary Incentives</u>				
Arturo's Bar & Grill	\$ 130,000	\$ -	\$ 65,000	\$ 65,000
Becknell Development	250,000	83,333	55,555	111,112
Darden Restaurants	120,000	-	60,000	60,000
Maverick Ind. Service	125,000	75,406	49,594	-
Pharmacy Care USA	75,000	50,000	-	25,000
TD Industries	71,000	30,200	10,200	30,600
Weslaco Hills Apts	620,000	558,144	43,763	18,093
Mayan-Khan's Grill	150,000	-	-	150,000
Motion Industries	56,000	8,500	10,000	37,500
Mission Foods	60,000	12,500	10,000	37,500
Wal-Mart	900,000	-	-	900,000
RMH-AppleBee's	120,000	-	-	120,000
Grande Valle Builders	13,500	-	-	13,500
RGV W.O.R.D Properties, LLC	22,500	-	18,170	4,330
LF Trinity MEP Engineering	40,000	-	22,500	17,500
Payne Auto Group (GMC)	275,000	-	55,000	220,000
Payne Auto Group (Chevy)	275,000	-	55,000	220,000
Payne Auto Group (Ford)	275,000	-	-	275,000
Hermes Trading, Co	200,000	-	-	200,000
Nolana Self-Storage (Sarina/Mtl 6)	300,000	-	-	300,000
CI Logistics	200,000	-	100,000	100,000
Weslaco Professional Plaza	300,000	-	-	300,000
Bridgestone (Lacina/KJS Group)	150,000	-	75,000	75,000
Mid Valley Trailer Repair	116,750	-	-	116,750
BPMP (Chik-fil-A/Blue Wave)	600,000	-	-	600,000
Pop Holdings, LP (Popeye's)	50,000	-	-	50,000
Total Monetary Incentives	<u>\$ 5,494,750</u>	<u>\$ 818,083</u>	<u>\$ 629,782</u>	<u>\$ 4,046,885</u>

Subsequent year balances of \$4,046,885 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 Q. 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.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE Q.            PROPRIETARY FUND-SANITARY LANDFILL (CONTINUED)**

This statement addresses the financial statement effect of the EPA rules and states 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, \$662,993 was estimated as a closure and post-closure cost. The transfer station, underground petroleum storage tanks, closure and post-closure costs were estimated at \$144,411. The landfill has been closed and post-closure costs liability is estimated at \$662,993. 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, 2013. The post-closure costs include lab tests, gas monitoring, leachate disposal and general monitoring maintenance during its inactive status.

**NOTE R.            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. During fiscal year 2013, the City purchased group health insurance, life insurance, general liability insurance, and workmen's compensation insurance. The City 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 S.            CONTINGENT LIABILITIES**

The City participates in a number of federally assisted grant programs which are the Community Development Block Grants, the Local Public Works Program, 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 ending September 30, 2013 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.

**NOTE T.            LITIGATION**

There are several pending lawsuits in which the City is involved. The City attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City at September 30, 2013.

**CITY OF WESLACO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE U. 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 380 Economic Development Program Agreements:

Agreement	Total Payments	Payments		Balance
		Prior Years	Current Year	
SDI Weslaco Holdings, LLC	\$ 3,213,255	\$ 688,447	\$ 279,536	\$ 2,245,272
HEB Grocery Company, L.P.	4,193,162	821,633	262,824	3,108,705
Lowe's Home Center, Inc.	222,890	84,587	39,589	98,714
Total	<u>\$ 7,629,307</u>	<u>\$ 1,594,667</u>	<u>\$ 581,949</u>	<u>\$ 5,452,691</u>

In addition to the 380 Agreement, 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 \$5,250,000. These are to be reimbursed over ten years, beginning April 1, 2011. Total amount reimbursed sales tax proceeds to date is \$1,587,554, of which \$645,082 is current proceeds reimbursed. Total rebates balance owed is \$3,662,446.

**CITY OF WESLACO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE V.      PRIOR PERIOD ADJUSTMENT**

	Governmental Activities		
	Government Wide	General Fund	Economic Development
Net Position at Beginning of Year,	\$21,536,107	\$ 839,538	\$3,223,324
Change in Net Postion	2,594,597	853,360	(73,871)
<u>Prior Period Adjustments:</u>			
Interest expense accrued in prior year, if owed, would only be for current year collections, if not paid in timely manner.	949,938	949,938	-
Payables that had been paid in prior years, but had not been cleared from payable listing	346,612	346,612	
To recognize understatement of property values for MVIP Lot 1, Blocks 1, 2, and 3	207,444		207,444
Total Prior Period Adjustments	<u>1,503,994</u>	<u>1,296,550</u>	<u>207,444</u>
Net Position at End of the Year, As Restated	<u>\$25,634,698</u>	<u>\$2,989,448</u>	<u>\$3,356,897</u>

	Business-Type Activities	
	Government Wide	Water and Wastewater Fund
Net Position at Beginning of Year,	\$ 28,817,354	\$ 11,184,722
Change in Net Postion	3,601,511	2,978,369
<u>Prior Period Adjustments:</u>		
Payables that had been paid in prior years, but had not been cleared from payable listing	31,227	31,227
To reverse receivable not considered collectible	(122,553)	(122,553)
Total Prior Period Adjustments	<u>(91,326)</u>	<u>(91,326)</u>
Net Position at End of the Year, As Restated	<u>\$ 32,327,539</u>	<u>\$ 14,071,765</u>

**NOTE W.      SUBSEQUENT EVENTS**

Subsequent events were evaluated through May 20, 2013, which is the date the financial statements were issued.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**CITY OF WESLACO, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
ANALYSIS OF FUNDING PROGRESS  
LAST THREE FISCAL YEARS**

Fiscal Year	(1) Actuarial Value of Assets**	(2) Actuarial Accrued Liability *	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability As A Percentage of Covered Payroll
2010	\$ 28,318,513	\$ 27,479,052	103.10%	\$ (739,461)	\$ 9,802,203	-8.60%
2011	28,450,881	27,926,939	101.90%	(523,942)	7,569,083	-6.90%
2012	29,417,936	29,326,031	100.30%	(91,905)	7,535,064	-1.22%

\* As of December 31 of the preceding year, the date of the actuarial valuation.

\*\* Assets are stated cost as of December 31 of the preceding year.

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Library Fund-This fund was created to account for sales tax allocations, grants and contributed revenues used to operate the Weslaco Library.

Hotel/Motel Tax Fund-This fund was created to account for hotel/motel tax collected in Weslaco. These funds are allocated for use in economic development and community enhancement.

**CITY OF WESLACO, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

	<u>Special Revenue Funds</u>			
	<u>Hotel/ Motel Tax</u>	<u>Library Fund</u>	<u>2013 Total Funds</u>	<u>2012 Total Funds</u>
<b>Assets</b>				
Cash and Cash Investments	\$ 376,399	\$ 14,364	\$ 390,763	\$ 522,779
Accounts Receivable	136,403	-	136,403	96,156
Due From Other Governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,617</u>
<b>Total Assets</b>	<u>\$ 512,802</u>	<u>\$ 14,364</u>	<u>\$ 527,166</u>	<u>\$ 722,552</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 162,126	\$ -	\$ 162,126	\$ 140,536
Deferred Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>162,126</u>	<u>-</u>	<u>162,126</u>	<u>140,536</u>
<b>Fund Balances</b>				
Unreserved				
Designated			-	
Undesignated	<u>350,676</u>	<u>14,364</u>	<u>365,040</u>	<u>582,016</u>
<b>Total Fund Balance</b>	<u>350,676</u>	<u>14,364</u>	<u>365,040</u>	<u>582,016</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 512,802</u>	<u>\$ 14,364</u>	<u>\$ 527,166</u>	<u>\$ 722,552</u>

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

**CITY OF WESLACO, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	Special Revenue Funds			
	Hotel/ Motel Tax	Library Fund	2013 Total Funds	2012 Total Funds
<b>Revenues</b>				
Hotel/Motel Tax	\$ 382,934	\$ -	\$ 382,934	\$ 336,419
Intergovernmental	-	-	-	503,617
Investment Income	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	6,236	-	6,236	7,227
<b>Total Revenue</b>	<b>389,170</b>	<b>-</b>	<b>389,170</b>	<b>847,263</b>
<b>Expenditures</b>				
Current:				
Development services	40,188	-	40,188	28,719
Cultural and recreational	129,026	-	129,026	311,171
Capital outlay	436,932	-	436,932	579,238
<b>Total Expenditures</b>	<b>606,146</b>	<b>-</b>	<b>606,146</b>	<b>919,128</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(216,976)</b>	<b>-</b>	<b>(216,976)</b>	<b>(71,865)</b>
<b>Other financing sources (uses)</b>				
Bonds issued				
Transfers in			-	
Transfers out			-	
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of (deficiency) revenues and other sources over expenditures and other (uses)</b>	<b>(216,976)</b>	<b>-</b>	<b>(216,976)</b>	<b>(71,865)</b>
<b>Fund balances at beginning of year</b>	<b>567,652</b>	<b>14,364</b>	<b>582,016</b>	<b>653,881</b>
<b>Fund balances at end of year</b>	<b>\$ 350,676</b>	<b>\$ 14,364</b>	<b>\$ 365,040</b>	<b>\$ 582,016</b>

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

**CITY OF WESLACO, TEXAS**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013				2012
	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
Revenues					
Occupancy tax	\$ 300,000	\$ 300,000	\$ 382,934	\$ 82,934	\$ 336,419
Investment income	520	520	-	(520)	503,617
Miscellaneous Income	-	-	6,236	6,236	7,227
Total Revenues	300,520	300,520	389,170	88,650	847,263
Expenditures					
Current:					
Development services	37,600	37,600	40,188	(2,588)	28,719
Cultural and recreational	247,833	247,833	129,026	118,807	311,171
Capital outlay	40,000	40,000	436,932	(396,932)	579,238
Total Expenditures	325,433	325,433	606,146	(280,713)	919,128
Excess of revenues over expenditures	(24,913)	(24,913)	(216,976)	(192,063)	(71,865)
Other financing (uses)					
Transfers out				-	
Excess of revenues over expenditures and other (uses)	\$ (24,913)	\$ (24,913)	(216,976)	\$ (192,063)	(71,865)
Fund balances at beginning of year			567,652		639,517
Fund balances at end of year			\$ 350,676		\$ 567,652

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

**CITY OF WESLACO, TEXAS  
LIBRARY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2013  
WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Budget Amounts		Actual	Variance with
	Original	Final	GAAP	Final Budget
			Basis	Positive
				(Negative)
				Actual
				GAAP
				Basis
<b>Revenues</b>				
Sales tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	-	-	-	-
<b>Expenditures</b>				
Current:				
Cultural/recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	-	-
<b>Other financing sources (uses)</b>				
Transfers in				
Transfers out				
<b>Total other financing sources (uses)</b>		-	-	-
<b>Excess of (deficiency) revenues and other sources over expenditures and other (uses)</b>	\$ -	\$ -	-	\$ -
<b>Fund balance at beginning of year</b>			14,364	14,364
<b>Fund balances at end of year</b>			\$ 14,364	\$ 14,364

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

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
ACCOUNT GROUPS**

## **GENERAL FUND**

The General Fund accounts for the resources used to finance the fundamental operations of the City. It is the basic fund of the City and covers all activities for which a separate fund has not been established.



**CITY OF WESLACO, TEXAS  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013**

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Cash	\$ 6,413,254	\$ 3,047,762
Investments		
Receivable (Net of allowance)		
Property taxes	1,101,652	1,110,030
Sales taxes	853,239	871,595
Ambulance fee	199,507	191,763
Other	322,057	254,594
Other assets	5,000	5,000
Inventories	33,249	65,791
Due from other funds		
Due from other governments	200,677	199,612
Restricted Cash-Boy's & Girls Club	909,891	398,045
Restricted Cash-Friends of the Library	487,496	487,034
Restricted Cash-PEG	115,005	70,563
<b>Total Assets</b>	<b>\$ 10,641,027</b>	<b>\$ 6,701,789</b>
<b>Liabilities and Fund Balance</b>		
Liabilities		
Accounts payable	\$ 602,009	\$ 816,454
Accrued salaries and payroll taxes	362,258	31,155
Compensated absences		
Contract payable	484,743	999,219
Due to other funds	788,955	816,943
Other liabilities	380,430	311,270
Trust-Boy's & Girl's Club	909,891	398,045
Trust-Friends of the Library	487,496	487,034
Trust-PEG	115,005	70,563
Deferred revenues	1,041,586	1,078,208
<b>Total Liabilities</b>	<b>5,172,373</b>	<b>5,008,891</b>
<b>Fund Balance</b>		
<b>Restricted for:</b>		
Reserve for inventories	33,249	65,791
<b>Assigned to:</b>		
Designated for public safety equipment	696,765	253,905
Undesignated	4,738,640	1,373,202
<b>Total Fund Balance</b>	<b>5,468,654</b>	<b>1,692,898</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 10,641,027</b>	<b>\$ 6,701,789</b>

**CITY OF WESLACO, TEXAS**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED SEPTEMBER 30, 2012)**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>2012 Actual</b>
<b>Revenues</b>				
Taxes	\$ 16,387,233	\$ 17,267,563	\$ 880,330	\$ 16,622,140
Licenses and permits	455,957	405,601	(50,356)	381,323
Intergovernmental	422,091	569,518	147,427	241,977
Charges for services	2,471,640	2,832,851	361,211	2,540,973
Fines and forfeits	406,000	668,891	262,891	772,752
Interest	7,000	10,374	3,374	10,218
Miscellaneous revenue	196,250	217,535	21,285	223,943
Sale of assets	30,000	75,443	45,443	41,862
<b>Total Revenues</b>	<u>20,376,171</u>	<u>22,047,776</u>	<u>1,671,605</u>	<u>20,835,188</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	3,730,656	3,696,510	34,146	3,796,704
Public safety	10,528,641	10,699,897	(171,256)	10,327,350
Public works	1,400,590	1,556,054	(155,464)	1,299,033
Health	88,653	85,956	2,697	84,348
Culture and recreation	913,481	997,701	(84,220)	861,319
Nondepartmental expenses	515,100	477,223	37,877	395,172
Capital outlay	55,547	128,198	(72,651)	354,730
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total Expenditures</b>	<u>17,232,668</u>	<u>17,641,539</u>	<u>(408,871)</u>	<u>17,118,656</u>
<b>Excess (Deficiency) of Revenues Over Expenditures Before Operating Transfers and Extraordinary Items</b>	<u>3,143,503</u>	<u>4,406,237</u>	<u>1,262,734</u>	<u>3,716,532</u>
<b>Operating Transfers and Extraordinary Items</b>				
Operating transfers in	-	-	-	(480,000)
Operating transfers out	(700,000)	(700,000)	-	191,261
Volunteer separation expense	-	-	-	(949,938)
380 Agreement expenditures	(702,922)	(581,949)	120,973	(780,562)
Sales tax agreement rebates	(847,543)	(645,082)	202,461	(843,933)
<b>Total Operating Transfers and Extraordinary Items</b>	<u>(2,250,465)</u>	<u>(1,927,031)</u>	<u>323,434</u>	<u>(2,863,172)</u>
<b>Excess (Deficiency) of Revenues Operating Transfers, and Extraordinary Items Over Expenditures</b>	<u>\$ 893,038</u>	<u>\$ 2,479,206</u>	<u>\$ 1,586,168</u>	<u>\$ 853,360</u>

**CITY OF WESLACO, TEXAS**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED SEPTEMBER 30, 2012)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2012 Actual</u>
<b>Excess (Deficiency) of Revenues, Operating Transfers, and Extraordinary Items Over Expenditures</b>	<u>\$ 893,038</u>	<u>\$ 2,479,206</u>	<u>\$ 1,586,168</u>	<u>\$ 853,360</u>
<b>Prior Period Adjustments (Note U)</b>				<u>1,296,550</u>
<b>Fund Balance, October 1, As Restated</b>		<u>2,989,448</u>		<u>839,538</u>
<b>Fund Balance, September 30,</b>		<u>\$ 5,468,654</u>		<u>\$ 2,989,448</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Taxes</b>			
General property taxes			
Advalorem taxes	\$ 6,875,000	\$ 7,007,298	\$ 132,298
Penalties and interest on taxes	218,000	232,633	14,633
<b>Total General Property Taxes</b>	<b>7,093,000</b>	<b>7,239,931</b>	<b>146,931</b>
City sales tax	7,730,107	8,386,700	656,593
Alcoholic beverage tax	55,000	74,110	19,110
Bingo tax	3,600	5,802	2,202
Payment in lieu of taxes	-	-	-
Franchise taxes	1,505,526	1,561,020	55,494
Other	-	-	-
<b>Total Taxes</b>	<b>16,387,233</b>	<b>17,267,563</b>	<b>880,330</b>
<b>Licenses and Permits</b>			
Business licenses and permits	287,582	350,009	62,427
Non-business licenses and permits	168,375	55,592	(112,783)
<b>Total Licenses and Permits</b>	<b>455,957</b>	<b>405,601</b>	<b>(50,356)</b>
<b>Intergovernmental Revenue</b>			
Urban County Development Grant	37,050	76,219	39,169
Federal Grants	312,531	419,638	107,107
State Grants	72,510	73,661	1,151
<b>Total Intergovernmental Revenue</b>	<b>422,091</b>	<b>569,518</b>	<b>147,427</b>
<b>Charges for Services</b>			
Administrative fee (other city funds)	1,221,140	1,221,140	-
Public safety	1,092,000	1,402,556	310,556
Health	118,000	144,841	26,841
Cemetery charges	40,500	64,314	23,814
<b>Total Charges for Services</b>	<b>\$ 2,471,640</b>	<b>\$ 2,832,851</b>	<b>\$ 361,211</b>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Fines and Forfeits</b>			
Corporation court fines	\$ 323,000	\$ 499,541	\$ 176,541
Municipal court technology	12,000	15,975	3,975
Money confiscated		50,700	50,700
Court fines	65,000	96,506	31,506
Library fines	6,000	6,169	169
<b>Total Fines and Forfeits</b>	<u>406,000</u>	<u>668,891</u>	<u>262,891</u>
<b>Interest</b>			
Interest revenue	7,000	10,374	3,374
<b>Total Interest</b>	<u>7,000</u>	<u>10,374</u>	<u>3,374</u>
<b>Miscellaneous Revenues</b>			
Rents	72,200	63,314	(8,886)
Royalties	1,000	985	(15)
Contribution	10,050	50	(10,000)
Reimbursements	45,000	46,814	1,814
Other income	68,000	106,372	38,372
<b>Total Miscellaneous Revenues</b>	<u>196,250</u>	<u>217,535</u>	<u>21,285</u>
<b>Sale of Assets</b>			
Proceeds Sale of Assets	30,000	75,443	45,443
<b>Total Sale of Assets</b>	<u>30,000</u>	<u>75,443</u>	<u>45,443</u>
<b>Total Revenues</b>	<u><u>\$ 20,376,171</u></u>	<u><u>\$ 22,047,776</u></u>	<u><u>\$ 1,671,605</u></u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>GENERAL GOVERNMENT</b>			
<b>Control</b>			
<b>Legislative-City Commission</b>			
Personal services	\$ 11,372	\$ 11,561	\$ (189)
Other services & charges	129,650	130,214	(564)
Supplies	7,400	7,996	(596)
<b>Total Legislative-City Commission</b>	<u>148,422</u>	<u>149,771</u>	<u>(1,349)</u>
<b>Executive-/City Manager's Office</b>			
Personal services	244,041	257,271	(13,230)
Other services & charges	32,550	32,832	(282)
Supplies	4,300	6,378	(2,078)
<b>Total Executive-City Manager's Office</b>	<u>280,891</u>	<u>296,481</u>	<u>(15,590)</u>
<b>City Secretary's Office</b>			
Personal services	174,255	165,264	8,991
Other services & charges	29,386	18,316	11,070
Supplies	5,650	1,657	3,993
<b>Total City Secretary's Office</b>	<u>209,291</u>	<u>185,237</u>	<u>24,054</u>
<b>Judicial-Corporation Court</b>			
Personal services	127,823	128,111	(288)
Other services & charges	85,743	80,859	4,884
Supplies	3,130	1,980	1,150
<b>Total Judicial-Corporation Court</b>	<u>216,696</u>	<u>210,950</u>	<u>5,746</u>
<b>Total Control</b>	<u>\$ 855,300</u>	<u>\$ 842,439</u>	<u>\$ 12,861</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>GENERAL GOVERNMENT-continued</b>			
<b>Staff Agencies</b>			
<b>Elections</b>			
Personal services	\$ -	\$ -	\$ -
Other services & charges	29,040	23,081	5,959
Supplies	-	-	-
<b>Total Elections</b>	<u>29,040</u>	<u>23,081</u>	<u>5,959</u>
<b>Finance</b>			
Personal services	330,077	340,400	(10,323)
Other services & charges	134,550	135,515	(965)
Supplies	8,100	8,572	(472)
<b>Subtotal</b>	<u>472,727</u>	<u>484,487</u>	<u>(11,760)</u>
Assessment and Collection of Taxes	<u>271,843</u>	<u>288,865</u>	<u>(17,022)</u>
<b>Total Finance</b>	<u>744,570</u>	<u>773,352</u>	<u>(28,782)</u>
<b>Personnel Director</b>			
Personal services	160,666	143,568	17,098
Other services & charges	23,367	29,690	(6,323)
Supplies	6,500	5,187	1,313
<b>Total Personnel Director</b>	<u>190,533</u>	<u>178,445</u>	<u>12,088</u>
<b>Law-City Attorney</b>			
Personal services	106,532	109,390	(2,858)
Other services & charges	186,900	187,118	(218)
Supplies	1,200	865	335
<b>Total Law</b>	<u>294,632</u>	<u>297,373</u>	<u>(2,741)</u>
<b>Building Maintenance</b>			
Personal services	615,245	600,811	14,434
Other services & charges	416,302	400,381	15,921
Supplies	64,740	63,785	955
<b>Total Building Maintenance</b>	<u>\$ 1,096,287</u>	<u>\$ 1,064,977</u>	<u>\$ 31,310</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>GENERAL GOVERNMENT-continued</b>			
<b>Data Processing</b>			
Personal services	\$ 192,474	\$ 201,001	\$ (8,527)
Other services & charges	136,029	138,247	(2,218)
Supplies	4,000	3,987	13
<b>Total Data Processing</b>	<u>332,503</u>	<u>343,235</u>	<u>(10,732)</u>
 <b>Planning</b>			
Personal services	147,968	129,464	18,504
Other services & charges	32,623	37,347	(4,724)
Supplies	7,200	6,797	403
<b>Total Planning</b>	<u>187,791</u>	<u>173,608</u>	<u>14,183</u>
 <b>Total Staff Agencies</b>	<u>2,875,356</u>	<u>2,854,071</u>	<u>21,285</u>
 <b>Total General Government</b>	<u>\$ 3,730,656</u>	<u>\$ 3,696,510</u>	<u>\$ 34,146</u>



**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>PUBLIC SAFETY</b>			
<b>Police Department</b>			
Investigation and Uniformed Patrol			
Personal services	\$ 4,552,126	\$ 4,688,098	\$ (135,972)
Other services & charges	240,675	215,996	24,679
Supplies	248,500	247,104	1,396
<b>Total Investigation and         Uniformed Patrol</b>	<b>5,041,301</b>	<b>5,151,198</b>	<b>(109,897)</b>
<b>Traffic Safety</b>			
Personal services	61,384	53,901	7,483
Other services & charges	22,690	9,474	13,216
Supplies	26,335	21,387	4,948
<b>Total Traffic Safety</b>	<b>110,409</b>	<b>84,762</b>	<b>25,647</b>
<b>Total Police Department</b>	<b>5,151,710</b>	<b>5,235,960</b>	<b>(84,250)</b>
<b>Fire Suppression</b>			
Personal services	4,226,428	4,344,542	(118,114)
Other services & charges	191,762	191,787	(25)
Supplies	130,224	117,327	12,897
<b>Total Protective Inspection</b>	<b>4,548,414</b>	<b>4,653,656</b>	<b>(105,242)</b>
<b>Emergency Medical Services</b>			
Other services & charges	222,415	225,895	(3,480)
Supplies	105,900	106,207	(307)
<b>Total Emergency Medical Services</b>	<b>328,315</b>	<b>332,102</b>	<b>(3,787)</b>
<b>Code Enforcement</b>			
Personal services	327,912	330,512	(2,600)
Other services & charges	88,490	79,533	8,957
Supplies	27,200	21,797	5,403
<b>Total Code Enforcement</b>	<b>\$ 443,602</b>	<b>\$ 431,842</b>	<b>\$ 11,760</b>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>PUBLIC SAFETY-continued</b>			
<b>Emergency Management</b>			
Other services & charges	\$ 45,000	\$ 34,810	\$ 10,190
Supplies	11,600	11,527	73
<b>Total Emergency Management</b>	<u>56,600</u>	<u>46,337</u>	<u>10,263</u>
 <b>Total Fire Department</b>	 <u>5,376,931</u>	 <u>5,463,937</u>	 <u>(87,006)</u>
 <b>Total Public Safety</b>	 <u>10,528,641</u>	 <u>10,699,897</u>	 <u>(171,256)</u>
 <b>PUBLIC WORKS</b>			
<b>Administration</b>			
Personal services	168,656	172,193	(3,537)
Other services & charges	10,200	8,842	1,358
Supplies	4,066	3,184	882
<b>Total Administration</b>	<u>182,922</u>	<u>184,219</u>	<u>(1,297)</u>
 <b>Streets and Highways</b>			
Personal services	434,946	435,584	(638)
Other services & charges	80,729	77,296	3,433
Supplies	58,971	58,876	95
<b>Total Streets and Highways</b>	<u>574,646</u>	<u>571,756</u>	<u>2,890</u>
 <b>Drain Ditch Maintenance</b>			
Personal services	67,684	67,681	3
Other services & charges	64,652	223,338	(158,686)
Supplies	18,800	18,382	418
<b>Total Drain Ditch Maintenance</b>	<u>\$ 151,136</u>	<u>\$ 309,401</u>	<u>\$ (158,265)</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>PUBLIC WORKS-continued</b>			
<b>Street Cleaning</b>			
Personal services	\$ 35,110	\$ 34,641	\$ 469
Other services & charges	10,000	10,040	(40)
Supplies	9,276	8,747	529
<b>Total Street Cleaning</b>	<u>54,386</u>	<u>53,428</u>	<u>958</u>
<b>Street Lighting</b>			
Other services & charges	437,500	437,250	250
<b>Total Street Lighting</b>	<u>437,500</u>	<u>437,250</u>	<u>250</u>
<b>Total Public Works</b>	<u>1,400,590</u>	<u>1,556,054</u>	<u>(155,464)</u>
<b>HEALTH</b>			
<b>Vital Statistics</b>			
Personal services	70,928	69,199	1,729
Other services & charges	13,248	11,517	1,731
Supplies	4,477	5,240	(763)
<b>Total Vital Statistics</b>	<u>88,653</u>	<u>85,956</u>	<u>2,697</u>
<b>Total Health</b>	<u>88,653</u>	<u>85,956</u>	<u>2,697</u>
<b>CULTURE AND RECREATION</b>			
<b>Municipal Parks</b>			
Personal services	131,261	117,976	13,285
Other services & charges	31,648	80,010	(48,362)
Supplies	16,250	13,205	3,045
<b>Total Municipal Parks</b>	<u>179,159</u>	<u>211,191</u>	<u>(32,032)</u>
<b>Library</b>			
Personal services	418,179	420,485	(2,306)
Other services & charges	152,719	208,789	(56,070)
Supplies	163,424	157,236	6,188
<b>Total Library</b>	<u>734,322</u>	<u>786,510</u>	<u>(52,188)</u>
<b>Total Culture &amp; Recreation</b>	<u>\$ 913,481</u>	<u>\$ 997,701</u>	<u>\$ (84,220)</u>

**CITY OF WESLACO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>NON-DEPARTMENTAL EXPENSES</b>			
<b>General expenditures:</b>			
Personal services	\$ 80,000	\$ 79,554	\$ 446
Other services & charges	435,100	397,669	37,431
<b>Total Miscellaneous</b>	<u>515,100</u>	<u>477,223</u>	<u>37,877</u>
<b>CAPITAL OUTLAY</b>			
General Government	14,520	10,000	4,520
Public Safety	26,827	28,581	(1,754)
Public Works	-	-	-
Streets and Highways	1,100	1,008	92
Culture and Recreation	13,100	88,609	(75,509)
Health	-	-	-
<b>Total Capital Outlay</b>	<u>55,547</u>	<u>128,198</u>	<u>(72,651)</u>
<b>DEBT SERVICE</b>			
Principal	-	-	-
Interest and fees	-	-	-
<b>Total Debt Service</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u><u>\$ 17,232,668</u></u>	<u><u>\$ 17,641,539</u></u>	<u><u>\$ (408,871)</u></u>

## **SPECIAL REVENUE FUNDS**

These fund account for revenues are earmarked or restricted for certain purposes or within certain limitations.

Economic Development Corporation of Weslaco-This fund was created to account for the collection of a ½ cent sales tax to be used in economic development activities.

Library Fund-This fund was created to account for sales tax allocations, grants and contributed revenues used to operate the Weslaco Library.

Hotel/Motel Tax Fund-This fund was created to account for hotel/motel tax collected in Weslaco. These funds are allocated for use in economic development and community enhancement.

**CITY OF WESLACO, TEXAS  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<b>Economic Development Corporation</b>	<b>Library Fund</b>	<b>Hotel/ Motel Tax</b>
<b>Assets</b>			
Cash	\$ 1,906,972	\$ 14,364	\$ 376,399
Investments	695,256		
Accounts receivables	29,074		136,403
Due from other funds	213,310		
Due from others			
Notes receivable (net)	4,220,509		
Escrow			
Assets held for resale	340,485		
<b>Total Assets</b>	<u><u>\$ 7,405,606</u></u>	<u><u>\$ 14,364</u></u>	<u><u>\$ 512,802</u></u>
<b>Liabilities and Fund Balances</b>			
Accounts payable	\$ 51,585	\$ -	\$ -
Prepaid rent			
Contract payable	37,248		162,126
Due to other funds			
Security deposits	14,000		
Deferred revenue	<u>4,036,343</u>		
<b>Total Liabilities</b>	<u>4,139,176</u>	<u>-</u>	<u>162,126</u>
<b>Fund Balance</b>			
Reserved			
Reserved for bond service	695,256		
Unreserved			
Designated for project development	600,000		
Undesignated	<u>1,971,174</u>	<u>14,364</u>	<u>350,676</u>
<b>Total Fund Balance</b>	<u>3,266,430</u>	<u>14,364</u>	<u>350,676</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 7,405,606</u></u>	<u><u>\$ 14,364</u></u>	<u><u>\$ 512,802</u></u>

<b>Totals</b>			
<b>2013</b>		<b>2012</b>	
\$	2,297,735	\$	2,081,357
	695,256		822,847
	165,477		130,075
	213,310		217,899
	-		103,617
	4,220,509		2,816,925
	-		
	340,485		388,534
\$	<u>7,932,772</u>	\$	<u>6,561,254</u>

\$	51,585	\$	29,570
	-		7,812
	199,374		140,536
	-		
	14,000		24,000
	<u>4,036,343</u>		<u>2,627,867</u>
	<u>4,301,302</u>		<u>2,829,785</u>

	695,256		822,847
	600,000		600,000
	<u>2,336,214</u>		<u>2,308,622</u>
	<u>3,631,470</u>		<u>3,731,469</u>
\$	<u>7,932,772</u>	\$	<u>6,561,254</u>

**CITY OF WESLACO, TEXAS**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<b>Economic Development Corporation</b>	<b>Library Fund</b>	<b>Hotel/ Motel Tax</b>
<b>Revenues</b>			
Sales taxes	\$ 2,795,567	\$ -	\$ -
Hotel taxes			382,934
Intergovernmental Contributions			
Interest	64,685		
Program Income	389,134		
Sale of assets (Net)	(18,493)		
Other	2,968		6,236
<b>Total Revenues</b>	<u>3,233,861</u>	<u>-</u>	<u>389,170</u>
<b>Expenditures</b>			
Economic development	2,810,650		40,189
Culture & recreation	301,785		129,025
Capital outlay	258,254		436,932
<b>Total Expenditures</b>	<u>3,370,689</u>	<u>-</u>	<u>606,146</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(136,828)</u>	<u>-</u>	<u>(216,976)</u>
<b>Other Financing Sources (Uses):</b>			
Bond revenues	2,870,000		
Bond redemption	(2,765,000)		
Bond issuance costs	(58,639)		
Operating transfers in			
Operating transfers out			
<b>Net Other Financing Sources (Uses)</b>	<u>46,361</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses</b>	<u>(90,467)</u>	<u>-</u>	<u>(216,976)</u>
<b>Prior Period Adjustment (Note U)</b>	207,444		
<b>Fund Balances at Beginning of Year, As Restated</b>	<u>3,149,453</u>	<u>14,364</u>	<u>567,652</u>
<b>Fund Balances at End of Year</b>	<u>\$ 3,266,430</u>	<u>\$ 14,364</u>	<u>\$ 350,676</u>



<b>2013</b>		<b>Variance</b>	<b>2012</b>
<b>Totals</b>	<b>Budget</b>	<b>Favorable (Unfavorable)</b>	<b>Totals</b>
\$ 2,795,567	\$ 2,673,647	\$ 121,920	\$ 2,644,580
382,934	300,000	82,934	336,419
-		-	503,617
-		-	
64,685	8,148	56,537	35,109
389,134	352,826	36,308	341,845
(18,493)	28,750	(47,243)	75,346
9,204	3,313	5,891	13,468
<u>3,623,031</u>	<u>3,366,684</u>	<u>256,347</u>	<u>3,950,384</u>
2,850,839	2,200,196	(650,643)	2,643,416
430,810	451,283	20,473	585,979
695,186	2,035,000	1,339,814	2,021,725
<u>3,976,835</u>	<u>4,686,479</u>	<u>709,644</u>	<u>5,251,120</u>
(353,804)	(1,319,795)	965,991	(1,300,736)
2,870,000	1,125,000	1,745,000	1,155,000
(2,765,000)		(2,765,000)	
(58,639)		(58,639)	
-		-	
-		-	
<u>46,361</u>	<u>1,125,000</u>	<u>(1,078,639)</u>	<u>1,155,000</u>
(307,443)	<u>\$ (194,795)</u>	<u>\$ (112,648)</u>	(145,736)
207,444			
<u>3,731,469</u>			<u>3,877,205</u>
<u>\$ 3,631,470</u>			<u>\$ 3,731,469</u>

**ECONOMIC DEVELOPMENT CORPORATION OF WESLACO**

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT CORPORATION  
OF WESLACO  
COMPARATIVE SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Administration</b>		
Personal services	\$ 86,128	\$ 61,353
Other services & charges	158,767	131,668
<b>Total Administration</b>	<u>244,895</u>	<u>193,021</u>
<b>Property Management</b>		
Personal services	168,822	128,119
Other services & charges	312,908	194,325
Bad debt expense	3,981	405,205
<b>Total Property Management</b>	<u>485,711</u>	<u>727,649</u>
<b>Promotion &amp; Development</b>		
Personal services	108,444	84,902
Consultants		
Other services & charges	193,341	189,906
<b>Total Promotion &amp; Development</b>	<u>301,785</u>	<u>274,808</u>
<b>Contract Services-Funding of Economic Development Projects:</b>		
South Texas College	37,248	
Valley Nature Center	10,000	42,000
Frontera Audubon	44,000	-
LRGVDC Relocation	10,833	38,973
Vida Grant	60,500	55,000
City of Weslaco Airport	371,976	-
Aisla Coat Products, Inc.	-	6,275
El Cid Hair Designers	-	5,000
Royal Garden Flower Shop	-	10,500
Jeff Everitt & Associates	-	15,000
Happiness Cupcakes	-	5,925
Jitter's Coffee Shop	-	4,007
Marines Bakery	114,500	-
Edible Arrangements	25,000	-
David Hernandez	48,127	-
Maria Cuellar	1,341	-
Affordable Homes	5,000	-
Taylor Construction	15,000	-
<b>Total Contract Services</b>	<u>743,525</u>	<u>182,680</u>

**CITY OF WESLACO, TEXAS  
ECONOMIC DEVELOPMENT CORPORATION  
OF WESLACO  
COMPARATIVE SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Economic Incentives to Area Businesses:</b>		
Tan 'US Sales Company	\$ -	\$ 221,863
Weslaco Hills Apts.	43,763	-
Ulises E. Perez	-	36,150
TDI Industries	10,200	30,200
RGV Word	18,170	100,000
L & W Supply	55,555	83,333
Mission Foods	10,000	12,500
Motion Industries	10,000	8,500
Colimex, Inc.	-	100,000
TX Health Care Imaging	-	50,000
Grande Valley Builders	-	13,500
Maverick Ind.	49,594	75,406
Darden Restaurants	60,000	60,000
CL Logistics, LLC	100,000	-
Bridgestone (Lacina)	75,000	-
Payne Auto Group	110,000	-
Arturo's Bar & Grill	65,000	-
LF Trintinty MEP Engineering	22,500	-
<b>Total Economic Incentives</b>	<u>629,782</u>	<u>791,452</u>
<b>Capital Outlay</b>		
BVEC Building	227,671	1,414,954
Furniture & Equipment	4,430	4,110
Vehicle	26,153	-
Message Center		23,423
<b>Total Capital Outlay</b>	<u>258,254</u>	<u>1,442,487</u>
<b>Debt Service</b>		
Principal on bonds and notes	400,627	355,626
Interest on Bonds and Note	306,110	333,946
Fiscal charges	-	30,323
<b>Total Debt Service</b>	<u>706,737</u>	<u>719,895</u>
<b>Total Expenditures</b>	<u>\$ 3,370,689</u>	<u>\$ 4,331,992</u>

## **DEBT SERVICE FUND**

### **GENERAL OBLIGATION BONDS**

This fund is used to account for payment of principal and interest on the general long-term debt of the City. Financing is provided by apportioning a percentage of the property tax levy of the City to meet the general obligation bond requirements.

**CITY OF WESLACO, TEXAS  
DEBT SERVICE FUND  
COMBINING BALANCE SHEET  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<b>Totals</b>	
	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Cash	\$ 383,410	\$ 313,488
Investments		
Taxes receivable net of estimated uncollectible taxes	232,742	475,316
Due from other funds	575,645	599,044
<b>Total Assets</b>	<b>\$ 1,191,797</b>	<b>\$ 1,387,848</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
Interest payable		
Deferred revenues-tax	286,479	438,053
<b>Total Liabilities</b>	<b>286,479</b>	<b>438,053</b>
<b>Fund Balances</b>		
Reserved for debt service	996,318	949,795
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,282,797</b>	<b>\$ 1,387,848</b>

**CITY OF WESLACO, TEXAS**  
**DEBT SERVICE FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<b>Totals</b>	
	<b>2013</b>	<b>2012</b>
<b>Revenues</b>		
Property taxes	\$ 2,675,752	\$ 2,569,724
Penalty/interest	95,800	83,647
Interest	14,219	21,292
Other	-	19,062
<b>Total Revenues</b>	<b>2,785,771</b>	<b>2,693,725</b>
<b>Expenditures</b>		
Debt service		
Defeased Bonds		
Redemption of serial bonds	2,125,976	1,648,950
Interest on bonds and notes	891,783	1,018,467
Fiscal charges	1,375	700
Bank Service Charges		
<b>Total Expenditures</b>	<b>3,019,134</b>	<b>2,668,117</b>
<b>Excess (Deficiency) of Revenues Over Expenditure</b>	<b>(233,363)</b>	<b>25,608</b>
<b>Other Financing Sources</b>		
Bond proceeds	11,915,000	-
Bond premium	413,195	-
Bond redemption	(11,865,000)	-
Bond issuance costs	(183,309)	-
<b>Total Other Financing Sources (Uses)</b>	<b>279,886</b>	<b>-</b>
<b>Excess of Revenues and Other Sources, Over-Expenditures</b>	<b>46,523</b>	<b>25,608</b>
Fund Balances, October 1,	949,795	924,187
<b>Fund Balances, September 30,</b>	<b>\$ 996,318</b>	<b>\$ 949,795</b>

**CITY OF WESLACO, TEXAS**  
**DEBT SERVICE FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

<b>Interest and Sinking Fund</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 2,597,179	\$ 2,675,752	\$ 78,573
Penalty and Interest	91,000	95,800	4,800
Interest	1,570	14,219	12,649
Other		-	-
<b>Total Revenues</b>	<u>2,689,749</u>	<u>2,785,771</u>	<u>96,022</u>
<b>Expenditures</b>			
Debt service			
Redemption of serial bonds	1,559,549	2,125,976	(566,427)
Interest on bonds and notes	941,573	891,783	49,790
Fiscal charges	10,000	1,375	8,625
Bank Service Charges			-
<b>Total Expenditures</b>	<u>2,511,122</u>	<u>3,019,134</u>	<u>(508,012)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	178,627	(233,363)	(411,990)
<b>Other Financing Sources</b>			
Bond proceeds		11,915,000	11,915,000
Bond premium		413,195	413,195
Bond redemption		(11,865,000)	(11,865,000)
Bond issuance costs		(183,309)	(183,309)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>279,886</u>	<u>279,886</u>
<b>Excess of Revenues and Other Sources, Over-Expenditures</b>	<u>\$ 178,627</u>	46,523	<u>\$ (132,104)</u>
Fund Balance, October 1,		<u>949,795</u>	
<b>Fund Balance, September 30,</b>		<u>\$ 996,318</u>	



## **CAPITAL PROJECTS FUND**

## **CAPITAL PROJECTS FUNDS**

These funds are used to account for revenues and expenditures relating to the acquisition of capital facilities and are principally financed from the sale of bonds and federal or state grants-in-aid.

2003 Certificate of Obligation Construction Fund – accounts for street improvements, public facilities, park improvements, main street beautification, landfill closure costs, and fire and EMS equipment. These projects are financed by the Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2003 for \$14,080,000.

2007 Certificate of Obligation Construction Fund – accounts for street improvements, acquisition of equipment for police department and fire suppression department, renovation of public works building, and improvement to the library facilities. These projects are financed by the Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2007 for \$6,105,000.

2013 Certificate of Obligation Construction Fund – accounts for drainage improvements, street improvements, renovation and repair of city buildings and facilities, acquisition of machinery and equipment, and payment of contractual obligations for professional service. These projects are financed by the Tax and Revenue Certificates of Obligation, Series 2013 for \$6,750,000.

**CITY OF WESLACO, TEXAS  
CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<b>2003 Certificate of Obligation Construction Fund</b>	<b>2007 Certificate of Obligation Construction Fund</b>	<b>2013 Certificate of Obligation Construction Fund</b>
<b>Assets</b>			
Cash	\$ 36,186	\$ 830,737	\$ 6,834,537
Investments			
Due from other funds			
Due from others			
<b>Total Assets</b>	<u>\$ 36,186</u>	<u>\$ 830,737</u>	<u>\$ 6,834,537</u>
<b>Liabilities</b>			
Contract payable	\$ -	\$ -	\$ -
Retainage payable			
Due to others			
Due to other funds			
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>			
Unreserved-designated for capital expenditures	<u>36,186</u>	<u>830,737</u>	<u>6,834,537</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 36,186</u>	<u>\$ 830,737</u>	<u>\$ 6,834,537</u>

<b>Totals</b>	
<b>2013</b>	<b>2012</b>
\$ 7,701,460	\$ 593,766
-	
-	
-	
<u>\$ 7,701,460</u>	<u>\$ 593,766</u>
\$ -	\$ 27,264
<u>-</u>	<u>27,264</u>
<u>7,701,460</u>	<u>566,502</u>
<u>\$ 7,701,460</u>	<u>\$ 593,766</u>

**CITY OF WESLACO, TEXAS  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<b>2003 Certificate of Obligation Construction Fund</b>	<b>2007 Certificate of Obligation Construction Fund</b>	<b>2013 Certificate of Obligation Construction Fund</b>
<b>Revenues</b>			
Interest	\$ -	\$ -	\$ -
Other income		300,421	
<b>Total Revenues</b>	<u>-</u>	<u>300,421</u>	<u>-</u>
<b>Expenditures</b>			
Administrative expenditures			
Capital outlay			
Street improvements			
Park improvements			
Library Improvements			
Equipment			
Streets & Highways			
Fire Department			
Emergency Management			
Police Department			
Land acquisition			
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>300,421</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Bond proceeds			6,750,000
Bond premium			209,320
Bond issuance costs			(124,783)
Transfers in			
Transfers out			
<b>Total Other Financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>6,834,537</u>
<b>Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>-</u>	<u>300,421</u>	<u>6,834,537</u>
<b>Fund Balances, October 1,</b>	<u>36,186</u>	<u>530,316</u>	
<b>Fund Balances, September 30,</b>	<u><u>\$ 36,186</u></u>	<u><u>\$ 830,737</u></u>	<u><u>\$ 6,834,537</u></u>

Totals	
2013	2012
\$ -	\$ -
300,421	
300,421	-

40,058

-	40,058
300,421	(40,058)
6,750,000	
209,320	
(124,783)	
-	
-	
6,834,537	-
7,134,958	(40,058)
566,502	606,560
\$ 7,701,460	\$ 566,502

**CITY OF WESLACO, TEXAS**  
**2003 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Interest	\$ -	\$ -	\$ -
Intergovernmental revenues			-
Miscellaneous revenue			-
<b>Total Revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Administration expenditures			
Capital outlay			
Street Improvements			-
TxDot Advance Funding Agreement			-
Park Improvements			-
Mainstreet Beautification			-
Cemetery Expansion			-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Bond Management Fees			-
Transfers in			-
Transfers out			-
<b>Total Other Financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balances, October 1</b>		<u>36,186</u>	
<b>Fund Balances, September 30</b>		<u>\$ 36,186</u>	

**CITY OF WESLACO, TEXAS**  
**2007 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ -	\$ -	\$ -
Intergovernmental revenues			-
Miscellaneous revenue		300,421	300,421
<b>Total Revenue</b>	<u>-</u>	<u>300,421</u>	<u>300,421</u>
<b>Expenditures</b>			
Administration expenditures			
Capital outlay			
Generator-fire station #2			-
Ambulance - Type I			
Rescue truck-pumper			-
Carpeting-library media center			-
Street improvements			
TxDot Advance Funding Agreement			-
Border st. (18th to 34th)			-
Frost proof drive			-
Westgate Drive			-
Renovation-public works bldg			-
Reserved			-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>300,421</u>	<u>300,421</u>
<b>Other financing sources (uses)</b>			
Bond Management Fees			-
Transfers in			-
Transfers out			-
<b>Total Other Financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>300,421</u>	<u>\$ 300,421</u>
<b>Fund Balances, October 1</b>		<u>530,316</u>	
<b>Fund Balances, September 30</b>		<u>\$ 830,737</u>	



**CITY OF WESLACO, TEXAS**  
**2013 CERTIFICATE OF OBLIGATION CONSTRUCTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Interest	\$ -	\$ -	\$ -
Intergovernmental revenues			-
Miscellaneous revenue			-
<b>Total Revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Administration expenditures			
Capital outlay			
Drainage improvements			-
Street improvements			
Park improvements			-
Renovation and facilities			-
Equipment and machinery			
Reserved			-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Bond proceeds		6,750,000	
Bond premium		209,320	
Bond issuance costs		(124,783)	
Transfers in			-
Transfers out			-
<b>Total Other Financing sources (uses)</b>	<u>-</u>	<u>6,834,537</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>6,834,537</u>	<u>\$ -</u>
<b>Fund Balances, October 1</b>		<u>-</u>	
<b>Fund Balances, September 30</b>		<u><u>\$ 6,834,537</u></u>	

## **ENTERPRISE FUNDS**

Enterprise Funds are established to account for operations which are self-supporting through user charges to the general public. The City of Weslaco operates the water and wastewater utility plants and the municipal airport on this basis.

Water and Wastewater Fund - accounts for the provision of water and wastewater services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration (utility director, operations, maintenance, financing and related debt service, and billing and collection).

Solid Waste Fund - accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund. Prior to 1994 sanitation services were accounted in the City of Weslaco General Fund.

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 hangar rentals and tie-downs fees.

**CITY OF WESLACO, TEXAS  
ENTERPRISE FUND  
COMBINING BALANCE SHEETS  
SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<u>Water and Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Airport Fund</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 2,250,565	\$ 1,586,555	\$ -
Investments	-		
Receivables			
Customers (net of allowance)	1,887,774	721,835	25,996
Inventory	93,824		59,425
Prepaid Expenses			
Due from other funds	130,044	-	
Due from other governments	609,300		19,302
Due from others		-	
<b>Total Current Assets</b>	<u>4,971,507</u>	<u>2,308,390</u>	<u>104,723</u>
<b>Restricted Assets</b>			
Cash Escrow (TXDOT)			723,952
Construction account			
Cash in bank			
Investments	-		
Due from other funds			
Revenue bond debt service account	813,590		
Revenue bond reserve account	469,687		
Revenue bond construction account	16,563,417		
Capital fee for construction	1,086,164		
<b>Total Restricted Assets</b>	<u>18,932,858</u>	<u>-</u>	<u>723,952</u>
<b>Property, Plant, and Equipment</b>			
Water and wastewater plant	90,903,542		
Solid waste fixed assets		3,045,447	
Airport fixed assets			8,524,971
<b>Total</b>	<u>90,903,542</u>	<u>3,045,447</u>	<u>8,524,971</u>
Less: Allowances for depreciation	<u>(26,025,374)</u>	<u>(2,432,964)</u>	<u>(3,603,220)</u>
<b>Net Property, Plant, and Equipment</b>	<u>64,878,168</u>	<u>612,483</u>	<u>4,921,751</u>
<b>Total Assets</b>	<u>\$ 88,782,533</u>	<u>\$ 2,920,873</u>	<u>\$ 5,750,426</u>

<b>Totals</b>	
<b>2013</b>	<b>2012</b>
\$ 3,837,120	\$ 4,795,613
-	
-	
2,635,605	2,621,824
153,249	144,027
-	-
130,044	260,088
628,602	1,986,858
-	76,577
7,384,620	9,884,987
723,952	
-	
-	
-	
813,590	70,818
469,687	469,687
16,563,417	25,603,417
1,086,164	1,815,731
19,656,810	27,959,653
	-
90,903,542	77,141,675
3,045,447	3,045,447
8,524,971	7,785,177
102,473,960	87,972,299
(32,061,558)	(30,274,929)
70,412,402	57,697,370
\$ 97,453,832	\$ 95,542,010

**CITY OF WESLACO, TEXAS**  
**ENTERPRISE FUND-COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<b>Water and Wastewater Fund</b>	<b>Solid Waste Fund</b>	<b>Airport Fund</b>
<b>Liabilities and Equity</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 266,195	\$ 385,874	\$ 55,741
Bank overdraft			313,925
Accrued salaries and payroll taxes	39,967		4,836
Compensated absences	87,970		99,649
Due to other funds	-	-	
Customer deposits	890,257		2,634
Other liabilities	145,917		
<b>Total Current Liabilities</b>	<u>1,430,306</u>	<u>385,874</u>	<u>476,785</u>
<b>Current Liabilities</b>			
<b>Payable from Restricted Assets</b>			
Construction contracts and retainage	1,689,125		
Accrued interest on bonds	307,075		
Revenue bonds payable-current	1,319,312		
<b>Total Current Liabilities Payable from Restricted Assets</b>	<u>3,315,512</u>	<u>-</u>	<u>-</u>
<b>Other Liabilities</b>			
Revenue bonds payable (net of current and unamortized issuance costs)	55,459,119	58,602	
Landfill closure and post-closure costs		662,993	
<b>Total Other Liabilities</b>	<u>55,459,119</u>	<u>721,595</u>	<u>-</u>
<b>Total Liabilities</b>	<u>60,204,937</u>	<u>1,107,469</u>	<u>476,785</u>
<b>Equity</b>			
<b>Contributed Capital</b>			
Contributed capital donation	11,000		
Contribution from City	2,926,974	3,715,956	1,398,150
Contributions in Aid of Construction	707,629		
Contributions from State Grants	3,954,105		1,617,395
Contributions from Revenue Sharing Fund			175,130
Contributions from Federal Grants	5,114,658	8,187	3,391,137
<b>Total Contributed Capital</b>	<u>12,714,366</u>	<u>3,724,143</u>	<u>6,581,812</u>
<b>Retained Earnings</b>			
Reserve for bond debt service	469,687		
Unreserved (Deficit)	15,393,543	(1,910,739)	(1,308,171)
<b>Total Retained Earnings</b>	<u>15,863,230</u>	<u>(1,910,739)</u>	<u>(1,308,171)</u>
<b>Total Equity</b>	<u>28,577,596</u>	<u>1,813,404</u>	<u>5,273,641</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 88,782,533</u>	<u>\$ 2,920,873</u>	<u>\$ 5,750,426</u>

<b>Totals</b>	
<b>2013</b>	<b>2012</b>
\$ 707,810	\$ 936,404
313,925	12,539
44,803	
187,619	195,379
-	
892,891	853,235
145,917	146,639
<u>2,292,965</u>	<u>2,144,196</u>
1,689,125	1,655,426
307,075	315,832
<u>1,319,312</u>	<u>1,430,024</u>
<u>3,315,512</u>	<u>3,401,282</u>
55,517,721	56,859,789
662,993	717,878
<u>56,180,714</u>	<u>57,577,667</u>
<u>61,789,191</u>	<u>63,123,145</u>
11,000	11,000
8,041,080	8,041,080
707,629	707,629
5,571,500	5,571,500
175,130	175,130
8,513,982	8,513,982
<u>23,020,321</u>	<u>23,020,321</u>
469,687	469,687
12,174,633	8,928,857
<u>12,644,320</u>	<u>9,398,544</u>
<u>35,664,641</u>	<u>32,418,865</u>
<u>\$ 97,453,832</u>	<u>\$ 95,542,010</u>

**CITY OF WESLACO, TEXAS**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<b>Water and Wastewater Fund</b>	<b>Solid Waste Fund</b>	<b>Airport Fund</b>
<b>Operating Revenues</b>			
Water sales	\$ 6,306,078	\$ -	\$ -
Wastewater charges	4,760,944		
Solid waste charges		4,664,274	
Fuel sales			97,594
Hangar rental fees			51,734
Intergovernmental Revenues	-		1,860
Other Operating Revenues	408,655	88,244	6,974
<b>Total Operating Revenues</b>	<u>11,475,677</u>	<u>4,752,518</u>	<u>158,162</u>
<b>Operating Expenses Before Depreciation</b>			
Personal services	1,062,036	-	178,658
Other services and charges	1,189,345	52,377	107,673
Supplies	516,692	945	17,181
Contractual services	3,887,549	4,026,773	-
<b>Total Operating Expenses</b>	<u>6,655,622</u>	<u>4,080,095</u>	<u>303,512</u>
<b>Operating Income Before Depreciation</b>	4,820,055	672,423	(145,350)
Depreciation	(1,516,924)	(61,837)	(207,868)
<b>Operating Income (Loss)</b>	<u>3,303,131</u>	<u>610,586</u>	<u>(353,218)</u>
<b>Non-operating Revenues (Expenses)</b>			
Interest earned	19,609	-	-
Unrealized gain on investments	-		
Administrative fees	-		
Bond interest and fiscal charges	(2,382,866)	(3,501)	
Capital improvement fee	684,808		
Capital grants	166,783		1,091,770
<b>Total Non-operating Revenues (Expenses)</b>	<u>(1,511,666)</u>	<u>(3,501)</u>	<u>1,091,770</u>
<b>Income (Loss) Before Operating Transfers and Extraordinary Items</b>	1,791,465	607,085	738,552
<b>Operating Transfers and Extrordinary Items</b>			
Operating Transfers In	-	-	200,000
Operating Transfers (Out)	-	-	-
<b>Total Net Operating Transfers</b>	<u>-</u>	<u>-</u>	<u>200,000</u>
<b>Net Income (Loss)</b>	1,791,465	607,085	938,552
<b>Retained Earnings, October 1,</b>	<u>14,071,765</u>	<u>(2,517,824)</u>	<u>(2,246,723)</u>
<b>Retained Earnings, September 30,</b>	<u><u>\$ 15,863,230</u></u>	<u><u>\$ (1,910,739)</u></u>	<u><u>\$ (1,308,171)</u></u>

<b>Totals</b>	
<b>2013</b>	<b>2012</b>
\$ 6,306,078	\$ 5,665,661
4,760,944	4,336,976
4,664,274	4,564,848
97,594	58,964
51,734	44,423
1,860	
503,873	440,627
<u>16,386,357</u>	<u>15,111,499</u>
1,240,694	1,213,112
1,349,395	1,395,210
534,818	422,012
7,914,322	7,219,063
<u>11,039,229</u>	<u>10,249,397</u>
5,347,128	4,862,102
<u>(1,786,629)</u>	<u>(1,823,572)</u>
<u>3,560,499</u>	<u>3,038,530</u>
19,609	13,629
-	
-	(801,793)
(2,386,367)	(1,954,321)
684,808	680,865
1,258,553	2,424,601
<u>(423,397)</u>	<u>362,981</u>
3,137,102	3,401,511
200,000	200,000
-	
<u>200,000</u>	<u>200,000</u>
3,337,102	3,601,511
9,307,218	5,797,033
<u>\$ 12,644,320</u>	<u>\$ 9,398,544</u>



**CITY OF WESLACO, TEXAS**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012)**

	<b>Water and Wastewater Fund</b>	<b>Solid Waste Fund</b>	<b>Airport Fund</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 11,474,095	\$ 4,722,893	\$ 371,505
Cash received from others	39,656	76,577	
Cash received from operating grants	-	-	-
Cash received from other funds for services	130,044		
Cash payments to suppliers for goods and services	(5,820,914)	(4,061,846)	(337,343)
Cash payments to employees for services	(1,040,079)	-	(163,572)
Cash payments to other funds for services	-	-	
Net cash provided (used) by operating activities	<u>4,782,802</u>	<u>737,624</u>	<u>(129,410)</u>
<b>Cash flows from non-capital financing activities</b>			
Capital Grants			1,091,770
Transfers from other funds	1,390,800	-	200,000
Transfers to other funds	-	-	-
Net cash provided (used) by non-capital financing activities	<u>1,390,800</u>	<u>-</u>	<u>1,291,770</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(13,728,168)	-	(739,794)
Casualty loss			
Capital improvements/administrative fees	684,808		
Interest paid on bonds	(2,391,623)	(3,500)	
Retirement of bonds	(1,397,701)	(55,000)	
Bond proceeds	-		
Landfill closure costs		(54,885)	
Contributed capital -Urban County	29,946		
Net cash provided (used) from capital and related financing activities	<u>(16,802,738)</u>	<u>(113,385)</u>	<u>(739,794)</u>
<b>Cash flow from investing activities:</b>			
Interest on cash and investments	19,609	-	-
Unrealized loss on investments	-		
Net increase (decrease) in cash and cash investments	<u>(10,609,527)</u>	<u>624,239</u>	<u>422,566</u>
Cash and cash investments, October 1	<u>31,792,950</u>	<u>962,316</u>	<u>(12,539)</u>
Cash and cash investments, September 30	<u><u>\$ 21,183,423</u></u>	<u><u>\$ 1,586,555</u></u>	<u><u>\$ 410,027</u></u>

<b>Totals</b>	
<b>2012</b>	<b>2011</b>
\$ 16,568,493	\$ 13,003,732
116,233	49,227
-	
130,044	474,577
(10,220,103)	(9,185,444)
(1,203,651)	(1,483,854)
-	(474,577)
<u>5,391,016</u>	<u>2,383,661</u>
1,091,770	
1,590,800	200,000
-	
<u>2,682,570</u>	<u>200,000</u>
(14,467,962)	(4,619,702)
-	
684,808	621,306
(2,395,123)	(1,291,037)
(1,452,701)	(5,047,677)
-	3,902,082
<u>29,946</u>	<u>8,162</u>
<u>(17,601,032)</u>	<u>(6,426,866)</u>
19,609	109
-	
(9,562,722)	(3,947,206)
<u>32,742,727</u>	<u>8,431,442</u>
<u>\$ 23,180,005</u>	<u>\$ 4,484,236</u>

**CITY OF WESLACO, TEXAS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<u>Water and Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Airport Fund</u>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>			
Income (Loss) from operations:	\$ 3,303,131	\$ 610,586	\$ (353,218)
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:			
Depreciation	1,516,924	61,837	207,868
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivables	(1,582)	7,240	(19,439)
(Increase) Decrease in Due from Other Funds	130,044	-	-
(Increase) Decrease in Due from Others	-		(18,340)
(Increase) Decrease in Inventories	-	76,577	(9,222)
Increase (Decrease) in Accounts Payable	(226,606)	(18,616)	47,855
Increase (Decrease) in Accrued Salaries	39,967		4,836
Increase (Decrease) in Due to Other Funds	-	-	
Increase (Decrease) in Deposits	39,656		-
Increase (Decrease) in other Liabilities	(722)		
Increase (Decrease) in Compensated Absences	(18,010)		10,250
<b>Net cash provided (used) by operating activities</b>	<u>\$ 4,782,802</u>	<u>\$ 737,624</u>	<u>\$ (129,410)</u>

**Reconciliation of Total Cash and Cash Investments**

Current Cash - Cash And Cash Investments	\$ 2,250,565	\$ 1,586,555	\$ -
Restricted Assets - Cash And Cash Investments	18,932,858	-	723,952
Current Liabilities - Bank Overdraft	-	-	(313,925)
<b>Total Cash and Cash Investments</b>	<u>\$ 21,183,423</u>	<u>\$ 1,586,555</u>	<u>\$ 410,027</u>

<b>Totals</b>	
<b>2013</b>	<b>2012</b>
\$ 3,560,499	\$ 3,038,530
1,786,629	1,823,572
(13,781)	(535,848)
130,044	71,690
(18,340)	(813)
67,355	(73,507)
(197,367)	206,730
44,803	
-	(1,098,371)
39,656	31,170
(722)	13,576
(7,760)	(13,579)
<u>\$ 5,391,016</u>	<u>\$ 3,463,150</u>

\$ 3,837,120	\$ 4,795,613
19,656,810	27,959,653
(313,925)	(12,539)
<u>\$ 23,180,005</u>	<u>\$ 32,742,727</u>

## **WATER AND WASTEWATER FUND**

**CITY OF WESLACO, TEXAS  
WATER AND WASTEWATER FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>Assets</b>	<b>2013</b>	<b>2012</b>
<b>Current Assets</b>		
Cash	\$ 2,250,565	\$ 3,833,297
Investments		
Accounts receivable (net of allowance)	1,887,774	1,886,192
Inventory	93,824	93,824
Due from other funds	130,044	260,088
Due from others	609,300	1,985,896
<b>Total Current Assets</b>	<b>4,971,507</b>	<b>8,059,297</b>
<b>Restricted Assets</b>		
Revenue bond debt service	813,590	70,818
Revenue bond reserve		
Cash	469,687	469,687
Investments:		
Revenue bond construction	16,563,417	25,603,417
Capital Fee for Construction	1,086,164	1,815,731
<b>Total Restricted Assets</b>	<b>18,932,858</b>	<b>27,959,653</b>
<b>Property, Plant, and Equipment</b>		
Water Plant in service	16,781,173	16,649,938
Wastewater Plant in service	28,945,701	28,936,428
Total Plant in Service	45,726,874	45,586,366
Construction-in-Progress	45,176,668	31,555,309
Total Property, Plant and Equipment	90,903,542	77,141,675
Less: Accumulated depreciation	(26,025,374)	(24,508,450)
<b>Total Net Property, Plant, and Equipment</b>	<b>64,878,168</b>	<b>52,633,225</b>
<b>Total Assets</b>	<b>\$ 88,782,533</b>	<b>\$ 88,652,175</b>

**CITY OF WESLACO, TEXAS  
WATER AND WASTEWATER FUNDS  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>Liabilities and Equity</b>	<b>2013</b>	<b>2012</b>
<b>Current Liabilities</b>		
Payable from current assets		
Accounts payable	\$ 266,195	\$ 524,028
Accrued salaries and payroll taxes	39,967	
Compensated absences	87,970	105,980
Due to other funds		
Customer deposits	890,257	850,601
Other liabilities	145,917	146,639
<b>Total Current Liabilities</b>	<u>1,430,306</u>	<u>1,627,248</u>
<b>Payable from Restricted Assets</b>		
Construction contracts and retainage	1,689,125	1,655,426
Accrued interest on bonds	307,075	315,832
Revenue bonds payable-current	1,319,312	1,430,024
<b>Total Payable from Restricted Assets</b>	<u>3,315,512</u>	<u>3,401,282</u>
<b>Other Liabilities</b>		
Revenue bonds payable (net of current and unamortized issuance costs)	<u>55,459,119</u>	<u>56,746,188</u>
<b>Total Liabilities</b>	<u>60,204,937</u>	<u>61,774,718</u>
<b>Equity</b>		
<b>Contributed Capital</b>		
Contributions from Individuals	11,000	11,000
Contributions from City	2,926,974	2,926,974
Contributions in Aid of Construction	707,629	707,629
Contributions from State Grants	3,954,105	3,954,105
Contributions from Federal Grants	5,114,658	5,114,658
<b>Total Contributed Capital</b>	<u>12,714,366</u>	<u>12,714,366</u>
<b>Retained Earnings</b>		
Reserve for bond debt service	469,687	469,687
Unreserved	15,393,543	13,693,404
<b>Total Retained Earnings</b>	<u>15,863,230</u>	<u>14,163,091</u>
<b>Total Equity</b>	<u>28,577,596</u>	<u>26,877,457</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$ 88,782,533</u></u>	<u><u>\$ 88,652,175</u></u>

**CITY OF WESLACO, TEXAS**  
**WATER AND WASTEWATER FUNDS**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Water sales	\$ 6,306,078	\$ 5,665,661
Wastewater charges	4,760,944	4,336,976
Other Operating Revenues:		
Tap fees	65,412	40,973
Penalties	236,671	201,562
Intergovernmental Revenues		
Miscellaneous	106,572	108,868
<b>Total Operating Revenues</b>	<u>11,475,677</u>	<u>10,354,040</u>
<b>Operating Expenses Before Depreciation</b>		
Personal services	1,062,036	1,031,403
Other services and charges	1,189,345	1,061,030
Supplies	516,692	399,232
Contractual services-operations	2,767,159	2,334,409
Contractual services-administrative	1,120,390	1,020,390
<b>Total Operating Expenses</b>	<u>6,655,622</u>	<u>5,846,464</u>
<b>Operating Income Before Depreciation</b>	4,820,055	4,507,576
Depreciation	<u>(1,516,924)</u>	<u>(1,478,946)</u>
<b>Operating Income (Loss)</b>	<u>3,303,131</u>	<u>3,028,630</u>
<b>Non-operating Revenues (Expenses)</b>		
Interest earned	19,609	13,629
Unrealized gain on investments	-	-
Bond issuance costs	-	(801,793)
Bond interest and fiscal charges	(2,382,866)	(1,947,921)
Capital Improvement fee	684,808	680,865
Capital Grants	166,783	2,004,959
<b>Total Non-operating Revenues (Expenses)</b>	<u>(1,511,666)</u>	<u>(50,261)</u>
<b>Income (Loss) Before Operating Transfers and Extraordinary Items</b>	1,791,465	2,978,369
<b>Operating Transfers and Extraordinary Items</b>		
Operating Transfers In	-	-
Operating Transfers (Out)	-	-
<b>Total Net Operating Transfers</b>	<u>-</u>	<u>-</u>
<b>Net Income (Loss)</b>	1,791,465	2,978,369
<b>Prior Period Adjustments</b>		(91,326)
<b>Retained Earnings, October 1, As Retated</b>	<u>14,071,765</u>	<u>11,184,722</u>
<b>Retained Earnings, September 30,</b>	<u>\$ 15,863,230</u>	<u>\$ 14,071,765</u>



**CITY OF WESLACO, TEXAS**  
**WATER AND WASTEWATER FUNDS**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 11,474,095	\$ 9,975,853
Cash received from others	39,656	31,170
Cash received from operating grants		
Cash received from other funds for services	130,044	(926,819)
Cash payments to suppliers for good and services	(5,820,914)	(4,618,882)
Cash payments to employees for services	(1,040,079)	(1,042,769)
Cash payments to other funds for services		(140,485)
<b>Net cash provided (used) by operating activities</b>	<u>4,782,802</u>	<u>3,278,068</u>
<b>Cash flow from non-capital financing activities</b>		
Capital grants	1,390,800	
Transfers from other funds		
Transfers to other funds		
<b>Net cash provided (used) by non-capital financing activities</b>	<u>1,390,800</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets:	(13,728,168)	(6,627,122)
Capital improvements/administrative fees	684,808	680,865
Interest paid on bonds	(2,391,623)	(1,809,021)
Bond proceeds		34,201,793
Retirement of bonds	(1,397,701)	(941,050)
Bond issuance costs		(801,793)
Contributed capital - Urban County	29,946	
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(16,802,738)</u>	<u>24,703,672</u>
<b>Cash flow from investing activities:</b>		
Interest on cash and investments	19,609	13,629
Unrealized loss on investments		
<b>Net cash provided (used) from investing activities</b>	<u>19,609</u>	<u>13,629</u>
<b>Net (decrease) in cash and cash investments</b>	(10,609,527)	27,995,369
Cash and cash investments, October 1	<u>31,792,950</u>	<u>3,797,581</u>
<b>Cash and cash investments, September 30</b>	<u><u>\$ 21,183,423</u></u>	<u><u>\$ 31,792,950</u></u>

\* Note: Cash includes cash, investments, restricted cash and its investments.

**CITY OF WESLACO, TEXAS  
WATER AND WASTEWATER FUNDS  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>		
Income (Loss) from operations:	\$ 3,303,131	\$ 3,028,630
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	1,516,924	1,478,946
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(1,582)	(378,187)
(Increase) Decrease in Due from Other Funds	130,044	(140,485)
(Increase) Decrease in Due from Others	-	-
(Increase) Decrease in Inventories	-	-
Increase (Decrease) in Accounts Payable	(226,606)	182,603
Increase (Decrease) in Accrued Salaries	39,967	-
Increase (Decrease) in Due to Other Funds	-	(926,819)
Increase (Decrease) in Deposits	39,656	31,170
Increase (Decrease) in other Liabilities	(722)	13,576
Increase (Decrease) in Compensated Absences	(18,010)	(11,366)
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 4,782,802</u></u>	<u><u>\$ 3,278,068</u></u>

**Reconciliation of Total Cash and Cash Investments**

Current Cash - Cash And Cash Investments	\$ 2,250,565	\$ 3,833,297
Restricted Assets - Cash And Cash Investments	18,932,858	27,959,653
<b>Total Cash and Cash Investments</b>	<u><u>\$ 21,183,423</u></u>	<u><u>\$ 31,792,950</u></u>

\* Note: Cash includes cash, investments, restricted cash and its investments.

**CITY OF WESLACO, TEXAS**  
**WATER AND WASTEWATER FUND**  
**SCHEDULE OF CHANGES IN RESTRICTED ASSETS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Revenue Bond Debt Service</u>	<u>Revenue Bond Reserve</u>	<u>Reserve for Construction</u>	<u>Capital Fee- Construction</u>	<u>Totals</u>
<b>Asset Balances,</b> October 1, 2012	\$ 70,818	\$ 469,687	\$ 25,603,417	\$ 1,815,731	\$ 27,959,653
<b>Cash Receipts:</b>					
Bond proceeds					-
Note proceeds					-
Transfers in	2,803,316		3,037,498		5,840,814
Capital Fee				684,808	684,808
Interest earned	12,456		7,152		19,608
Other income			1,520,924		1,520,924
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Revenues</b>					
<b>Available</b>	<u>2,886,590</u>	<u>469,687</u>	<u>30,168,991</u>	<u>2,500,539</u>	<u>36,025,807</u>
 <b>Cash Disbursements:</b>					
Construction contracts			11,974,918	825,351	12,800,269
Operating Costs					-
Transfer out				589,024	589,024
Bond issuance costs					-
Principal payments	1,024,024		460,000		1,484,024
Interest payments	1,048,976		1,170,656		2,219,632
Fiscal agent's fees					-
Rebatable liability					-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Disbursements</b>	<u>2,073,000</u>	<u>-</u>	<u>13,605,574</u>	<u>1,414,375</u>	<u>17,092,949</u>
 <b>Asset Balances</b> <b>September 30, 2013</b>	<u>\$ 813,590</u>	<u>\$ 469,687</u>	<u>\$ 16,563,417</u>	<u>\$ 1,086,164</u>	<u>\$ 18,932,858</u>

**CITY OF WESLACO, TEXAS  
WATER AND WASTEWATER OPERATIONS  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES  
TO INDICATE NET REVENUE AVAILABLE FOR DEBT SERVICE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Water sales	\$ 6,306,078	\$ 5,665,661
Wastewater charges	4,760,944	4,336,976
Other revenues	408,655	351,403
<b>Total Operating Revenues</b>	<u>11,475,677</u>	<u>10,354,040</u>
<b>Operating Expenses</b>		
Personal services	1,062,036	1,031,403
Other services and charges	1,189,345	1,061,030
Supplies	516,692	399,232
Contractual services	3,887,549	3,354,799
<b>Total Operating Expenses</b>	<u>6,655,622</u>	<u>5,846,464</u>
<b>Income Before Non-operating Revenues (Expenses)</b>	<u>4,820,055</u>	<u>4,507,576</u>
<b>Non-operating Revenues (Expenses)</b>		
Capital Improvement Fee	684,808	680,865
Interest earned	19,609	13,629
Unrealized gain on investments	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>704,417</u>	<u>694,494</u>
<b>Net Revenue Available For Debt Service</b>	<u><u>\$ 5,524,472</u></u>	<u><u>\$ 5,202,070</u></u>

**CITY OF WESLACO, TEXAS**  
**WATER OPERATIONS**  
**SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION**  
**SEPTEMBER 30, 2013**

	<b>Fixed Assets</b>		
	<b>Balance 10/1/2012</b>	<b>Current Additions</b>	<b>Balance 9/30/2013</b>
<b>Water System and Equipment</b>			
Land	\$ 163,584	\$ -	\$ 163,584
Buildings	236,047		236,047
Improvements than buildings	12,533,905		12,533,905
Equipment	3,716,402	131,235	3,847,637
<b>Total Water System and Equipment</b>	<b>16,649,938</b>	<b>131,235</b>	<b>16,781,173</b>
Construction-in-progress	11,269,735	12,865,334	24,135,069
<b>Total Utility Plant-in- Service</b>	<b>\$ 27,919,673</b>	<b>\$ 12,996,569</b>	<b>\$ 40,916,242</b>

Allowance for Depreciation					
Depreciation Rate	Balance 10/1/2012	Current Depreciation	Retirements	Balance 9/30/2013	Net Book Value
	\$ -	\$ -	\$ -	\$	\$ 163,584
2 1/2-5%	158,164	5,342		163,506	72,541
2 1/2-20%	7,381,518	370,581		7,752,099	4,781,806
2 1/2-20%	3,009,606	174,828		3,184,434	663,203
	10,549,288	550,751	-	11,100,039	5,681,134
	-	-	-	-	24,135,069
	<u>\$ 10,549,288</u>	<u>\$ 550,751</u>	<u>\$ -</u>	<u>\$ 11,100,039</u>	<u>\$ 29,816,203</u>

**CITY OF WESLACO, TEXAS  
WASTEWATER OPERATIONS  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2013**

	<b>Fixed Assets</b>			
	<b>Balance 10/1/2012</b>	<b>Current</b>		<b>Balance 9/30/2013</b>
		<b>Additions Adjustment</b>	<b>Retirements Adjustment</b>	
<b>Wastewater Plant Systems and Equipment</b>				
Land	\$ 501,591		\$ -	\$ 501,591
Buildings	126,276	-	-	126,276
Improvements other than buildings	26,949,513		-	26,949,513
Equipment	1,359,048	9,273	-	1,368,321
<b>Total Wastewater Plant Systems and Equipment</b>	<b>28,936,428</b>	<b>9,273</b>	<b>-</b>	<b>28,945,701</b>
Construction-in-progress	20,285,574	756,025	-	21,041,599
<b>Total Wastewater Plant-in-Service</b>	<b>49,222,002</b>	<b>765,298</b>	<b>-</b>	<b>49,987,300</b>
Total Water Plant-In-Service	27,919,673	12,996,569	-	40,916,242
<b>Total Water and Wastewater Plant-In-Service</b>	<b>\$ 77,141,675</b>	<b>\$ 13,761,867</b>	<b>\$ -</b>	<b>\$ 90,903,542</b>

Allowance for Depreciation					
Depreciation Rate	Balance 10/1/2012	Current		Balance 9/30/2013	Net Book Value
		Depreciation	Retirements		
	\$ 39,065	\$ - 7,366	\$ - -	\$ - 46,431	\$ 501,591 79,845
2 1/2-4%	12,678,191	931,185		13,609,376	13,340,137
2 1/2-20%	1,241,906	27,622		1,269,528	98,793
	13,959,162	966,173	-	14,925,335	14,020,366
					21,041,599
	13,959,162	966,173	-	14,925,335	35,061,965
	10,549,288	550,751	-	11,100,039	29,816,203
	<u>\$ 24,508,450</u>	<u>\$ 1,516,924</u>	<u>\$ -</u>	<u>\$ 26,025,374</u>	<u>\$ 64,878,168</u>



**CITY OF WESLACO, TEXAS**  
**COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES**  
**FROM WATER OPERATIONS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Water sales	\$ 6,306,078	\$ 5,665,661
Intergovernmental Revenues		
Other Operating Revenues		
Tap fees	65,412	40,973
Penalties	131,610	108,563
Miscellaneous	96,240	84,292
<b>Total Operating Revenues</b>	<u>6,599,340</u>	<u>5,899,489</u>
 <b>Operating Expenses Before Depreciation</b>		
Personal services	959,990	931,638
Other services and charges	695,516	523,344
Supplies	505,423	390,862
Contractual services-water operations	1,143,091	953,509
Contractual services-administrative services	650,000	600,000
<b>Total Operating Expenses</b>	<u>3,954,020</u>	<u>3,399,353</u>
 <b>Operating Income Before Depreciation</b>	2,645,320	2,500,136
 Depreciation	<u>(550,751)</u>	<u>(517,340)</u>
 <b>Operating Income (Loss)</b>	<u>2,094,569</u>	<u>1,982,796</u>
 <b>Non-operating Revenue (Expenses)</b>		
Interest earned	5,883	4,089
Bond issuance costs		(721,614)
Capital Grants	29,946	1,299,952
Bond interest and fiscal charges	(714,860)	(584,336)
<b>Total Non-operating Revenues (Expenses)</b>	<u>(679,031)</u>	<u>(1,909)</u>
 <b>Income(Loss) Before Operating Transfers</b>	1,415,538	1,980,887
 Operating Transfers In		
Operating Transfers Out		
<b>Total Net Operating Transfers</b>	<u>-</u>	<u>-</u>
 <b>Net Income (Loss)</b>	<u>\$ 1,415,538</u>	<u>\$ 1,980,887</u>

**CITY OF WESLACO, TEXAS**  
**COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES**  
**FROM WASTEWATER OPERATIONS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Wastewater charges	\$ 4,760,944	\$ 4,336,976
Intergovernmental Revenue	-	-
Other Operating Revenues		
Penalties	105,061	92,999
Miscellaneous	10,332	24,576
<b>Total Operating Revenues</b>	<u>4,876,337</u>	<u>4,454,551</u>
 <b>Operating Expenses Before Depreciation</b>		
Personal services	102,046	99,765
Other services and charges	493,829	537,686
Supplies	11,269	8,370
Contractual services-sewer operations	1,624,068	1,380,900
Contractual services-administrative services	470,390	420,390
<b>Total Operating Expenses</b>	<u>2,701,602</u>	<u>2,447,111</u>
 <b>Operating Income Before Depreciation</b>	2,174,735	2,007,440
 Depreciation	<u>(966,173)</u>	<u>(961,606)</u>
 <b>Operating Income (Loss)</b>	<u>1,208,562</u>	<u>1,045,834</u>
 <b>Non-operating Revenues (Expenses)</b>		
Capital Improvement Fee	684,808	680,865
Interest earned	13,726	9,540
Bond issuance costs		(80,179)
Capital Grants	136,837	464,463
Bond interest and fiscal charges	(1,668,006)	(1,363,585)
<b>Total Non-operating Revenues (Expenses)</b>	<u>(832,635)</u>	<u>(288,896)</u>
 <b>Income (Loss) Before Operating Transfers and Extraordinary Items</b>	375,927	756,938
 Operating Transfers In		
Operating Transfers (Out)		
<b>Total Net Operating Transfers and Extraordinary Extraordinary Expense</b>	<u>-</u>	<u>-</u>
 <b>Net Income (Loss)</b>	<u>\$ 375,927</u>	<u>\$ 756,938</u>

**CITY OF WESLACO, TEXAS**  
**WATER OPERATIONS**  
**SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>DEPARTMENT</b>			
<b>Water Supply, Pumping and Purification</b>			
Personal services	\$ 132,575	\$ 127,955	\$ 4,620
Other services & charges	260,338	255,501	4,837
Supplies	497,714	441,873	55,841
Contractual services	1,219,489	1,143,091	76,398
<b>Total Water Supply, Pumping and Purification</b>	<u>2,110,116</u>	<u>1,968,420</u>	<u>141,696</u>
<b>Water Transmission and Distribution</b>			
Personal services	428,378	419,239	9,139
Other services & charges	129,341	130,337	(996)
Supplies	46,412	34,174	12,238
Contractual services	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Water Transmission and Distribution</b>	<u>604,131</u>	<u>583,750</u>	<u>20,381</u>
<b>Maintenance Shop</b>			
Personal services	172,321	168,140	4,181
Other services & charges	85,279	71,455	13,824
Supplies	19,400	17,591	1,809
Contractual	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Maintenance Shop</b>	<u>277,000</u>	<u>257,186</u>	<u>19,814</u>
<b>Administration and Finance</b>			
Personal services	257,196	244,656	12,540
Other services & charges	229,631	202,150	27,481
Supplies	16,146	11,785	4,361
Contractual/General government	650,000	650,000	-
Bad debt expense	<u>36,073</u>	<u>36,073</u>	<u>(36,073)</u>
<b>Total Administration and Finance</b>	<u>1,152,973</u>	<u>1,144,664</u>	<u>8,309</u>
<b>Total Operating Expenses</b>	<u>\$ 4,144,220</u>	<u>\$ 3,954,020</u>	<u>\$ 190,200</u>

**CITY OF WESLACO, TEXAS  
WASTEWATER OPERATIONS  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>DEPARTMENT</b>			
<b>Sewage Pumping and Collection</b>			
Personal services	\$ 110,742	\$ 102,046	\$ 8,696
Other services & charges	296,963	66,564	230,399
Supplies	19,540	11,269	8,271
Contractual services	430,579	404,579	26,000
<b>Total Sewage Pumping and Collections</b>	<u>857,824</u>	<u>584,458</u>	<u>273,366</u>
<b>Sewage Treatment</b>			
Other services & charges	223,500	402,437	(178,937)
Supplies	-	-	-
Contractual services	1,244,089	1,219,489	24,600
<b>Total Sewage Treatment</b>	<u>1,467,589</u>	<u>1,621,926</u>	<u>(154,337)</u>
<b>Administration and Finance</b>			
Bad debt expense		24,828	(24,828)
Contractual/General government	470,390	470,390	-
<b>Total Administration and Finance</b>	<u>470,390</u>	<u>495,218</u>	<u>(24,828)</u>
<b>Total Operating Expense</b>	<u>\$ 2,795,803</u>	<u>\$ 2,701,602</u>	<u>\$ 94,201</u>

**SOLID WASTE FUND**

**CITY OF WESLACO, TEXAS  
SOLID WASTE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 1,586,555	\$ 962,316
Accounts receivable (net of allowance)	721,835	729,075
Due from other funds		
Due from others		76,577
<b>Total Current Assets</b>	<u>2,308,390</u>	<u>1,767,968</u>
<b>Property, Plant and Equipment</b>		
Equipment in service	3,045,447	3,045,447
Less: Accumulated depreciation	<u>(2,432,964)</u>	<u>(2,371,127)</u>
<b>Total Property, Plant and Equipment</b>	<u>612,483</u>	<u>674,320</u>
<b>Total Assets</b>	<u><u>\$ 2,920,873</u></u>	<u><u>\$ 2,442,288</u></u>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 385,874	\$ 404,490
Due to other funds		
<b>Total Current Liabilities</b>	<u>385,874</u>	<u>404,490</u>
<b>Long-Term Liabilities</b>		
Revenue bonds payable (net of current and unamortized issuance costs)	58,602	113,601
Long-term closure and post-closure liabilities	<u>662,993</u>	<u>717,878</u>
<b>Total Liabilities</b>	<u>1,107,469</u>	<u>1,235,969</u>
<b>Equity</b>		
Contributions from city	3,715,956	3,715,956
Contributions from federal government	8,187	8,187
<b>Total Contributed Capital</b>	<u>3,724,143</u>	<u>3,724,143</u>
<b>Retained Earnings</b>		
Unreserved (Deficit)	<u>(1,910,739)</u>	<u>(2,517,824)</u>
<b>Total Equity</b>	<u>1,813,404</u>	<u>1,206,319</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 2,920,873</u></u>	<u><u>\$ 2,442,288</u></u>

**CITY OF WESLACO, TEXAS  
SOLID WASTE FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Garbage fees	\$ 3,569,589	\$ 3,509,237
Brush fees	1,094,685	1,055,611
Other operating revenues/insurance proceeds	83,701	76,819
Recycling fees	4,543	4,898
<b>Total Operating Revenues</b>	<u>4,752,518</u>	<u>4,646,565</u>
<b>Operating Expenses Before Depreciation</b>		
Personal services		3,461
Other services and charges	52,377	232,645
Supplies	945	32
Contractual	4,026,773	3,864,264
<b>Total Operating Expenses</b>	<u>4,080,095</u>	<u>4,100,402</u>
<b>Operating Income (Loss) Before Depreciation</b>	672,423	546,163
Depreciation	<u>(61,837)</u>	<u>(141,705)</u>
<b>Operating Income (Loss)</b>	610,586	404,458
<b>Non-operating Revenues (Expenses)</b>		
Interest earned		
Capital Grants		
Bond Interest and Fiscal Changes	<u>(3,501)</u>	<u>(6,400)</u>
<b>Total Non-operating Revenues (Expenses)</b>	<u>(3,501)</u>	<u>(6,400)</u>
<b>Income (Loss) Before Operating Transfers And Extraordinary Items</b>	607,085	398,058
<b>Operating Transfers</b>		
Operating Transfers In		
Operating Transfers (Out)		
<b>Total Net Operating Transfers</b>	<u>-</u>	<u>-</u>
<b>Net Income (Loss)</b>	607,085	398,058
<b>Retained Earnings, October 1</b>	<u>(2,517,824)</u>	<u>(2,915,882)</u>
<b>Retained Earnings, September 30</b>	<u><u>\$ (1,910,739)</u></u>	<u><u>\$ (2,517,824)</u></u>

**CITY OF WESLACO, TEXAS  
SOLID WASTE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 4,722,893	\$ 4,481,181
Cash received from others	76,577	
Cash received from other funds		212,175
Cash payments to suppliers for goods and services	(4,061,846)	(4,150,027)
Cash payments to employees for services		(3,461)
Cash payments to other funds		(171,552)
<b>Net cash provided (used) by operating activities</b>	<u>737,624</u>	<u>368,316</u>
<b>Cash flows from non-capital financing activities</b>		
Transfers from other funds		
Transfers to other funds		
<b>Net cash provided (used) by non-capital financing activities</b>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets		
Interest Paid on Bonds	(3,500)	(10,701)
Bond revenue proceeds (net)	(55,000)	(50,000)
Landfill closure costs	(54,885)	(68,360)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(113,385)</u>	<u>(129,061)</u>
<b>Cash flow from investing activities:</b>		
Interest on cash and investments		
<b>Net increase (decrease) in cash and cash investments</b>	624,239	239,255
Cash and cash investments, October 1	<u>962,316</u>	<u>723,061</u>
<b>Cash and cash investments, September 30</b>	<u><u>\$ 1,586,555</u></u>	<u><u>\$ 962,316</u></u>



**CITY OF WESLACO, TEXAS**  
**SOLID WASTE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>		
Income (Loss) from operations:	\$ 610,586	\$ 404,458
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	61,837	141,705
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	7,240	(165,384)
(Increase) Decrease in Due from Other Funds		212,175
(Increase) Decrease in Due from Others	76,577	(76,577)
Increase (Decrease) in Accounts Payable	(18,616)	23,491
Increase (Decrease) in Due to Other Funds		(171,552)
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 737,624</u></u>	<u><u>\$ 368,316</u></u>

**Reconciliation of Total Cash and Cash Investments**

Current Cash - Cash And Cash Investments	\$ 1,586,555	\$ 962,316
Restricted Assets - Cash And Cash Investments	-	-
<b>Total Cash and Cash Investments</b>	<u><u>\$ 1,586,555</u></u>	<u><u>\$ 962,316</u></u>

**CITY OF WESLACO, TEXAS  
SOLID WASTE FUND  
SCHEDULE OF EXPENDITURES-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>DEPARTMENT</b>			
<b>Waste Collection</b>			
Personal services	\$ -	\$ -	\$ -
Other services & charges	15,000	13,073	1,927
Supplies			-
Contractual	<u>2,878,307</u>	<u>2,878,145</u>	<u>162</u>
<b>Total Waste Collection</b>	<u>2,893,307</u>	<u>2,891,218</u>	<u>2,089</u>
<b>Waste Disposal</b>			
Personal services			-
Other services & charges	2,200	2,146	54
Supplies	<u>1,500</u>	<u>945</u>	<u>555</u>
<b>Total Waste Disposal</b>	<u>3,700</u>	<u>3,091</u>	<u>609</u>
<b>Brush Collection</b>			
Personal services			
Contractual	<u>1,103,299</u>	<u>1,047,264</u>	<u>56,035</u>
<b>Total Brush Collection</b>	<u>1,103,299</u>	<u>1,047,264</u>	<u>56,035</u>
<b>Landfill</b>			
Other services & charges	200,710	5,886	194,824
Supplies	1,000		1,000
Contractual	<u>700</u>	<u>614</u>	<u>86</u>
<b>Total Landfill</b>	<u>202,410</u>	<u>6,500</u>	<u>195,910</u>
<b>Administration and Financing</b>			
Personal services			-
Contractual/General government	100,750	100,750	-
Bad debt expense	<u></u>	<u>31,272</u>	<u>(31,272)</u>
<b>Total Administration and Financing</b>	<u>100,750</u>	<u>132,022</u>	<u>(31,272)</u>
<b>Total Operating Expenses</b>	<u>\$ 4,303,466</u>	<u>\$ 4,080,095</u>	<u>\$ 223,371</u>

**CITY OF WESLACO, TEXAS**  
**SOLID WASTE FUND**  
**SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION**  
**SEPTEMBER 30, 2013**

	Fixed Assets			
SOLID WASTE FIXED ASSETS	Balance 10/1/12	Current		Balance 9/30/13
		Additions	Retirements	
Land	\$ 421,247	\$ -	\$ -	\$ 421,247
Improvements other than buildings	64,461			64,461
Equipment	1,890,958			1,890,958
Total Solid Waste Fixed Assets	2,376,666	-	-	2,376,666
Recycling Center	668,781			668,781
Total Fixed Assets	\$ 3,045,447	\$ -	\$ -	\$ 3,045,447

Depreciation Rate	Allowance for Depreciation			Balance 9/30/13	Net Book Value
	Balance 10/1/12	Current Depreciation	Retirements		
	\$ -	\$ -	\$ -	\$ -	\$ 421,247
20%	29,924	1,940		31,864	32,597
10-33%	1,672,422	59,897		1,732,319	158,639
	<u>1,702,346</u>	<u>61,837</u>	<u>-</u>	<u>1,764,183</u>	<u>612,483</u>
	668,781	-		668,781	-
	<u>\$ 2,371,127</u>	<u>\$ 61,837</u>	<u>\$ -</u>	<u>\$ 2,432,964</u>	<u>\$ 612,483</u>

## **AIRPORT FUND**

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013**

<b>Assets</b>	<b>2013</b>	<b>2012</b>
<b>Current Assets</b>		
Cash	\$ -	\$ -
Accounts receivable (Net of Allowance)	25,996	6,557
Inventory	59,425	50,203
Due from others	19,302	962
<b>Total Current Assets</b>	<u>104,723</u>	<u>57,722</u>
<b>Restricted Assets</b>		
Cash Escrow (TXDOT)	<u>723,952</u>	<u>-</u>
<b>Property, Plant, and Equipment</b>		
Airport fixed assets	8,524,971	7,785,177
Less: allowance for depreciation	(3,603,220)	(3,395,352)
<b>Total Property, Plant, and Equipment</b>	<u>4,921,751</u>	<u>4,389,825</u>
<b>Total Assets</b>	<u><u>\$ 5,750,426</u></u>	<u><u>\$ 4,447,547</u></u>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 55,741	\$ 7,886
Accrued Salaries	4,836	
Bank Overdraft	313,925	12,539
Compensated absences	99,649	89,399
Deposits	2,634	2,634
<b>Total Current Liabilities</b>	<u>476,785</u>	<u>112,458</u>
<b>Equity</b>		
<b>Contributed Capital</b>		
Contributions from City	1,398,150	1,398,150
Contributions from State grants	1,617,395	1,617,395
Contributions from Revenue Sharing Fund	175,130	175,130
Contributions from Federal grants	3,391,137	3,391,137
<b>Total Contributed Capital</b>	<u>6,581,812</u>	<u>6,581,812</u>
Retained Earnings		
Unreserved (Deficit)	(1,308,171)	(2,246,723)
<b>Total Equity</b>	<u>5,273,641</u>	<u>4,335,089</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 5,750,426</u></u>	<u><u>\$ 4,447,547</u></u>

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Fuel sales (net of cost)	\$ 97,594	\$ 58,964
Hangar/Bldg. Rentals	51,734	44,423
Operating Grants	1,860	
Other operating revenues	6,974	7,507
<b>Total Operating Revenues</b>	<u>158,162</u>	<u>110,894</u>
<b>Operating Expenses Before Depreciation</b>		
Personal services	178,658	178,248
Other services and charges	107,673	101,535
Supplies	17,181	22,748
<b>Total Operating Expenses</b>	<u>303,512</u>	<u>302,531</u>
<b>Operating Income (Loss) Before Depreciation</b>	(145,350)	(191,637)
Depreciation	<u>(207,868)</u>	<u>(202,921)</u>
<b>Net Operating Income(Loss)</b>	<u>(353,218)</u>	<u>(394,558)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest earned		
Capital Grants	1,091,770	419,642
<b>Total Non-operating Revenues (Expenses)</b>	<u>1,091,770</u>	<u>419,642</u>
<b>Income (Loss) Before Operating Transfers</b>	<u>738,552</u>	<u>25,084</u>
<b>Operating Transfers</b>		
Operating transfers in	200,000	200,000
Operating transfers out		
<b>Total Operating Transfers</b>	<u>200,000</u>	<u>200,000</u>
Net Income (Loss)	938,552	225,084
<b>Retained earnings (Deficit), October 1</b>	<u>(2,246,723)</u>	<u>(2,471,807)</u>
<b>Retained earnings (Deficit), September 30,</b>	<u><u>\$ (1,308,171)</u></u>	<u><u>\$ (2,246,723)</u></u>

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 371,505	\$ 384,688
Cash received from operating grants		
Cash payments to suppliers for goods and services	(337,343)	(387,461)
Cash payments to employees for services	(163,572)	(180,461)
<b>Net cash provided (used) for by operating activities</b>	<u>(129,410)</u>	<u>(183,234)</u>
 <b>Cash flows from non-capital financing activities:</b>		
Capital Grants	1,091,770	419,642
Transfers from other funds	200,000	200,000
Payment of due to other fund		
	<u>1,291,770</u>	<u>619,642</u>
 <b>Cash flow from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(739,794)	(412,541)
Retirements on accounts payable		
<b>Net cash provided (used) for capital activities</b>	<u>(739,794)</u>	<u>(412,541)</u>
 <b>Cash flows from investing activities:</b>		
Interest on investments		
<b>Net cash from investing activities</b>	<u>-</u>	<u>-</u>
 <b>Net increase (decrease) in cash</b>	422,566	23,867
Cash at beginning of year	(12,539)	(36,406)
 <b>* Cash at end of year</b>	<u>\$ 410,027</u>	<u>\$ (12,539)</u>

\* Note: Cash includes operating cash and cash escrow balances.



**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>Reconciliation of Income (Losses) from operations to net cash provided (used) by operating activities:</b>		
Income (Loss) from operations:	\$ (353,218)	\$ (394,558)
Adjustments to reconcile Income (Loss) from operations to net cash provided (used) by operating activities:		
Depreciation	207,868	202,921
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(19,439)	7,723
(Increase) Decrease in Due from Other Funds		
(Increase) Decrease in Due from Others	(18,340)	(813)
(Increase) Decrease in Inventories	(9,222)	3,070
Increase (Decrease) in Accounts Payable	47,855	636
Increase (Decrease) in Accrued Salaries	4,836	
Increase (Decrease) in Deposits		
Increase (Decrease) in Compensated Absences	10,250	(2,213)
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ (129,410)</u></u>	<u><u>\$ (183,234)</u></u>

**Reconciliation of Total Cash and Cash Investments**

Current Cash - Cash And Cash Investments	\$ -	\$ -
Restricted Cash - Escrow (TXDOT)	723,952	
Current Liabilities - Bank Overdraft	<u>(313,925)</u>	<u>12,539</u>
<b>Total Cash and Cash Investments</b>	<u><u>\$ 410,027</u></u>	<u><u>\$ 12,539</u></u>

**CITY OF WESLACO, TEXAS  
AIRPORT FUND  
SCHEDULE OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
SEPTEMBER 30, 2013**

Fixed Assets	Fixed Assets			
	Balance	Current		Balance
	10/1/2012	Additions	Retirements	9/30/2013
Land-airport site	\$ 98,439	\$ -	\$ -	\$ 98,439
Land-Airpark	1,327,009			1,327,009
Land-Industrial Park	40,000			40,000
Custom Permit Costs	30,000			30,000
Landscaping	69,333			69,333
Paving-runway and taxi strip	819,210			819,210
Helo Pad	9,265			9,265
Paving-runway	726,012			726,012
Buildings	648,540			648,540
Equipment	528,945			528,945
Improvements-runway lights	55,576			55,576
Improvements-parking	61,055			61,055
Improvements-runway paving	813,391			813,391
Improvements-fence	121,593			121,593
Terminal apron expansion	1,758,370			1,758,370
Sub Total	7,106,738	-	-	7,106,738
Construction-In-Progress	678,439	739,794	-	1,418,233
Total Fixed Assets	<u>\$ 7,785,177</u>	<u>\$ 739,794</u>	<u>\$ -</u>	<u>\$ 8,524,971</u>

Allowance for Depreciation					
Depreciation	Balance	Current		Balance	Net Book
Rate	10/1/2012	Depreciation	Retirements	9/30/2013	Value
	\$ -	\$ -	\$ -	\$ -	\$ 98,439
					1,327,009
					40,000
	2,000	2,000		4,000	26,000
	49,969	2,507		52,476	16,857
3%	313,202	37,585		350,787	468,423
	4,451	578		5,029	4,236
	500,947	29,040		529,987	196,025
4-20%	350,043	10,166		360,209	288,331
	501,044	5,985		507,029	21,916
10%	55,576	-		55,576	-
3-10%	61,055	-		61,055	-
3-4%	623,635	22,089		645,724	167,667
10%	107,064	3,373		110,437	11,156
	826,366	94,545		920,911	837,459
	3,395,352	207,868	-	3,603,220	3,503,518
	-	-	-	-	1,418,233
	<u>\$ 3,395,352</u>	<u>\$ 207,868</u>	<u>\$ -</u>	<u>\$ 3,603,220</u>	<u>\$ 4,921,751</u>

## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for services performed by one government organization for others on a cost recovery basis. The City of Weslaco operates the medical group self-insurance program as an internal service fund.

Equipment Replacement Fund-This fund accounts for the City's equipment replacement program. The purpose of this fund is to accumulate funds to replace equipment by purchasing and leasing equipment to the various departments involved, or merely purchase equipment and transfer to their respective funds, either the General Fixed Assets Account Group or the individual enterprise funds.

**CITY OF WESLACO, TEXAS  
EQUIPMENT REPLACEMENT FUND  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 98,925	\$ 75,744
Investments		
Accrued Interest		
Due from other funds		
	<u>98,925</u>	<u>75,744</u>
<b>Total Current Assets</b>		
	<u>98,925</u>	<u>75,744</u>
<b>Fixed Assets</b>		
Improvements	65,857	
Equipment	3,085,983	2,867,853
Allowance on Depreciation	(2,555,542)	(2,443,062)
<b>Total Fixed Assets</b>	<u>596,298</u>	<u>424,791</u>
	<u>596,298</u>	<u>424,791</u>
<b>Total Assets</b>	<u><u>\$ 695,223</u></u>	<u><u>\$ 500,535</u></u>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 11,635	\$ -
Due to other funds	130,044	260,088
Current portion -long term debt		
<b>Total Current Liabilities</b>	<u>141,679</u>	<u>260,088</u>
	<u>141,679</u>	<u>260,088</u>
<b>Long Term Debt</b>		
Note Payable (net of Current Portion)		
<b>Total Long Term Debt</b>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>141,679</u>	<u>260,088</u>
	<u>141,679</u>	<u>260,088</u>
<b>Equity</b>		
Contributed Capital		
Retained Earnings	553,544	240,447
<b>Total Equity</b>	<u>553,544</u>	<u>240,447</u>
	<u>553,544</u>	<u>240,447</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 695,223</u></u>	<u><u>\$ 500,535</u></u>

**CITY OF WESLACO, TEXAS  
EQUIPMENT REPLACEMENT FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2012)**

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
<b>Charges for Service</b>		
Equipment Leases	\$ -	\$ -
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>
<b>Operating Expenses</b>		
Other services and charges	67,271	
Health insurance premium		
<b>Total Operating Expenses</b>	<u>67,271</u>	<u>-</u>
<b>Operating Income Before Depreciation</b>	(67,271)	-
Depreciation	(112,480)	(36,284)
<b>Operating Income (Loss)</b>	<u>(179,751)</u>	<u>(36,284)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest earned	-	
Interest expense	(7,152)	(5,364)
Realized gain or loss in investments		
Operating transfers in	500,000	280,000
Operating transfers out		
<b>Total Non-operating Revenues</b>	<u>492,848</u>	<u>274,636</u>
<b>Net Income (Loss)</b>	313,097	238,352
<b>Retained Earnings (Deficit), October 1,</b>	<u>240,447</u>	<u>2,095</u>
<b>Retained Earnings, September 30,</b>	<u>\$ 553,544</u>	<u>\$ 240,447</u>

**CITY OF WESLACO, TEXAS  
EQUIPMENT REPLACEMENT FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2012)**

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Other operating cash receipts	\$ -	\$ -
Cash payments to suppliers for goods and services	<u>(55,636)</u>	<u></u>
<b>Net cash used provided by operating activities</b>	<u>(55,636)</u>	<u>-</u>
<b>Cash flow from non-capital financing activities:</b>		
Acquisition of notes		
Retirement of notes	-	-
Interest paid on notes	(7,152)	(5,364)
Transfers to other funds	(130,044)	(130,044)
Transfers from other funds	500,000	670,132
Acquisition and construction of capital assets	<u>(283,987)</u>	<u>(461,075)</u>
<b>Total Cash Flow From Non-Capital Financing</b>	<u>78,817</u>	<u>73,649</u>
<b>Cash flow from investing activities:</b>		
Interest on investments	<u></u>	<u></u>
<b>Net increase (decrease) in cash</b>	23,181	73,649
*Cash at beginning of year	<u>75,744</u>	<u>2,095</u>
<b>Cash at end of year</b>	<u><u>\$ 98,925</u></u>	<u><u>\$ 75,744</u></u>

\* Note: Cash includes cash in bank and investments.

## **FIDUCIARY FUND**



## **FIDUCIARY FUND**

Trust Funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

### **Pension Trust Fund**

The Weslaco's Firemen's Relief and Retirement Fund – This fund administers a retirement plan for the employees of the Weslaco Fire Department. The fund is administered by a board elected by the firemen and the Mayor of the City serving as an appointed position designated by the trust instrument.

**PENSION TRUST  
FUND**

**CITY OF WESLACO, TEXAS  
FIREMEN'S RETIREMENT FUND  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 327,941	\$ 429,308
Investments	7,323,932	6,488,010
Accounts receivable (pension contributions)	1,192	1,192
Due from other funds	-	-
Due from individuals	-	-
	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<u><u>\$ 7,653,065</u></u>	<u><u>\$ 6,918,510</u></u>
 <b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 34,010	\$ 26,536
Due to other governments	-	-
Due to other funds	-	-
	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<u>34,010</u>	<u>26,536</u>
 <b>Net Position</b>		
Restricted	7,619,055	6,891,974
Unreserved		
Unrestricted		
<b>Total Net Position</b>	<u><u>7,619,055</u></u>	<u><u>6,891,974</u></u>
 <b>Total Liabilities and Net Position</b>	<u><u>\$ 7,653,065</u></u>	<u><u>\$ 6,918,510</u></u>

**CITY OF WESLACO, TEXAS  
FIREMEN'S RETIREMENT FUND  
STATEMENT OF CHANGES IN  
NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2012)**

	<u>2013</u>	<u>2012</u>
<b>Operating revenues</b>		
Charges for services	\$ 646,154	\$ 648,587
<b>Operating expenses</b>		
Other charges and services	<u>406,535</u>	<u>595,055</u>
<b>Operating income (loss) before Non-operating Revenues</b>	<u>239,619</u>	<u>53,532</u>
<b>Non-operating Revenues</b>		
Interest Earned	57,208	65,394
Miscellaneous income		
Dividends	201,847	124,638
(Loss) or Gain on Realized Appreciation	<u>228,407</u>	<u>668,514</u>
<b>Total Non-Operating Revenues</b>	<u>487,462</u>	<u>858,546</u>
<b>Net Income (loss) Before Transfers</b>	727,081	912,078
<b>Transfers</b>		
Transfers In (Out)	<u>-</u>	<u>-</u>
<b>Changes in Net Position</b>	727,081	912,078
Net Position, October 1,	<u>6,891,974</u>	<u>5,979,896</u>
<b>Net Position, September 30,</b>	<u><u>\$ 7,619,055</u></u>	<u><u>\$ 6,891,974</u></u>

**CITY OF WESLACO, TEXAS  
FIREMEN'S RETIREMENT FUND  
COMPARATIVE STATEMENT OF CASH FLOW  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Operating income (loss)	\$ 239,619	\$ 53,532
Adjustments to reconcile operating income to net cash provided by operating activities:		
Net Change in investments (increase) decrease:	(835,922)	(872,757)
Decrease (increase) in due to pension receivable		
Increase (decrease) in due from other funds	-	
Increase (decrease) in accounts payable	7,474	18,409
(Increase) decrease in due to others		
<b>Net cash provided by operating activities</b>	<u>(588,829)</u>	<u>(800,816)</u>
<b>Cash flows from investing activities:</b>		
Purchase of mutual fund securities	-	-
Interest on investments	57,208	65,394
Dividends	201,847	124,638
Miscellaneous income	-	
Gain (Loss) on Realized Appreciation	<u>228,407</u>	<u>668,514</u>
<b>Net cash (used) provided by investing activities</b>	<u>487,462</u>	<u>858,546</u>
<b>Net increase (decrease) in cash</b>	(101,367)	57,730
Cash, beginning of year	<u>429,308</u>	<u>371,578</u>
<b>*Cash, end of year</b>	<u><u>\$ 327,941</u></u>	<u><u>\$ 429,308</u></u>

\* Cash - This reflects cash in the operating account.

### **GENERAL FIXED ASSETS ACCOUNT GROUP**

This account group is established to account for the fixed assets owned by the City exclusive of those relating to Enterprise Fund operations. Expenditure transactions to acquire general fixed assets occur in the General, Special Revenue, and Capital Projects Funds.

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY SOURCE**  
**SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>General Fixed Assets</b>		
Land	\$ 3,945,414	\$ 4,215,555
Buildings	19,151,359	20,822,945
Improvements other than buildings	44,624,795	44,774,172
Machinery & equipment	9,985,093	9,726,779
	<hr/>	<hr/>
<b>Total General Fixed Assets</b>	<u><u>\$ 77,706,661</u></u>	<u><u>\$ 79,539,451</u></u>
 <b>Investment in General Fixed Assets From</b>		
Capital Projects Funds		
Miscellaneous	\$ 1,396,299	\$ 1,696,720
General obligation bonds	17,525,771	17,525,771
Certification of obligation	22,001,900	22,001,900
Federal grants	3,457,845	3,457,845
State grants	1,438,667	1,438,667
General Fund	12,506,057	12,093,872
Special Revenue Fund	11,291,588	13,236,142
Special Assessments	459,227	459,227
380 Agreements	7,629,307	7,629,307
	<hr/>	<hr/>
<b>Total Investment in General Fixed Assets</b>	<u><u>\$ 77,706,661</u></u>	<u><u>\$ 79,539,451</u></u>

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF GENERAL FIXED ASSETS-BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2013**

<b>Function &amp; Activity</b>	<b>Total</b>	<b>Land</b>	<b>Buildings</b>	<b>Improv. Other than Buildings</b>	<b>Machinery and Equipment</b>
<b>General Government</b>					
<b>Control:</b>					
Legislative	\$ 4,348,871	\$ -	\$ 4,310,782	\$ -	\$ 38,089
Executive	38,471	-	-	1,090	37,381
City secretary	43,859	-	-	-	43,859
Judicial	88,022	-	-	1,530	86,492
<b>Total Control</b>	<b>4,519,223</b>	<b>-</b>	<b>4,310,782</b>	<b>2,620</b>	<b>205,821</b>
<b>Staff Agencies:</b>					
Finance	239,503	-	156,675	15,515	67,313
Data Processing	568,561	-	259,292	-	309,269
Data Planning	37,550	-	-	-	37,550
Purchasing	23,014	-	-	-	23,014
Building maintenance	7,442,963	1,387,150	5,007,264	867,114	181,435
<b>Total Agencies</b>	<b>8,311,591</b>	<b>1,387,150</b>	<b>5,423,231</b>	<b>882,629</b>	<b>618,581</b>
<b>Total General Government</b>	<b>12,830,814</b>	<b>1,387,150</b>	<b>9,734,013</b>	<b>885,249</b>	<b>824,402</b>
<b>Public Safety</b>					
Police protection	2,623,317	-	629,757	189,094	1,804,466
Fire protection	4,105,442	-	1,328,732	5,575	2,771,135
Civil defense	-	-	-	-	-
Risk management	617,012	-	-	16,828	600,184
Parking control	292	-	-	-	292
Protective inspection	55,722	-	-	-	55,722
Traffic safety	62,664	19,108	-	9,846	33,710
Emergency medical Services	1,098,787	-	-	-	1,098,787
<b>Total Public Safety</b>	<b>8,563,236</b>	<b>19,108</b>	<b>1,958,489</b>	<b>221,343</b>	<b>6,364,296</b>
<b>Public Works</b>					
Administration	735,251	-	573,641	120,752	40,858
Streets, drainage & sidewalks	30,392,786	361,566	419,421	28,943,213	668,586
380 Agreement investment	7,629,307	-	-	7,629,307	-
<b>Total Public Works</b>	<b>38,757,344</b>	<b>361,566</b>	<b>993,062</b>	<b>36,693,272</b>	<b>709,444</b>
<b>Other</b>					
Health	65,772	-	58,934	-	6,838
Library	3,616,200	3,900	1,748,951	515,882	1,347,467
Community recreations	9,571,539	1,520,730	1,975,430	5,488,388	586,991
Cemetery	356,954	18,796	-	338,158	-
Economic development	3,635,530	622,769	2,682,480	184,626	145,655
Capital lease equipment	-	-	-	-	-
Miscellaneous	128,959	11,395	-	117,564	-
Construction-in-progress	180,313	-	-	180,313	-
<b>Total Other</b>	<b>17,555,267</b>	<b>2,177,590</b>	<b>6,465,795</b>	<b>6,824,931</b>	<b>2,086,951</b>
<b>Total General Fixed Assets</b>	<b>\$ 77,706,661</b>	<b>\$ 3,945,414</b>	<b>\$ 19,151,359</b>	<b>\$ 44,624,795</b>	<b>\$ 9,985,093</b>



**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

<b>Function &amp; Activity</b>	<b>General Fixed Assets 10/1/12</b>	<b>Additions</b>	<b>Deductions</b>	<b>General Fixed Assets 9/30/13</b>
<b>General Government</b>				
<b>Control:</b>				
Legislative	\$ 4,341,311	\$ 7,560	\$ -	\$ 4,348,871
Executive	9,891	28,580	-	38,471
City secretary	43,859	-	-	43,859
Judicial	88,022	-	-	88,022
<b>Total Control</b>	<b>4,483,083</b>	<b>36,140</b>	<b>-</b>	<b>4,519,223</b>
<b>Staff Agencies:</b>				
Finance	239,503	-	-	239,503
Data processing	564,336	4,225	-	568,561
Planning	27,550	10,000	-	37,550
Purchasing	23,014	-	-	23,014
Building maintenance	7,442,963	-	-	7,442,963
<b>Total Agencies</b>	<b>8,297,366</b>	<b>14,225</b>	<b>-</b>	<b>8,311,591</b>
<b>Total General Government</b>	<b>12,780,449</b>	<b>50,365</b>	<b>-</b>	<b>12,830,814</b>
<b>Public Safety</b>				
Police protection	2,591,951	31,366	-	2,623,317
Fire protection	4,014,527	90,915	-	4,105,442
Risk management	587,590	29,422	-	617,012
Parking control	292	-	-	292
Protective inspection	55,722	-	-	55,722
Traffic safety	62,664	-	-	62,664
Emergency medical services	1,098,787	-	-	1,098,787
<b>Total Public Safety</b>	<b>8,411,533</b>	<b>151,703</b>	<b>-</b>	<b>8,563,236</b>
<b>Public Works</b>				
Administration	735,251	-	-	735,251
Streets, drainage & sidewalks	30,692,198	1,009	300,421	30,392,786
380 Agreement infrastructure	7,629,307	-	-	7,629,307
<b>Total Public Works</b>	<b>39,056,756</b>	<b>1,009</b>	<b>300,421</b>	<b>38,757,344</b>
<b>Other</b>				
Health	65,772	-	-	65,772
Library	3,491,866	124,334	-	3,616,200
Community recreation	9,049,833	521,706	-	9,571,539
Cemetery	356,954	-	-	356,954
Economic development	6,017,016	258,254	2,639,740	3,635,530
Capital lease equipment	-	-	-	-
Miscellaneous	128,959	-	-	128,959
Construction-in-progress	180,313	-	-	180,313
<b>Total Other</b>	<b>19,290,713</b>	<b>904,294</b>	<b>2,639,740</b>	<b>17,555,267</b>
<b>Total General Fixed Assets</b>	<b>\$ 79,539,451</b>	<b>\$ 1,107,371</b>	<b>\$ 2,940,161</b>	<b>\$ 77,706,661</b>

## **SUPPLEMENTAL STATEMENTS AND SCHEDULES**

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF TAXES RECEIVABLE -BY FUNDS**  
**AT SEPTEMBER 30, 2013**

Year	Total	General Fund		I & S Fund	
		%	Amount	%	Amount
2003 & Prior	\$ 303,471	Various	\$ 289,679	Various	\$ 13,792
2004	59,356	72.78%	43,199	27.22%	16,157
2005	77,210	70.95%	54,780	29.05%	22,430
2006	92,773	72.41%	67,177	27.59%	25,596
2007	101,993	73.96%	75,434	26.04%	26,559
2008	140,375	74.78%	104,972	25.22%	35,403
2009	163,637	73.95%	121,010	26.05%	42,627
2010	204,646	72.47%	148,307	27.53%	56,339
2011	253,313	72.33%	183,221	27.67%	70,092
2012	452,257	72.00%	325,625	28.00%	126,632
	1,849,031		1,413,405		435,626
Less					
Allowances for uncollectible	(423,638)		(311,754)		(111,884)
Net Amount	<u>\$ 1,425,393</u>		<u>\$ 1,101,651</u>		<u>\$ 323,742</u>

**CITY OF WESLACO, TEXAS  
ANALYSIS OF TAX COLLECTIONS, ADJUSTMENTS,  
AND ALLOCATION TO FUNDS  
OCTOBER 1, 2012 TO SEPTEMBER 30, 2013**

**TAX COLLECTIONS AND ADJUSTMENTS**

Year	Uncollected 10/1/12	Current Assessments & Correction	Collections	Adjustments	Uncollected 9/30/13
2003 & Prior	\$ 376,198		\$ 24,379	\$ (48,348)	\$ 303,471
2004	67,569		6,827	(1,386)	59,356
2005	122,017		6,444	(38,363)	77,210
2006	107,172		12,043	(2,356)	92,773
2007	147,428		17,808	(27,627)	101,993
2008	200,316		32,672	(27,269)	140,375
2009	208,142		52,667	8,162	163,637
2010	290,580		93,055	7,121	204,646
2011	473,097		215,634	(4,150)	253,313
2012	-	9,559,563	9,095,317	(11,989)	452,257
Total	<u>\$ 1,992,519</u>	<u>\$ 9,559,563</u>	<u>\$ 9,556,846</u>	<u>\$ (146,205)</u>	<u>\$ 1,849,031</u>

**ALLOCATION TO FUNDS**

Year	Collections	General Fund		I & S Fund	
		%	\$	%	\$
2003 & Prior	\$ 24,379	Various	\$ 11,547	Various	\$ 9,374
2004	6,827	72.78%	4,969	27.22%	1,858
2005	6,444	70.95%	4,572	29.05%	1,872
2006	12,043	72.41%	8,720	27.59%	3,323
2007	17,808	73.96%	13,171	26.04%	4,637
2008	32,672	74.78%	24,432	25.22%	8,240
2009	52,667	73.95%	38,947	26.05%	13,720
2010	93,055	72.47%	67,437	27.53%	25,618
2011	215,634	72.33%	155,968	27.67%	59,666
2012	9,095,317	72.00%	6,548,628	28.00%	2,546,689
Total	<u>\$ 9,556,846</u>		<u>\$ 6,878,391</u>		<u>\$ 2,674,997</u>

## **BONDED DEBT REQUIREMENTS**

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF CHANGES IN BONDED DEBT**  
**OCTOBER 1, 2012 TO SEPTEMBER 30, 2013**

Description	Date Issued	Original Amount Issued	Bonds Outstanding 10/1/2012
<u>GENERAL BONDS PAYABLE SERIALY</u>			
General Obligation Refunding Bonds, Series 2002	10/10/2002	\$ 5,030,400	\$ 419,200
Tax System Surplus Revenue Certificates of Obligation, Series 2003	9/24/2003	14,080,000	12,785,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	6,105,000	5,755,000
General Obligation Refinancing Bond, Series 2010 (Target Savings)	12/6/2010	4,064,918	3,236,566
Limited Tax Refunding Bonds, Series 2012	12/20/2012	11,915,000	-
Tax and Revenue Certificates of Obligation, Series 2013	9/19/2013	6,750,000	-
Total General Bonds Payable Serially			<u>22,195,766</u>
<u>REVENUE BONDS PAYABLE SERIALY</u>			
General Obligation Refunding Bonds, Series 2002	10/10/2002	2,829,600	235,800
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	21,710,000	20,765,000
General Obligation Refinancing Bond Series 2010, (Target Savings)	12/6/2010	1,075,082	853,992
Waterworks and Sewer System Revenue Refunding Bond, Series 2010	12/6/2010	2,845,000	2,470,000
Tax Notes, Series 2011	12/28/2011	8,500,000	8,500,000
Tax and Revenue Certificates of Obligation, Series 2012	1/15/2012	24,335,000	24,335,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2007	9/30/2007	360,000	115,000
Total Revenue Bonds Payable Serially			<u>57,274,792</u>
<u>ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS</u>			
Series 2003A	3/27/2003	4,060,000	2,765,000
Series 2011A	6/2/2011	1,090,000	1,090,000
Series 2011B	6/2/2011	1,290,000	1,290,000
Series 2012	8/21/2012	1,155,000	1,155,000
Series 2012 (Refunding)	12/20/2012	2,870,000	
Total Economic Development Sales Tax			<u>6,300,000</u>
<u>TOTAL ALL BONDS PAYABLE SERIALY</u>			<u>\$ 85,770,558</u>

(1) Wachovia Bank, Houston, Texas  
(2) Compass Bank, McAllen, Texas  
(3) Bank of Texas, McAllen, Texas  
(4) Frost Bank, Weslaco, Texas  
(5) US Bank, Houston, Texas

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF CHANGES IN BONDED DEBT**  
**OCTOBER 1, 2012 TO SEPTEMBER 30, 2013**

<u>Issued/ Adjusted</u>	<u>Retired</u>	<u>Bonds Outstanding 9/30/2013</u>	<u>Interest Rates</u>	<u>Optional Date</u>	<u>Principal Date</u>	<u>Agent</u>
\$ -	\$ 211,200	\$ 208,000	Various	None	15-Feb	(2)
-	12,785,000	-	Various	None	15-Feb	(2)
-	275,000	5,480,000	Various	None	15-Feb	(2)
-	379,776	2,856,790	3.10%	None	1-Feb	(2)
11,915,000	340,000	11,575,000	Various	None	15-Feb	(5)
<u>6,750,000</u>	<u>-</u>	<u>6,750,000</u>	Various	None	15-Feb	(5)
<u>18,665,000</u>	<u>13,990,976</u>	<u>26,869,790</u>				
-	118,800	117,000	Various	None	15-Feb	(2)
-	370,000	20,395,000	Various	None	15-Feb	(2)
-	100,224	753,768	3.10%	None	1-Feb	(2)
-	380,000	2,090,000	3.19%	None	1-Dec	(2)
-	460,000	8,040,000	2.75%	None	15-Feb	(3)
-	-	24,335,000	Various	None	15-Feb	(4)
-	55,000	60,000	Various	None	15-Feb	(2)
<u>-</u>	<u>1,484,024</u>	<u>55,790,768</u>				
-	2,765,000	-	Various	None	15-Feb	(2)
-	-	1,090,000	Various	None	15-Feb	(2)
-	-	1,290,000	4.47%	None	15-Feb	(2)
-	-	1,155,000	4.47%	None	15-Feb	(2)
<u>2,870,000</u>	<u>250,000</u>	<u>2,620,000</u>	3.40%	None	15-Feb	(5)
<u>2,870,000</u>	<u>3,015,000</u>	<u>6,155,000</u>				
<u>\$ 21,535,000</u>	<u>\$ 18,490,000</u>	<u>\$ 88,815,558</u>				

**CITY OF WESLACO, TEXAS**  
**SUMMARY OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AT SEPTEMBER 30, 2013**

Fiscal Year Ending	Governmental-Activities			
	General Obligation Bonds, Certificates of Obligation Bonds, and Tax Refunding Bonds		Sales Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
30-Sep				
2014	\$ 1,975,688	\$ 911,229	\$ 585,000	\$ 206,432
2015	1,777,852	877,839	605,000	184,187
2016	1,844,720	820,679	630,000	161,110
2017	1,899,500	760,287	655,000	137,116
2018	1,960,324	696,062	675,000	113,204
2019	2,026,706	627,928	690,000	89,566
2020	2,090,000	562,492	720,000	65,139
2021	2,150,000	499,537	740,000	39,847
2022	2,210,000	439,237	420,000	20,390
2023	2,290,000	364,650	435,000	6,875
2024	835,000	304,325	-	-
2025	880,000	265,750	-	-
2026	920,000	225,125	-	-
2027	960,000	182,650	-	-
2028	450,000	147,900	-	-
2029	470,000	127,650	-	-
2030	495,000	106,500	-	-
2031	520,000	81,750	-	-
2032	545,000	55,750	-	-
2033	570,000	28,500	-	-
Total	<u>\$ 26,869,790</u>	<u>\$ 8,085,840</u>	<u>\$ 6,155,000</u>	<u>\$ 1,023,866</u>



Business-Type Activities				
General Obligation Bonds, Certificates of Obligation Bonds, and Tax Notes		Total Requirements		
Principal	Interest	Principal	Interest	Total Debt Service
\$ 1,379,312	\$ 2,344,130	\$ 3,940,000	\$ 3,461,791	\$ 7,401,791
2,482,148	2,292,260	4,865,000	3,354,286	8,219,286
3,075,280	2,210,389	5,550,000	3,192,178	8,742,178
3,580,500	2,111,124	6,135,000	3,008,527	9,143,527
4,064,676	1,992,435	6,700,000	2,801,701	9,501,701
2,873,852	1,849,802	5,590,558	2,567,296	8,157,854
2,990,000	1,733,095	5,800,000	2,360,726	8,160,726
3,110,000	1,614,230	6,000,000	2,153,614	8,153,614
3,235,000	1,487,757	5,865,000	1,947,384	7,812,384
3,370,000	1,353,157	6,095,000	1,724,682	7,819,682
3,510,000	1,212,582	4,345,000	1,516,907	5,861,907
3,690,000	1,034,457	4,570,000	1,300,207	5,870,207
3,880,000	847,332	4,800,000	1,072,457	5,872,457
4,075,000	650,582	5,035,000	833,232	5,868,232
1,895,000	503,582	2,345,000	651,482	2,996,482
1,990,000	408,832	2,460,000	536,482	2,996,482
2,090,000	309,332	2,585,000	415,832	3,000,832
2,195,000	204,832	2,715,000	286,582	3,001,582
2,305,000	95,082	2,850,000	150,832	3,000,832
-	-	570,000	28,500	598,500
<u>\$ 55,790,768</u>	<u>\$ 24,254,992</u>	<u>\$ 88,815,558</u>	<u>\$ 33,364,698</u>	<u>\$ 122,180,256</u>

**CITY OF WESLACO, TEXAS**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payments		Principal Due	Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2013		\$ -	\$ -	\$ -	\$ 208,000
2014	3.875%	<u>4,030</u>	<u>-</u>	<u>208,000</u>	-
Total		<u>\$ 4,030</u>	<u>\$ -</u>	<u>\$ 208,000</u>	

**CITY OF WESLACO, TEXAS**  
**TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE**  
**CERTIFICATES OF OBLIGATION, SERIES 2007**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2013		\$ -	\$ -	\$ -	\$ 5,480,000
2014	4.000%	131,449	125,749	285,000	5,195,000
2015	4.125%	125,749	119,665	295,000	4,900,000
2016	4.125%	119,665	113,271	310,000	4,590,000
2017	4.250%	113,271	106,471	320,000	4,270,000
2018	5.250%	106,471	97,546	340,000	3,930,000
2019	5.250%	97,546	88,227	355,000	3,575,000
2020	4.700%	88,227	79,415	375,000	3,200,000
2021	4.700%	79,415	70,250	390,000	2,810,000
2022	5.000%	70,250	60,000	410,000	2,400,000
2023	5.000%	60,000	49,250	430,000	1,970,000
2024	5.000%	49,250	37,875	455,000	1,515,000
2025	5.000%	37,875	25,875	480,000	1,035,000
2026	5.000%	25,875	13,250	505,000	530,000
2027	5.000%	13,250	-	530,000	-
Total		<u>\$ 1,118,293</u>	<u>\$ 986,844</u>	<u>\$ 5,480,000</u>	

**CITY OF WESLACO, TEXAS**  
**GENERAL OBLIGATION REFUNDING BONDS SERIES 2010**  
**(TARGET SAVINGS)**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payments		Principal Due	Outstanding
		1-Feb	1-Aug	1-Feb	30-Sep
2013		\$ -	\$ -	\$ -	\$ 2,856,790
2014	3.100%	44,272	38,262	387,688	2,469,102
2015	3.100%	38,262	31,088	462,852	2,006,250
2016	3.100%	31,088	23,730	474,720	1,531,530
2017	3.100%	23,730	16,065	494,500	1,037,030
2018	3.100%	16,065	8,155	510,324	526,706
2019	3.100%	8,155	-	526,706	-
Total		<u>\$ 161,572</u>	<u>\$ 117,300</u>	<u>\$ 2,856,790</u>	

**CITY OF WESLACO, TEXAS**  
**LIMITED TAX REFUNDING BONDS, SERIES 2012**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payments		Principal Due	Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2013		\$ -	\$ -	\$ -	\$ 11,575,000
2014	3.000%	163,762	149,063	980,000	10,595,000
2015	3.000%	149,063	135,112	930,000	9,665,000
2016	3.000%	135,112	120,713	960,000	8,705,000
2017	3.000%	120,713	105,937	985,000	7,720,000
2018	3.000%	105,937	90,788	1,010,000	6,710,000
2019	3.000%	90,788	75,112	1,045,000	5,665,000
2020	3.000%	75,112	54,638	1,365,000	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%	<u>24,550</u>	<u>-</u>	<u>1,470,000</u>	-
Total		<u>\$ 960,309</u>	<u>\$ 796,550</u>	<u>\$ 11,575,000</u>	

**CITY OF WESLACO, TEXAS**  
**TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2013**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2013		\$ -	\$ -	\$ -	\$ 6,750,000
2014	2.000%	114,042	140,600	115,000	6,635,000
2015	2.000%	139,450	139,450	90,000	6,545,000
2016	3.000%	138,550	138,550	100,000	6,445,000
2017	3.000%	137,050	137,050	100,000	6,345,000
2018	3.000%	135,550	135,550	100,000	6,245,000
2019	3.000%	134,050	134,050	100,000	6,145,000
2020	3.000%	132,550	132,550	350,000	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	-
Total		<u>\$ 1,957,192</u>	<u>\$ 1,983,750</u>	<u>\$ 6,750,000</u>	

**CITY OF WESLACO, TEXAS**  
**GENERAL OBLIGATION REFUNDING BONDS-SERIES 2002**  
**WATER AND SEWER FUND**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payments		Principal Due	Outstanding 30-Sep
		15-Feb	15-Aug	15-Feb	
2013		\$ -	\$ -	\$ -	\$ 117,000
2014	3.875%	<u>2,267</u>	<u>-</u>	<u>117,000</u>	-
Total		<u>\$ 2,267</u>	<u>\$ -</u>	<u>\$ 117,000</u>	

**CITY OF WESLACO, TEXAS**  
**TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE**  
**CERTIFICATES OF OBLIGATION, SERIES 2007**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payments		Principal Due	Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2013		\$ -	\$ -	\$ -	\$ 20,395,000
2014	4.000%	495,824	487,724	405,000	19,990,000
2015	4.125%	487,724	472,049	760,000	19,230,000
2016	4.125%	472,049	455,653	795,000	18,435,000
2017	4.250%	455,653	438,015	830,000	17,605,000
2018	5.250%	438,015	415,178	870,000	16,735,000
2019	5.250%	415,178	378,690	1,390,000	15,345,000
2020	4.700%	378,690	340,973	1,605,000	13,740,000
2021	4.700%	340,973	301,375	1,685,000	12,055,000
2022	5.000%	301,375	257,250	1,765,000	10,290,000
2023	5.000%	257,250	210,875	1,855,000	8,435,000
2024	5.000%	210,875	162,125	1,950,000	6,485,000
2025	5.000%	162,125	110,750	2,055,000	4,430,000
2026	5.000%	110,750	56,750	2,160,000	2,270,000
2027	5.000%	56,750	-	2,270,000	
Total		<u>\$ 4,583,231</u>	<u>\$ 4,087,407</u>	<u>\$ 20,395,000</u>	



**CITY OF WESLACO, TEXAS**  
**GENERAL OBLIGATION REFINANCING BONDS SERIES 2010**  
**(TARGET SAVINGS)**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 1-Feb	Outstanding 30-Sep
		1-Feb	1-Aug		
2013		\$ -	\$ -	\$ -	\$ 753,768
2014	3.100%	11,684	10,098	102,312	651,456
2015	3.100%	10,098	8,205	122,148	529,308
2016	3.100%	8,205	6,262	125,280	404,028
2017	3.100%	6,263	4,240	130,500	273,528
2018	3.100%	4,240	2,152	134,676	138,852
2019	3.100%	2,152	-	138,852	-
Total		<u>\$ 42,642</u>	<u>\$ 30,957</u>	<u>\$ 753,768</u>	

**CITY OF WESLACO, TEXAS**  
**WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2010**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payment		Principal Due 1-Dec	Outstanding 30-Sep
		1-Dec	1-Jun		
2013		\$ -	\$ -	\$ -	\$ 2,090,000
2014	3.190%	33,336	27,115	390,000	1,700,000
2015	3.190%	27,115	20,575	410,000	1,290,000
2016	3.190%	20,575	13,876	420,000	870,000
2017	3.190%	13,877	7,018	430,000	440,000
2018	3.190%	7,018	-	440,000	-
Total		<u>\$ 101,921</u>	<u>\$ 68,584</u>	<u>\$ 2,090,000</u>	

**CITY OF WESLACO, TEXAS  
TAX NOTES, SERIES 2011  
AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2013		\$ -	\$ -	\$ -	\$ 8,040,000
2014	2.750%	110,550	110,550	305,000	7,735,000
2015	2.750%	106,356	106,356	1,190,000	6,545,000
2016	2.750%	89,994	89,993	1,735,000	4,810,000
2017	2.750%	66,138	66,138	2,190,000	2,620,000
2019	2.750%	36,025	36,025	2,620,000	-
Total		<u>\$ 409,063</u>	<u>\$ 409,062</u>	<u>\$ 8,040,000</u>	

**CITY OF WESLACO, TEXAS**  
**TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2012**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payments		Principal Due	Outstanding
		15-Feb	15-Aug	15-Feb	30-Sep
2013		\$ -	\$ -	\$ -	\$ 24,335,000
2014	2.000%	526,891	526,891	-	24,335,000
2015	3.000%	526,891	526,891	-	24,335,000
2016	3.000%	526,891	526,891	-	24,335,000
2017	3.000%	526,891	526,891	-	24,335,000
2018	3.000%	526,891	526,891	-	24,335,000
2019	3.000%	526,891	526,891	1,345,000	22,990,000
2020	3.000%	506,716	506,716	1,385,000	21,605,000
2021	3.000%	485,941	485,941	1,425,000	20,180,000
2022	3.000%	464,566	464,566	1,470,000	18,710,000
2023	3.000%	442,516	442,516	1,515,000	17,195,000
2024	5.000%	419,791	419,791	1,560,000	15,635,000
2025	5.000%	380,791	380,791	1,635,000	14,000,000
2026	5.000%	339,916	339,916	1,720,000	12,280,000
2027	5.000%	296,916	296,916	1,805,000	10,475,000
2028	5.000%	251,791	251,791	1,895,000	8,580,000
2029	5.000%	204,416	204,416	1,990,000	6,590,000
2030	5.000%	154,666	154,666	2,090,000	4,500,000
2031	5.000%	102,416	102,416	2,195,000	2,305,000
2032	4.125%	47,541	47,541	2,305,000	-
Total		<u>\$ 7,259,329</u>	<u>\$ 7,259,329</u>	<u>\$ 24,335,000</u>	

**CITY OF WESLACO, TEXAS**  
**TAX & WATERWORKS & SEWER SYSTEM SURPLUS REVENUE**  
**CERTIFICATES OF OBLIGATION, SERIES 2007**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payments		Principal Due 15-Feb	Outstanding 30-Sep
		15-Feb	15-Aug		
2013		\$ -	\$ -	\$ -	\$ 60,000
2014	4.000%	<u>1,200</u>	<u>-</u>	<u>60,000</u>	-
Total		<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ 60,000</u>	

**CITY OF WESLACO, TEXAS**  
**ECONOMIC DEVELOPMENT SALES TAX REVENUE REFUNDING BONDS**  
**SERIES 2011A**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2013		\$ -	\$ -	\$ -	\$ 1,090,000
2014	4.470%	24,361	18,550	260,000	830,000
2015	4.470%	18,550	12,516	270,000	560,000
2016	4.470%	12,516	6,258	280,000	280,000
2017	4.470%	6,258	-	280,000	-
		<u>\$ 61,685</u>	<u>\$ 37,324</u>	<u>\$ 1,090,000</u>	

**CITY OF WESLACO, TEXAS**  
**ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS**  
**SERIES 2011B**  
**AS OF SEPTEMBER 30, 2012**

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2013		\$ -	\$ -	\$ -	\$ 1,290,000
2014	3.840%	24,768	24,768	-	1,290,000
2015	3.840%	24,768	24,768	-	1,290,000
2016	3.840%	24,768	24,768	-	1,290,000
2017	3.840%	24,768	24,480	15,000	1,275,000
2018	3.840%	24,480	18,624	305,000	970,000
2019	3.840%	18,624	12,672	310,000	660,000
2020	3.840%	12,672	6,432	325,000	335,000
2021	3.840%	6,432	-	335,000	-
		<u>\$ 161,280</u>	<u>\$ 136,512</u>	<u>\$ 1,290,000</u>	

**CITY OF WESLACO, TEXAS**  
**ECONOMIC DEVELOPMENT SALES TAX REVENUE BONDS**  
**SERIES 2012**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2013		\$ -	\$ -	\$ -	\$ 1,155,000
2014	2.60%	15,015	13,715	100,000	1,055,000
2015	2.60%	13,715	12,350	105,000	950,000
2016	2.60%	12,350	10,920	110,000	840,000
2017	2.60%	10,920	9,490	110,000	730,000
2018	2.60%	9,490	7,995	115,000	615,000
2019	2.60%	7,995	6,500	115,000	500,000
2020	2.60%	6,500	4,940	120,000	380,000
2021	2.60%	4,940	3,315	125,000	255,000
2022	2.60%	3,315	1,690	125,000	130,000
2023	2.60%	1,690	-	130,000	-
		<u>\$ 85,930</u>	<u>\$ 70,915</u>	<u>\$ 1,155,000</u>	



**CITY OF WESLACO, TEXAS**  
**ECONOMIC DEVELOPMENT SALES TAX REVENUE REFUNDING BONDS**  
**SERIES 2013**  
**AS OF SEPTEMBER 30, 2013**

Fiscal Year	Interest Rate	Interest Payment		Principal Due 15-Feb	Principal Outstanding 30-Sep
		15-Feb	15-Aug		
2013		\$ -	\$ -	\$ -	\$ 2,620,000
2014	3.40%	44,540	40,715	225,000	2,395,000
2015	3.40%	40,715	36,805	230,000	2,165,000
2016	3.40%	36,805	32,725	240,000	1,925,000
2017	4.38%	32,725	28,475	250,000	1,675,000
2018	3.40%	28,475	24,140	255,000	1,420,000
2019	3.40%	24,140	19,635	265,000	1,155,000
2020	3.40%	19,635	14,960	275,000	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>\$ 257,380</u>	<u>\$ 212,840</u>	<u>\$ 2,620,000</u>	

**CITY OF WESLACO, TEXAS  
AS OF SEPTEMBER 30, 2013**

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**PART III**

**STATISTICAL SECTION**

**CITY OF WESLACO, TEXAS**  
**NET POSITION BY COMPONENT**  
**LAST FIVE FISCAL YEARS**  
(Accrual Basis of Accounting)

Table I

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Governmental activities					
Invested in capital assets, net of related debt	\$ 9,749,470	\$ 12,006,633	\$ 14,042,568	\$ 13,564,135	\$ 6,236,897
Restricted	8,335,324	6,455,866	6,259,134	5,760,438	13,059,262
Unrestricted	1,568,080	1,591,672	1,330,224	4,806,131	9,294,414
Total governmental activities net position	<u>\$ 19,652,874</u>	<u>\$ 20,054,171</u>	<u>\$ 21,631,926</u>	<u>\$ 24,130,704</u>	<u>\$ 28,590,573</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 11,808,483	\$ 21,631,773	\$ 25,204,572	\$ (1,310,318)	\$ 13,041,993
Restricted	14,231,044	4,875,514	1,054,121	27,959,653	18,932,858
Unrestricted	1,076,733	1,479,750	2,533,841	5,769,530	3,097,356
Total business-type activities net position	<u>\$ 27,116,260</u>	<u>\$ 27,987,037</u>	<u>\$ 28,792,534</u>	<u>\$ 32,418,865</u>	<u>\$ 35,072,207</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 21,557,953	\$ 33,638,406	39,247,140	12,253,817	19,278,890
Restricted	22,566,368	11,331,380	7,313,255	33,720,091	31,992,120
Unrestricted	2,644,813	3,071,422	3,864,065	10,575,661	12,391,770
Total primary government net position	<u>\$ 46,769,134</u>	<u>\$ 48,041,208</u>	<u>\$ 50,424,460</u>	<u>\$ 56,549,569</u>	<u>\$ 63,662,780</u>

Note: The City of Weslaco began to report accrual information when it implemented GASB 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS**  
**CHANGES IN NET POSITION**  
**LAST FIVE FISCAL YEARS**  
(Accrual Basis of Accounting)

Table II

	2009	2010	2011	2012	2013
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,710,070	\$ 4,307,902	\$ 4,426,526	\$ 4,079,035	\$ 4,077,130
Public safety	12,486,600	12,676,095	11,562,667	10,195,023	10,714,272
Emergency medical service	-	343,818	398,347	462,305	332,102
Public works	1,843,346	1,870,276	2,669,907	2,626,866	3,039,309
Health	127,044	132,612	104,426	88,459	90,067
Culture and recreation	2,484,004	2,486,171	1,144,997	1,693,692	1,692,154
Development services	4,994,533	3,358,829	3,101,439	3,256,023	3,364,499
Interest on long-term debt	1,488,868	1,478,830	1,452,443	2,326,416	1,187,398
Total governmental activities expenses	27,134,465	26,654,533	24,860,752	24,727,819	24,496,931
Business-type activities:					
Water and Wastewater	7,662,631	7,433,263	7,768,721	9,054,734	9,435,022
Solid Waste	3,468,755	3,517,000	3,863,097	4,047,757	4,044,683
Airport	564,958	532,828	532,689	505,452	507,619
Total business-type activities expenses	11,696,344	11,483,091	12,164,507	13,607,943	13,987,324
Total primary government expenses	\$ 38,830,809	\$ 38,137,624	\$ 37,025,259	\$ 38,335,762	\$ 38,484,255
<b>Program Revenues</b>					
Governmental activities:					
Fees, fines, and charges for services:					
General government	\$ 406,099	\$ 370,890	\$ 363,068	\$ 381,323	\$ 405,601
Public Safety	1,912,015	933,006	695,632	919,126	842,122
Emergency medical services	-	976,166	948,437	976,167	1,223,157
Other activities	404,985	372,935	260,053	399,142	394,360
Operating grants and contributions	81,000	-	-	16,179	99,359
Capital grants and contributions	917,556	702,133	500,163	724,994	454,010
Total governmental activities program revenues	3,721,655	3,355,130	2,767,353	3,416,931	3,418,609
Business-type activities:					
Charges for services:					
Water and Wastewater	8,993,459	8,719,988	9,411,060	11,034,905	12,160,485
Solid Waste	3,992,622	4,215,582	4,127,015	4,646,565	4,752,518
Airport	112,917	186,184	111,261	110,894	156,302
Operating grants and contributions	20,267	8,098	-	-	-
Capital grants and contributions	224,315	80,875	154,017	2,424,601	664,218
Total business-type activities program revenues	13,343,580	13,210,727	13,803,353	18,216,965	17,733,523
Total primary government program revenues	\$ 17,065,235	\$ 16,565,857	\$ 16,570,706	\$ 21,633,896	\$ 21,152,132
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (23,412,810)	\$ (23,299,403)	\$ (22,093,399)	\$ (21,310,888)	\$ (21,078,322)
Business-type activities	1,647,236	1,727,636	1,638,846	4,609,022	3,746,199
Total primary government net expense	\$ (21,765,574)	\$ (21,571,767)	\$ (20,454,553)	\$ (16,701,866)	\$ (17,332,123)

**CITY OF WESLACO, TEXAS**  
**CHANGES IN NET POSITION**  
**LAST FIVE FISCAL YEARS**  
(Accrual Basis of Accounting)

Table III

**GENERAL REVENUES AND OTHER CHANGES IN NET POSITION**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Governmental activities:					
Taxes:					
Ad valorem	\$ 9,752,261	\$ 9,729,729	\$ 9,632,751	\$ 9,710,670	\$ 9,823,287
Sales	9,175,453	9,218,352	9,864,624	10,578,320	11,182,267
Occupancy	403,467	359,421	358,390	336,419	382,934
Other	57,047	71,255	71,488	65,650	79,912
Franchise fees	1,418,405	1,414,910	1,653,298	1,565,484	1,561,020
Intergovernmental	143,800	144,499	77,375	4,421	16,149
Investment earnings	226,519	139,903	64,147	66,619	89,278
Gain (loss) on sale/retirement of capital assets	482,859	(115,940)	100,339	116,255	(348,529)
Miscellaneous	433,260	348,954	301,972	249,246	226,739
Rescindment of contingency	-	-	550,000	-	-
Revaluation of Compensated Absences	-	-	-	191,261	-
Transfers	2,403,930	1,475,209	996,770	1,021,140	1,021,140
Total governmental activities	<u>24,497,001</u>	<u>22,786,292</u>	<u>23,671,154</u>	<u>23,905,485</u>	<u>24,034,197</u>
Business-type activities					
Investment earnings	849,733	618,350	109	13,629	19,609
Transfers	(2,403,930)	(1,475,209)	(996,770)	(1,021,140)	(1,021,140)
Total business-type activities	<u>(1,554,197)</u>	<u>(856,859)</u>	<u>(996,661)</u>	<u>(1,007,511)</u>	<u>(1,001,531)</u>
Total primary government	<u>\$ 22,942,804</u>	<u>\$ 21,929,433</u>	<u>\$ 22,674,493</u>	<u>\$ 22,897,974</u>	<u>\$ 23,032,666</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 1,084,191	\$ (513,111)	\$ 1,577,755	\$ 2,594,597	\$ 2,955,875
Business-type activities	93,039	870,777	642,185	3,601,511	2,744,668
Total primary government	<u>\$ 1,177,230</u>	<u>\$ 357,666</u>	<u>\$ 2,219,940</u>	<u>\$ 6,196,108</u>	<u>\$ 5,700,543</u>
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General Fund					
Reserved	\$ 61,244	\$ 69,467	\$ 57,391	\$ 65,791	\$ 33,249
Unreserved	900,326	(104,146)	779,427	1,627,107	5,435,405
Total general fund	<u>\$ 961,570</u>	<u>\$ (34,679)</u>	<u>\$ 836,818</u>	<u>\$ 1,692,898</u>	<u>\$ 5,468,654</u>
All Other Governmental Funds					
Reserved	\$ 1,286,791	\$ 1,505,458	\$ 1,618,055	\$ 1,772,642	\$ 1,691,574
Unreserved, reported in:					
Special revenue funds	3,824,971	3,748,561	4,718,358	2,308,622	2,936,214
Capital projects funds	2,261,992	1,236,526	1,206,560	1,166,502	7,701,460
Unrestricted					
Total all other governmental funds	<u>\$ 7,373,754</u>	<u>\$ 6,490,545</u>	<u>\$ 7,542,973</u>	<u>\$ 5,247,766</u>	<u>\$ 12,329,248</u>

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST FIVE FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

Table IV  
(Page 2 of 2)

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Revenues</b>					
Taxes:					
Ad valorem	\$ 9,302,285	\$ 9,369,933	\$ 9,492,754	\$ 9,413,005	\$ 9,683,050
Penalty and interest	402,066	347,496	354,830	297,632	328,433
Sales	9,175,453	9,218,352	9,864,624	10,578,320	11,182,267
Occupancy	403,467	359,421	358,390	336,419	382,934
Other	57,047	71,255	71,488	65,650	79,912
Franchise fees	1,418,405	1,414,910	1,653,298	1,565,484	1,561,020
Charges for services	3,752,129	2,905,104	2,565,294	2,540,973	2,832,851
Program income	62,604	109,445	150,054	341,845	389,134
Intergovernmental	1,142,356	846,632	577,538	745,594	569,518
Licenses and permits	406,099	370,890	363,068	381,323	405,601
Investment income	226,507	139,903	64,147	66,619	89,278
Fines and forfeitures	690,602	583,066	463,778	772,752	668,891
Contributions	1,954	8,500	142	500	50
Miscellaneous	431,306	340,454	301,830	248,746	527,110
Proceeds from sales	905,434	131,825	367,174	124,435	56,950
Total revenues	28,377,714	26,217,186	26,648,409	27,479,297	28,756,999
<b>Expenditures</b>					
General government	3,484,006	3,637,628	4,310,348	3,797,404	3,697,885
Public Safety	12,486,212	12,725,966	11,664,128	10,327,350	10,699,897
Public Works	1,468,756	1,390,192	1,342,074	1,299,033	1,556,054
Health	123,307	128,875	100,315	84,348	85,956
Culture and recreation	2,291,653	2,410,330	1,073,525	1,447,298	1,428,512
Economic development	4,376,933	3,633,445	2,171,025	1,923,521	2,144,101
Nondepartmental	541,759	779,286	684,020	395,172	477,223
Capital outlay	1,879,830	9,608,984	633,058	2,416,513	823,384
Debt service					-
Principal	1,590,747	1,682,179	9,628,025	2,004,577	2,526,603
Interest and fiscal charges	1,500,160	1,490,122	1,420,192	1,352,412	1,197,893
Contingency expense	-	-	-	-	-
Total expenditures	29,743,363	37,487,007	33,026,710	25,047,628	24,637,508
Excess of revenues over (under) expenditures	(1,365,649)	(11,269,821)	(6,378,301)	2,431,669	4,119,491

**CITY OF WESLACO, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST FIVE FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

Table IV  
(Page 2 of 2)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Other Financing Sources (Uses)</b>					
Debt proceeds	\$ 1,300,000	\$ -	\$ 9,044,918	\$ 1,155,000	\$22,157,515
Bond redemption	-	-	-	-	(14,630,000)
Debt issuance costs	(120,076)	-	(101,814)	(30,323)	(366,731)
Volunteer separation expense	-	(611,900)	-	-	-
Proceeds from 380 Agreements	-	7,629,307	-	-	-
380 Agreement expenditures	-	-	(912,644)	(780,562)	(581,949)
Accrued 380 Agreement Interest	-	-	-	(949,937)	-
Sales Tax rebates	-	-	-	(843,934)	(645,082)
Transfers in	525,775	164,040	-	-	-
Transfers out	(310,180)	(4,339)	(200,000)	(480,000)	(700,000)
Total other financing sources (uses)	<u>1,395,519</u>	<u>7,177,108</u>	<u>7,830,460</u>	<u>(1,929,756)</u>	<u>5,233,753</u>
Net change in fund balances	<u>\$ 29,870</u>	<u>\$ (4,092,713)</u>	<u>\$ 1,452,159</u>	<u>\$ 501,913</u>	<u>\$ 9,353,244</u>
Debt service as a percentage of noncapital expenditures	11.1%	11.4%	34.1%	14.8%	15.6%

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.



**CITY OF WESLACO, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Table V

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2004	\$ 5,734,805	\$ 5,303,677	92.48%	\$ 311,038	\$ 5,614,715	97.91%
2005	6,139,744	5,659,936	92.19%	270,432	5,930,368	96.59%
2006	6,451,289	6,021,477	93.34%	184,509	6,205,986	96.20%
2007	6,982,074	6,555,427	93.89%	214,183	6,769,610	96.96%
2008	7,667,715	7,171,489	93.53%	387,236	7,558,725	98.58%
2009	8,920,936	8,518,972	95.49%	647,906	9,166,878	102.76%
2010	9,249,698	8,628,830	93.29%	593,254	9,222,084	99.70%
2011	9,310,540	8,704,523	93.49%	579,960	9,284,483	99.72%
2012	9,346,948	8,859,282	94.78%	432,353	9,291,635	99.41%
2013	9,559,563	9,095,317	95.14%	461,529	9,556,846	99.97%

**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>
2004	\$ 426,892,896	\$ 417,210,584	\$ 212,997,074	\$ 844,103,480	2.9760
2005	441,511,544	468,256,630	226,814,960	909,768,174	2.9669
2006	506,062,673	447,666,328	243,504,504	953,729,001	2.9611
2007	559,681,854	478,189,081	295,278,641	1,037,870,935	2.8666
2008	641,361,248	512,587,048	313,753,593	1,153,948,296	2.6438
2009	756,407,311	588,374,568	345,797,678	1,344,781,879	2.6954
2010	777,550,051	623,626,057	351,568,233	1,401,176,108	2.6978
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

Source: Hidalgo County Appraisal District

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

		City Direct Rates		
Fiscal Year	Tax Year	Maintenance and Operation	Interest and Sinking	(Per \$100) City
PROPERTY TAX RATES				
2004	2003	0.4786	0.2209	0.6995
2005	2004	0.5091	0.1904	0.6995
2006	2005	0.4963	0.2032	0.6995
2007	2006	0.5065	0.1930	0.6995
2008	2007	0.5153	0.1814	0.6997
2009	2008	0.5210	0.1757	0.6997
2010	2009	0.5152	0.1815	0.6967
2011	2010	0.5049	0.1918	0.6967
2012	2011	0.5039	0.1928	0.6967
2013	2012	0.5016	0.1951	0.6967
TAX LEVIES				
2004	2003			5,734,805
2005	2004			6,139,744
2006	2005			6,451,289
2007	2006			6,982,074
2008	2007			7,667,715
2009	2008			8,881,533
2010	2009			9,276,796
2011	2010			9,366,985
2012	2011			8,796,004
2013	2012			9,010,516

Tax rate is limited by charter to \$2.50 per \$100.

Taxes are due October 1, and become delinquent February 1.

Discounts are not allowed.

Penalty for delinquency is 6% of amount of tax during first month, plus 1% for each additional month delinquent, to a maximum of 12% beginning July 1. Interest is 1% for each month or portion of month the tax remains delinquent.

On July 1, 1982, pursuant to Section 33.07 of the Property Tax Code, an additional penalty of 15% of the taxes, penalty, and interest is added on all taxes delinquent for the 1981 year and subsequent years.

Uncollected taxes are placed in hands of attorney for legal action on February 1, following year of assessment.

Table VII  
(Page 1 of 2)

Overlapping Rates					
(Per \$100) Weslaco School District	South Texas Community College	(Per \$100) Hidalgo County	(Per \$100) Drainage District #1	(Per \$100) South Texas School District	(Per \$100) Total
1.4300	0.1738	0.5900	0.0435	0.0392	2.9760
1.4300	0.1647	0.5900	0.0435	0.0392	2.9669
1.4300	0.1589	0.5900	0.0435	0.0392	2.9611
1.3418	0.1548	0.5900	0.0413	0.0392	2.8666
1.1047	0.1540	0.5900	0.0492	0.0492	2.6468
1.1397	0.1498	0.5900	0.0700	0.0492	2.6984
1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
1.1397	0.1507	0.5900	0.0733	0.0492	2.6996
14,663,742	28,045,487	91,965,820	6,538,099	6,512,984	153,460,937
15,870,637	29,796,163	103,605,172	7,305,724	7,221,751	169,939,191
17,168,408	31,182,415	112,523,012	7,944,984	7,816,538	183,086,646
17,881,783	33,514,193	125,028,182	8,251,877	8,624,663	200,282,772
16,140,097	37,903,742	142,503,382	11,181,038	12,290,736	227,686,710
19,808,237	40,130,123	155,425,414	16,982,072	13,321,253	254,548,632
20,312,260	41,833,109	162,197,402	18,748,048	13,910,184	266,277,799
20,544,560	41,736,459	161,779,404	18,803,344	13,870,003	266,100,755
19,795,607	37,953,268	148,860,984	18,910,655	13,752,694	248,069,212
20,111,115	38,447,054	150,274,322	19,409,051	13,901,594	251,153,652

**CITY OF WESLACO, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Table VIII

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
H E Butt Grocery Company	\$ 35,773,799	1	2.45%	\$ 14,736,817	1	1.75%
H E Butt Weslaco Transportation	19,052,947	2	1.30%			
Clearview Weslaco LLP	15,343,482	3	1.05%			
CAPCOR Weslaco, LTD	10,655,558	4	0.73%			
Wal-Mart Real Estate Business TR	8,667,453	5	0.59%	6,963,935	7	0.83%
Wal-Mart Property Tax Dept.	7,477,314	6	0.51%			
John Knox Villages	7,399,993	7	0.51%	8,570,546	2	1.02%
AEP Texas Central Co.	7,244,440	8	0.50%	7,531,940	6	0.89%
JC Penny's #1101	6,830,017	9	0.47%			
Weslaco Palm Plaza, LTD	6,824,871	10	0.47%			
Verizon Southwest				8,490,800	3	1.01%
Weslaco Partners, LTD				7,977,015	4	0.95%
Weslaco Economic Development				7,738,282	5	0.92%
Weslaco Distribution Center				5,785,676	8	0.69%
Reyna Family Land Dev. LTD				5,532,124	9	0.66%
Ed Payne Motors, LLP				5,271,678	10	0.62%
	<u>\$ 125,269,874</u>		<u>8.58%</u>	<u>\$ 78,598,813</u>		<u>9.34%</u>

**CITY OF WESLACO, TEXAS  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AT SEPTEMBER 30, 2013**

Table IX

	Gross Debt Less Sinking Fund	Estimated Percentage Debt Applicable to City of Weslaco	City of Weslaco Share of Debt
City of Weslaco, Texas	\$ 21,362,823	100.00%	\$ 21,362,823
Weslaco Independent School District	70,658,000	75.84%	53,587,027
Hidalgo County	162,385,000	5.46%	8,866,221
Hidalgo County Drainage District #1	163,535,000	5.25%	8,585,588
South Texas Community College District	98,134,991	4.69%	<u>4,602,531</u>
			<u>\$ 97,004,190</u>
Percentage of Assessed Valuation			<u>6.976%</u>
Direct and Overlapping Debt Per Capita			<u>\$ 2,632.69</u>
Population:	<u>36,846</u>		
Assessed Valuation:	<u>1,390,514,266</u>		

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

Table X  
(Page 1 of 2)

**Legal Debt Margin Calculation fo Fiscal Year 2013**

Assessed value	\$ 1,390,514,266
Debt limit (10% of assessed value)	139,051,427
Debt applicable to limit:	
General obligation bonds	26,869,790
Less: Amount set aside for repayment of general obligation debt	<u>(382,410)</u>
Total net debt applicable to limit	<u>26,487,380</u>
Legal debt margin	<u><u>\$ 112,564,047</u></u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 81,983,807	\$ 87,773,309	\$ 92,227,149	\$ 99,815,209
Total net debt applicable to limit	<u>24,662,550</u>	<u>23,847,724</u>	<u>22,852,031</u>	<u>27,872,725</u>
Legal debt margin	<u><u>\$ 57,321,257</u></u>	<u><u>\$ 63,925,585</u></u>	<u><u>\$ 69,375,118</u></u>	<u><u>\$ 71,942,484</u></u>
Total net debt applicable to the limit as a percentage of debt limit	30.08%	27.17%	24.78%	27.92%

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.

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

Table X  
(Page 1 of 2)

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 110,057,628	\$ 127,480,023	\$ 133,153,378	\$ 141,124,613	\$ 142,173,949	\$ 139,051,427
<u>27,092,739</u>	<u>25,851,763</u>	<u>24,605,645</u>	<u>24,605,645</u>	<u>21,684,025</u>	<u>26,487,380</u>
<u><u>\$ 82,964,889</u></u>	<u><u>\$ 101,628,260</u></u>	<u><u>\$ 108,547,733</u></u>	<u><u>\$ 116,518,968</u></u>	<u><u>\$ 120,489,924</u></u>	<u><u>\$ 112,564,047</u></u>
24.62%	20.28%	18.48%	17.44%	15.25%	19.05%



**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 Revenue	Debt Service		Coverage
					Principal	Interest	
2004	\$ 5,300,765	\$ 5,262,723	\$ 551,517	\$ 589,559	\$ 545,000	\$ 244,308	0.75
2005	7,005,742	5,116,708	562,677	2,451,711	565,000	222,245	3.11
2006	7,647,543	5,490,379	591,140	2,748,304	585,000	199,335	3.50
2007	7,244,451	6,051,989	603,306	1,795,768	310,000	181,603	3.65
2008	7,724,198	6,696,352	631,599	1,659,445	300,000	169,785	3.53
2009	8,073,294	6,824,120	1,512,121	2,761,295	315,000	157,635	5.84
2010	7,846,367	5,990,804	1,245,183	3,100,746	325,000	144,673	6.60
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

- (1) The Waterworks and Wastewater System Revenue Bonds, Series 1998 that were issued on September 23, 1998 in the amount of \$5,930,000 have been refunded with the 2010 General Obligation Bond Series (Target Savings) for \$1,075,082, and the Waterworks and Sewer System Revenue Refunding Bond Series 2010 for \$2,845,120. These bonds will be paid from a CIP fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new sewer plant on the south side of town has been paid for. The CIP fee is recognized as non-operating revenue.

This table has been modified to reflect this source of funds.

- \* The Revenue Coverage computation does not include the 2007 Certificate of Obligation issue of \$21,710,000. This issue is a surplus Revenue Certificate of Obligation and does not meet the requirement to be included in the computation for pledged revenue coverage. If considered in the computation, the coverage would be 1.22.

**CITY OF WESLACO, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST FIVE FISCAL YEARS**

Table XII  
(Page 2 of 2)

<b>Fiscal Year</b>	<b>General Bonded Debt</b>			<b>Percentage of Actual Taxable Value of Property</b>
	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Water District Debt Assumed</b>	
2009	\$ 1,913,600	\$ 24,229,568	\$ -	1.94%
2010	1,276,800	23,755,396	-	1.79%
2011	620,800	23,223,916	-	1.69%
2012	419,200	21,776,008	-	1.56%
2013	208,000	26,443,550	-	1.82%

<b>Fiscal Year</b>	<b>Business-Type Activities</b>			
	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Revenue Bonds</b>	<b>Notes Payable</b>
2009	\$ 1,076,400	\$ 3,460,000	\$ 23,065,432	\$ -
2010	718,200	3,135,000	22,724,604	-
2011	1,300,284	2,845,000	21,290,000	-
2012	1,089,792	2,470,000	45,215,000	8,500,000
2013	870,768	2,090,000	44,790,000	8,040,000

Note: The City began to report accrual information when it implemented GASB statement 34 in fiscal year 2003.

**CITY OF WESLACO, TEXAS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST FIVE FISCAL YEARS**

Table XII  
(Page 2 of 2)

<b>Per Capita</b>	<b>Other Governmental Activities Debt</b>	
	<b>380 Agreement Infrastructure</b>	<b>Compensated Absences</b>
783.81	\$ -	\$ 2,725,440
721.37	7,629,307	2,319,506
668.48	6,815,202	2,319,506
602.38	6,034,640	2,027,741
723.32	5,452,691	2,138,217

<b>Economic Development Sales Tax</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
<b>Revenue Bonds</b>	<b>Notes Payable</b>			
\$ 5,015,000	\$ -	\$ 61,485,440	12.27%	1,868
4,595,000	-	66,153,813	12.27%	1,868
5,325,000	974,323	64,714,031	6.57%	965
6,300,000	796,697	94,629,078	6.57%	965
6,155,000	646,070	96,834,296	6.57%	965

**CITY OF WESLACO, TEXAS  
TAXABLE SALES BY INDUSTRY  
LAST FIVE CALENDAR YEARS**

Table XIII

	Calendar Year				
	2008	2009	2010	2011	2011
Agriculture, Forestry, Fishing, Hunting	\$ -	\$ 10	\$ -	\$ -	\$ -
Construction	1,085,666	835,222	998,716	1,547,374	2,839,442
Manufacturing	5,366,141	2,139,103	908,666	1,031,410	944,415
Wholesale trade	15,516,848	9,451,990	9,751,237	10,046,417	12,488,875
Retail trade	239,908,678	251,829,708	275,128,934	296,811,173	317,855,155
Transportation and warehousing	1,557,971	205,606	1,417,200	1,311,262	1,891,089
Information	6,441,066	7,063,176	6,916,201	7,440,719	9,086,834
Finance and insurance	1,928,421	1,966,880	2,172,227	2,096,247	1,999,036
Real estate, rental and leasing	24,776,580	11,531,735	3,062,869	2,730,662	2,783,960
Professional, scientific and technical	997,224	799,762	891,767	1,136,202	1,072,369
Administration, support, waste management, and remediation	6,010,391	3,434,638	1,730,296	3,592,463	6,176,976
Education	14,608	27,003	17,608	38,083	57,033
Health care and social assistance	365,439	305,582	696,535	512,033	560,036
Arts, entertainment, and recreation	649,832	610,900	780,044	1,774,225	1,692,620
Accommodation and food services	63,712,076	66,500,272	70,735,449	76,337,259	82,830,012
Other services	7,015,451	8,371,356	8,923,286	9,612,888	10,034,002
Other	19,758	24,022	16,125	19,346	15,201
<b>Total</b>	<b>\$ 375,366,150</b>	<b>\$ 365,096,965</b>	<b>\$ 384,147,160</b>	<b>\$ 416,037,763</b>	<b>\$ 452,327,055</b>
City direct sales tax rate	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Texas State Comptroller

**CITY OF WESLACO, TEXAS**  
**SALES TAX REVENUE PAYERS BY INDUSTRY**  
**CALENDAR YEARS 2012 AND 2008**

Table XIV  
(Page 2 of 2)

	<b>2012</b>			
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
Agriculture, forestry, fishing, hunting	1	0.09%	\$ -	0.0%
Construction	50	4.66%	56,789	0.6%
Manufacturing	34	3.17%	18,888	0.2%
Wholesale trade	50	4.66%	249,778	2.8%
Retail trade	484	45.15%	6,357,103	70.3%
Transportation and warehousing	7	0.65%	37,822	0.4%
Information	18	1.68%	181,737	2.0%
Finance and insurance	23	2.15%	39,981	0.4%
Real estate, rental and leasing	20	1.87%	55,679	0.6%
Professional, scientific and technical	48	4.48%	21,447	0.2%
Administration, support, waste management, and remediation	50	4.66%	123,540	1.4%
Educational services	5	0.47%	1,141	0.0%
Health care and social assistance	10	0.93%	11,201	0.1%
Arts, entertainment, and recreation	18	1.68%	33,852	0.4%
Accommodation and food services	139	12.97%	1,656,600	18.3%
Other services	104	9.70%	200,680	2.2%
Other	11	1.03%	304	0.0%
<b>Total</b>	<b>1,072</b>	<b>100.00%</b>	<b>\$ 9,046,542</b>	<b>100.00%</b>

Source: Texas State Comptroller

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**  
**SALES TAX REVENUE PAYERS BY INDUSTRY**  
**CALENDAR YEARS 2012 AND 2008**

Table XIV  
(Page 2 of 2)

<b>2008</b>			
<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
4	0.43%	\$ -	0.00%
44	4.68%	21,713	0.29%
32	3.40%	107,323	1.43%
28	2.98%	310,337	4.13%
401	42.66%	4,798,174	63.91%
5	0.53%	31,159	0.42%
21	2.23%	128,821	1.72%
20	2.13%	38,568	0.51%
19	2.02%	495,532	6.60%
43	4.57%	19,944	0.27%
48	5.11%	120,208	1.60%
8	0.85%	292	0.00%
12	1.28%	7,309	0.10%
11	1.17%	12,997	0.17%
126	13.40%	1,274,242	16.97%
103	10.96%	140,309	1.87%
15	1.60%	395	0.01%
<b>940</b>	<b>100.00%</b>	<b>\$ 7,507,323</b>	<b>100.00%</b>

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

Table XV

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>State Rate</b>	<b>Total Tax Rate</b>
2003	2.00%	6.25%	8.25%
2004	2.00%	6.25%	8.25%
2005	2.00%	6.25%	8.25%
2006	2.00%	6.25%	8.25%
2007	2.00%	6.25%	8.25%
2008	2.00%	6.25%	8.25%
2009	2.00%	6.25%	8.25%
2010	2.00%	6.25%	8.25%
2011	2.00%	6.25%	8.25%
2012	2.00%	6.25%	8.25%
2013	2.00%	6.25%	8.25%

**CITY OF WESLACO, TEXAS**  
**MISCELLANEOUS STATISTICAL FACTS**  
**SEPTEMBER 30, 2013**

Table XVI

**Date of Incorporation :** 1919  
**Date of Adoption of City Charter:** December 14, 1927  
**Form of Government:** Commissioner-Manager  
**Area:** 14.72 Square Miles

**Miles of Street:**

Graded	1.65
Paved	223.00

**City:**

Number of City Employees	270
Number of Street Lights	1,600

**Miles of Sewers:**

Storm	96.00
Sanitary	213.00

**Municipal Water Plant:**

Number of Connections	11,468
Miles of Water Mains	128.0

**Building Permits:**

Permits Issued	1,935
Estimated Cost	\$ 79,252,027

**Average Daily :**

**Gallons**

Consumption	5,289,000
Daily Plant Capacity	7,900,000

**Fire Protection:**

Number of Stations	3
Number of Employees	68
Number of Volunteers	-

Water Sold for Year

15,814,551

**Population :**

1940 Census	6,883
1950 Census	7,487
1960 Census	15,649
1970 Census	15,313
1980 Census	19,331
1990 Census	25,608
2000 Census	26,935
2010 Census	35,670

**Police Protection:**

Number of Sub-stations	1
Number of Stations	1
Number of Employees	77

**Number of Hospitals:**

233 Beds	1
----------	---

**Recreation:**

Parks-Numbers of Acres	171.97
Skateboard Parks	1
Tennis Courts	6
Golf Courses	2
Swimming Pools	2
Parks	7

**Airports:**

1

**Education:**

Mid Valley Christian School PK-6th Grade, Established 1974  
San Martin Catholic School PK-6th Grade, Established 1998  
Valley Grande Adventist Academy Grades 9-12, Established 1937  
First Christian Academy, Established 2006  
Horizon Montessori II

Technology Education Charter High School  
South Texas College  
South Texas Vo-Tech  
Valley Grande Institute for Academic Studies

**Weslaco I.S.D. (Student Population 17,917)**

High School	3
Alternative Schools	2
Middle Schools	4
Elementary Schools	11

**Other Independent School Districts:**

IDEA Public Schools, Grades Pre-K-12

South Texas ISD, Grades 9-12

**Source:**

City of Weslaco, Finance Department



**CITY OF WESLACO, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

Table XVII

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2003	30,231	\$ 434,449,701	\$ 14,371	16.6%
2004	30,416	468,528,064	15,404	13.3%
2005	30,416	508,525,104	16,719	7.2%
2006	31,442	539,041,648	17,144	6.5%
2007	32,092	571,365,968	17,804	7.3%
2008	32,092	571,365,968	17,804	7.3%
2009	33,354	507,814,650	15,225	8.3%
2010	34,701	514,199,418	14,818	5.5%
2011	35,670	530,698,260	14,878	11.3%
2012	36,846	570,744,540	15,490	11.4%

Source: Weslaco Economic Development Corporation and the Bureau  
of Economic Analysis

**CITY OF WESLACO, TEXAS**  
**OPERATING INDICATORS AND CAPITAL ASSETS STATISTICS**  
**BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Table XVIII

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2012</b>
<b>General government</b>										
Building permits issued	2,744	2,764	2,984	2,848	2,361	2,499	2,088	1,964	1,946	1,935
Building inspections - conducted	5,149	4,678	5,391	5,536	5,055	5,264	4,054	3,625	3,488	3,260
<b>Police</b>										
Physical Arrests-Adults	2,263	2,159	2,225	2,585	2,266	2,646	1,733	2,624	2,619	2,747
Physical Arrests-Juveniles	537	599	703	651	366	464	674	620	639	385
<b>Fire</b>										
Emergency responses	5,027	5,488	5,499	6,664	7,235	7,387	6,994	7,044	7,190	6,947
<b>Library</b>										
Volumes in collection	80,239	82,504	75,444	65,569	51,968	63,006	58,246	58,814	67,800	66,368
Total volumes borrowed	78,622	56,251	60,542	56,901	76,057	57,412	57,252	60,876	64,790	46,606
<b>Water</b>										
New connections	328	309	290	267	267	221	140	133	133	126
Average daily consumption (thousands of gallons)	4,550	5,210	5,406	4,385	5,666	5,667	5,765	6,010	6,010	5,289
Peak daily consumption (thousands of gallons)	7,022	7,770	7,741	7,799	8,086	8,307	7,685	8,860	-	6,806
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	3,794	3,590	3,377	3,431	2,080	3,835	4,669	4,133	-	4,917
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substation	4	3	3	3	3	2	1	1	1	1
Patrol Units					77	79	75	26	70	56
<b>Fire stations</b>	3	3	3	3	3	3	3	3	3	3
<b>Other public works</b>										
Street (miles)	91.85	91.85	91.85	97.54	97.54	97.54	97.54	97.54	97.54	223.00
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	154.80	153.53	153.53	153.53	153.53	153.53	153.53	153.53	153.53	171.97
Playgrounds	11	11	11	11	11	11	11	11	11	16
Golf courses	1	1	1	1	1	1	1	1	1	2
<b>Water</b>										
Water main (miles)	126.00	126.00	126.00	126.00	126.00	126.00	126.00	126.00	126.00	128.00
Fire hydrants										
Storage capacity (thousands of gallons)	7,900	7,900	7,900	7,900	7,900	7,900	2,385	7,900	7,900	2,385
<b>Wastewater</b>										
Sanitary sewer (miles)	107.17	111.67	111.67	118.01	118.01	118.01	118.01	118.01	118.01	213.00
Storm sewer (miles)	48.24	50.94	50.94	50.94	50.94	50.94	50.94	50.94	50.94	96.00
Treatment capacity (thousands of gallons)	5,500	5,500	5,500	5,500	5,500	5,500	7,250	7,250	7,250	7,250

**CITY OF WESLACO, TEXAS  
PRINCIPAL EMPLOYERS  
2013 AND 2006**

Table XIX

Employer	2010 *			2003 *		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Weslaco Independent School District	2,817	1	44.30%	2,100	1	35.00%
Knapp Medical Center	1,000	2	15.73%	1,200	2	20.00%
Woodcrafters	592	3	9.31%	260	9	4.33%
Payne Auto Group	389	4	6.12%	-		0.00%
City of Weslaco	351	5	5.51%	266	7	4.44%
Wal-Mart	260	6	4.09%	-		0.00%
South Texas College	214	7	3.37%	-		0.00%
H.E.Butt Grocery Company	407	8	6.40%	230	10	3.83%
Foremost Paving	168	9	2.64%	-		0.00%
Valley Grande Manor	161	10	2.53%	-		0.00%
Williamson-Dickie	-		-	734	3	12.23%
McManus, JS Produce	-		-	400	4	6.67%
K-Mart Super Center	-		-	275	5	4.58%
Haggar Clothing Co.	-		-	270	6	4.50%
Caldwell VSR	-		-	265	8	4.42%
Total	<u>6,359</u>		<u>100.00%</u>	<u>6,000</u>		<u>100.00%</u>

Source: Weslaco Economic Development Corporation

\* 2013 and 2006 information not available by Weslaco Economic Development Corporation.

**CITY OF WESLACO, TEXAS**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Table XX

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General government	51	50	50	51	54	54	54	36	31	36
Legislative	5	5	5	5	7	7	7	7	7	7
Other	46	45	45	46	47	47	47	29	24	29
Public Safety	175	177	174	175	197	181	181	141	132	140
Public Works	23	27	28	29	29	29	29	25	37	22
Health & Welfare	3	3	3	3	3	3	3	2	1	2
Culture & Recreation	38	38	38	38	39	39	39	3	3	2
Refuse collection	23	15	17	17	17	17	17	4	3	3
Library	20	19	19	19	19	20	20	12	11	17
Water	23	23	23	23	24	19	19	23	22	31
Wastewater	9	9	9	9	8	10	10	0	0	14
Airport	4	4	4	4	4	4	4	4	4	3
Museum	2	2	2	2	2	2	4	0	0	0
Total	<u>371</u>	<u>367</u>	<u>367</u>	<u>370</u>	<u>396</u>	<u>378</u>	<u>380</u>	<u>250</u>	<u>244</u>	<u>270</u>

## **SCHEDULE OF INSURANCE COVERAGE**

**CITY OF WESLACO, TEXAS  
SCHEDULE OF INSURANCE COVERAGE  
SEPTEMBER 30, 2013**

<u>Insurer</u>	<u>Type of Coverage</u>
CHUBB	Real and Personal Property All risk coverage. \$10,000 deductible \$61,239,858 blanket limit.  Replacement cost loss valuation

Table XXI  
(Page 2 of 6)

Policy Number & Period Covered	Property	Total	Building	Contents
PE-4618832-00				
10/01/12-10/01/13	Airplane Hangar/Maint/Office	\$ 1,200,000	\$ 900,000	\$ 300,000
	Airport Hangar/Terminal	1,900,000	900,000	1,000,000
	Old Terminal Office	35,846	35,846	
	Hanger	748,604	748,604	
	Swimming Pool Bath House	158,729	146,729	12,000
	Animal Shelter	195,000	145,000	50,000
	City Hall/Aux Fire Station	2,150,000	2,000,000	150,000
	City Shop	1,168,992	1,043,992	125,000
	General Shop	2,000,000	2,000,000	
	Health & Day Center	369,957	369,957	
	Lawn Mower Storage	6,750	6,750	
	Library	2,969,569	2,400,819	568,750
	Meeting Hall	241,511	211,511	30,000
	Museum	779,219	779,219	
	Office Building-Tower	160,520	155,520	5,000
	Office	100,214	87,714	12,500
	Office/Testing Lab	106,250	100,000	6,250
	Police/Fire Station	1,666,695	1,600,000	66,695
	Portable Building	13,500	8,500	5,000
	Recreation Building	319,352	314,352	5,000
	Water Tower	580,500	580,500	
	Tower Theatre	118,045	96,170	21,875
	Vehicle Storage	53,091	35,591	17,500
	Elev. Water Tower	769,500	769,500	
	Elev. Water Tower	769,500	769,500	
	Water Plant/Entire Complex	6,831,000	6,831,000	
	Weslaco Recycling Center	550,000	350,000	200,000
	North Wastewater Plant	5,700,000	5,700,000	
	Cemetery Storage Building	115,634	95,634	20,000
	Cemetery Fence	38,000	38,000	
	New PFA Building	5,697,759	5,697,759	
	Isaac D. Rodriguez Skate Park	67,200	67,200	
	Office Complex	780,739	736,389	44,350
	Public Parking Garage	1,700,000	1,700,000	
	South Wastewater Plant	3,800,000	3,800,000	
	Fire Station	865,000	825,000	40,000
	Cavazos Park (Entire Park)	200,000	200,000	
	City Park (Entire Park)	1,000,000	1,000,000	
	Gibson Park (Entire Park)	330,000	300,000	30,000
	Nature Center	206,000	206,000	
	Plazita Park	200,000	200,000	
	Old Harlon Block Park (Entire Park)	753,558	753,558	
	Municipal Court	350,149	350,149	
	Harlon Block Sports Complex	1,755,000	1,755,000	
	City Office Building	7,350,000	6,600,000	750,000
	Airport Infrastructure	1,200,000	900,000	300,000
	Total	\$ 58,071,383	\$ 54,311,463	\$ 3,759,920

X

**CITY OF WESLACO, TEXAS  
SCHEDULE OF INSURANCE COVERAGE  
SEPTEMBER 30, 2013**

Insurer	Type of Coverage
Texas Municipal League Intergovernmental Risk Pool	General Liability Policy Employment Practices Liability Aggregate Back Wages Deductible
Traveler's Casualty & Surety Company of America	Employee Theft Forgery or Alteration On Premises In Transit Money Orders & Counterfeit Money Computer Fraud Funds Transfer Fraud Deductible
Texas Municipal League Intergovernmental Risk Pool	General Liability Public Officials Liability Aggregate Deductible
ACE Property & Casualty	Products/Completed Ops Aggregate Personal & Advertising Injury Each Occurrence Fire Damage (any one fire) Medical Expense (any one person) Each aircraft Each loss limit Deductible

X



Table XXI  
(Page 4 of 6)

Policy Number & Period Covered	Property	Coverage		
		Total	Building	Contents
9874 10/01/12-10/01/13	City Operations	\$ 1,000,000 1,000,000 2,000,000		
#10568868 10/01/12-10/01/2013	Crime	\$ 20,000 20,000 20,000 20,000 20,000 20,000 20,000 1,000		
9874 10/01/12-10/01/13	Public Officials	2,000,000 4,000,000 10,000		
AAPN05622645004 10/01/12-10/01/13	Airport Liability	1,000,000 1,000,000 1,000,000 250,000 5,000 1,000,000 1,000,000 1,000		

**CITY OF WESLACO, TEXAS  
SCHEDULE OF INSURANCE COVERAGE  
SEPTEMBER 30, 2013**

<u>Insurer</u>	<u>Type of Coverage</u>
Traveler's Casualty & Surety Company of America	Employee Theft Forgery or Alteration On Premises In Transit Money Orders & Counterfeit Money Computer Fraud Funds Transfer Fund Deductible
CHUBB-Federal Insurance Company	Mobile Equipment Blanket Basis Deductible
Argonaut Insurance Group	Public Officials Liability Policy Aggregate Deductible
Argonaut Insurance Group	Employment Practices Liability Aggregate Back Wages Deductible
ACE Property & Casualty	Products/Completed Ops Aggregate Personal & Advertising Injury Each Occurrence Fire Damage (any one fire) Medical Expenses (any one person) Hangar Keeper's Liability Each Aircraft Each Loss Limit Deductible

X

Table XXI  
(Page 6 of 6)

Policy Number & Period Covered	Property	Total	Coverage Building	Contents
#105688868 10/01/12 - 10/01/2013	Police Liability	\$ 20,000 20,000 20,000 20,000 20,000 20,000 1,000		
#3584-19-01-DAL 10/01/2012-10/01/2013	Schedule of Equipment Policy File	297,849 3,500		
#PO-4618832-01 10/01/2012-10/01/2013	Public Officials and Employees	2,000,000 4,000,000 10,000		
#PO-4618832-01 10/01/2012-10/01/2013	Public Employees	2,000,000 4,000,000 50,000 10,000		
#AAPN05622645003 10/01/2012-10/01/13		100,000 1,000,000 250,000 5,000 100,000 100,000 1,000		

## **CONTINUING DISCLOSURE REQUIREMENTS**

## RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

**Issuer Name:** City of Weslaco, Texas

**Issue(s):**

\$ 28,175,000	Tax And Waterworks And Sewer System Surplus Revenue Certificates of Obligation, Series 2007
\$ 24,335,000	Tax and Revenue Certificates of Obligation, Series 2012
\$ 11,915,000	Limited Tax Refunding Bonds, Series 2012
\$ 6,750,000	Tax and Revenue Certificates of Obligation, Series 2013
\$ 9,075,000	Tax and Revenue Certificates of Obligation, Series 2014

**Filing Format** X electronic \_\_\_ paper; If available on the Internet, give URL: \_\_\_\_\_

**CUSIP Numbers to which the information filed relates** (optional):

X Nine-digit number(s) (see following page(s)):

\_\_\_ Six-digit number if information filed relates to all securities of the issuer

\* \* \*

### Financial & Operating Data Disclosure Information

X Annual Financial Report or CAFR

X Financial Information & Operating Data

\_\_\_ Other (describe)

X Fiscal Period Covered: FYE 2013

\_\_\_ Monthly \_\_\_ Quarterly X Annual \_\_\_ Other:

\* \* \*

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: /s/ Bret Mann

Name: Bret Mann Title: Finance Director

Employer: City of Weslaco, Texas

Voice Telephone Number: (956) 968-3181

Email Address: bmann@weslacotx.gov

## **FINANCIAL STATEMENTS**

The audited financial statements for the City for the fiscal year ended September 30, 2013 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

## **SIGNATURE OF ISSUER**

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

## **CITY OF WESLACO, TEXAS**

/s/ Bret Mann

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Bret Mann

Finance Director

Approved for Submission:

03/27/2014

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Date

06/11/2014

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Amended

# CITY OF WESLACO, TEXAS

## 2014 GENERAL OBLIGATION DEBT REPORTS

**TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2013/2014 Market Valuation Established by Hidalgo County Appraisal District (excluding totally exempt property)		\$ 1,497,946,366
Less Exemptions/Reductions at 100% Market Value:		
Homestead Cap Adjustment	\$ 2,661,193	
Disabled Veterans	6,116,379	
Over 65 or Disabled	24,507,475	
Pollution	16,650	
Productivity Loss	36,936,764	
Freeport Exemption	8,696,165	78,934,626
		<hr/>
2013/2014 Net Taxable Assessed Valuation		<u>\$ 1,419,011,740</u>
Debt Payable from Ad Valorem Taxes ("Tax Debt") as of December 31, 2013 <sup>(1)</sup>		
Tax Bonds	\$ 15,510,000	
Certificates of Obligation <sup>(2)</sup>	66,095,000	
Tax Notes	8,040,000	
		<hr/>
Total Tax Debt		<u>\$ 89,645,000</u>
Less: Self-Supporting Debt <sup>(3)</sup>		
General Obligation Refunding Bonds, Series 2002	\$ 325,000	
Certificates of Obligation, Series 2007	20,455,000	
Limited Tax Refunding Bonds, Series 2010	770,966	
Tax Notes, Series 2011	8,040,000	
Certificates of Obligation, Series 2012	24,335,000	
Certificates of Obligation, Series 2014	9,075,000	\$ 63,000,966
		<hr/>
Net Tax Debt		<u>\$ 26,644,034</u>
Tax Debt Interest and Sinking Fund as of December 31, 2013		\$ 996,317
Ratio Net Tax Debt to Taxable Assessed Valuation		1.88%

2014 Estimated Population - 39,794  
Per Capita Taxable Assessed Valuation - \$35,659  
Per Capita Tax Debt - \$2,253  
Per Capita Net Tax Debt - \$670

- 
- (1) Includes self-supporting debt, payable from other bond revenues. The above statement of indebtedness does not include currently outstanding \$1,700,000 Waterworks and Sewer System Revenue Refunding Bonds, as these bonds are payable solely from the net revenues of the Waterworks and Sewer System (the "System"), as defined in the ordinance authorizing the bonds.
- (2) Includes the \$9,075,000 Tax and Revenue Certificates of Obligation, Series 2014 scheduled to close on April 1, 2014.
- (3) Tax Debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10 herein. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future.

**TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY**

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 663,058,965	44.26%	\$ 658,827,083	44.86%	\$ 639,835,322	44.77%
Real, Residential, Multi-Family	51,373,104	3.43%	52,848,300	3.60%	50,239,811	3.52%
Real, Vacant Lots/Tracts	88,637,060	5.92%	85,638,796	5.83%	79,973,894	5.60%
Real, Acreage (Land Only)	37,509,638	2.50%	42,843,531	2.92%	44,691,975	3.13%
Real, Farm and Ranch Improvements	3,473,538	0.23%	2,821,955	0.19%	2,793,257	0.20%
Real, Commercial and Industrial	407,738,521	27.22%	399,049,678	27.17%	392,130,947	27.44%
Real, Oil and Gas	13,060	0.00%	17,050	0.00%	14,750	0.00%
Real and Tangible Personal, Utilities	17,783,027	1.19%	14,944,144	1.02%	16,005,284	1.12%
Tangible Personal, Business	163,710,318	10.93%	154,344,631	10.51%	149,060,828	10.43%
Tangible Personal, Other	33,976,734	2.27%	34,001,847	2.32%	30,413,969	2.13%
Real Property, Inventory	14,868,860	0.99%	10,042,684	0.68%	14,167,898	0.99%
Special Inventory	15,803,541	1.06%	13,260,113	0.90%	9,282,035	0.65%
Miscellaneous	-	0.00%	-	0.00%	591,494	0.04%
Total Appraised Value Before Exemptions	\$1,497,946,366	100.00%	\$ 1,468,639,812	100.00%	\$ 1,429,201,464	100.00%
Less: Total Exemptions/Reductions	78,934,626		78,125,546		73,284,074	
Taxable Assessed Value	<u>\$1,419,011,740</u>		<u>\$ 1,390,514,266</u>		<u>\$ 1,355,917,390</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2011		2010	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 640,671,828	45.23%	\$ 634,802,483	44.75%
Real, Residential, Multi-Family	49,845,676	3.52%	51,678,580	3.64%
Real, Vacant Lots/Tracts	83,470,608	5.89%	95,382,582	6.72%
Real, Acreage (Land Only)	39,781,549	2.81%	43,065,013	3.04%
Real, Farm and Ranch Improvements	3,045,755	0.22%	3,521,412	0.25%
Real, Commercial & Industrial	384,284,909	27.13%	374,032,590	26.37%
Real, Oil and Gas	28,120	0.00%	133,360	0.01%
Real and Tangible Personal, Utilities	17,502,933	1.24%	17,930,544	1.26%
Tangible Personal, Business	146,580,220	10.35%	140,354,437	9.89%
Tangible Personal, Other	27,981,017	1.98%	28,647,259	2.02%
Real Property, Inventory	15,170,536	1.07%	18,682,534	1.32%
Special Inventory	7,661,452	0.54%	10,420,942	0.73%
Miscellaneous	589,757	0.04%	-	0.00%
Total Appraised Value Before Exemptions	\$1,416,614,360	100.00%	\$ 1,418,651,736	100.00%
Less: Total Exemptions/Reductions	67,356,872		69,896,632	
Taxable Assessed Value	<u>\$1,349,257,488</u>		<u>\$ 1,348,755,104</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Hidalgo County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.



**TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9/30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	Net Tax Debt Outstanding at End of Year <sup>(3)</sup>	Ratio of Net Tax Debt to Taxable Assessed Valuation	Net Tax Debt Per Capita
2010	35,670	\$ 1,348,755,104	\$ 37,812	\$ 26,144,672	1.94%	733
2011	36,721	1,349,257,488	36,743	23,177,335	1.72%	631
2012	37,786	1,355,917,390	35,884	21,743,583	1.60%	575
2013	38,881	1,390,514,266	35,763	26,644,034	1.92%	685
2014	39,794	1,419,011,740	35,659	24,892,468 <sup>(4)</sup>	1.75% <sup>(4)</sup>	626 <sup>(4)</sup>

(1) Source: City Officials.

(2) As reported by the Hidalgo County Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Excludes self-supporting debt.

(4) Projected, includes the \$9,075,000 Tax and Revenue Certificates of Obligation, Series 2014 scheduled to close on April 1, 2014.

**TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2010	\$ 0.6967	\$ 0.5152	\$ 0.1815	\$ 9,249,698	93.29%	99.70%
2011	0.6967	0.5049	0.1918	9,310,540	94.18%	100.00%
2012	0.6967	0.5039	0.1928	9,346,948	94.78%	99.41%
2013	0.6967	0.5016	0.1951	9,559,563	95.14%	99.97%
2014	0.6867	0.5006	0.1861	9,549,467 <sup>(1)</sup>	79.56% <sup>(2)</sup>	81.09% <sup>(2)</sup>

(1) Calculated at 98% collections.

(2) Collections through January 31, 2014.

**TABLE 5 – TEN LARGEST TAXPAYERS**

Name of Taxpayer	Nature of Property	2013/14 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
H E Butt Grocery Company	Grocery Store	\$ 35,773,799	2.52%
HEB Weslaco Transportation	Warehouse/Distribution	19,052,947	1.34%
Wal-Mart	Real Estate/Retail	16,144,767	1.14%
Clearview Weslaco L.L.P.	Development	15,343,482	1.08%
CapCor Weslaco Ltd.	Holding Company	10,655,558	0.75%
John Knox Villages	Retirement Housing	7,399,993	0.52%
AEP Texas Central Co.	Electric Utility	7,244,440	0.51%
JCPenney #1101	Retail	6,830,017	0.48%
Weslaco Palm Plaza Ltd.	Development	6,824,871	0.48%
Reyna Family Land Development Ltd	Development	6,417,031	0.45%
		<u>\$ 131,686,905</u>	<u>9.28%</u>

## TABLE 6 – TAX ADEQUACY

2014 Principal and Interest Requirements <sup>(1)</sup> .....	\$2,658,484
\$0.1912 Tax Rate at 98% Collection Produces .....	\$2,658,887
Average Annual Principal and Interest Requirements, 2014- 2033 <sup>(1)</sup> .....	\$1,653,596
\$0.1190 Tax Rate at 98% Collection Produces .....	\$1,654,851
Maximum Annual Principal and Interest Requirements, 2016 <sup>(1)</sup> .....	\$2,664,681
\$0.1917 Tax Rate at 98% Collection Produces .....	\$2,665,841

(1) Excludes self-supporting debt, includes the \$9,075,000 Tax and Revenue Certificates of Obligation, Series 2014 scheduled to close on April 1, 2014.

## TABLE 7 – ESTIMATED OVERLAPPING DEBT

Updated information with respect to the City as contained in the “Estimated Overlapping Debt” table of the final official statements of debt issued is contained in other tables of this annual report. Information relating to other taxing entities within the territory of the City that was contained in the “Estimated Overlapping Debt” table of the final official statements has not been updated (as it is not financial information or operating data of the issuer); however, information relating to other taxing entities is contained in individual “Texas Municipal Reports” as published by the Municipal Advisory Council of Texas.

## TABLE 8 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service <sup>(1)</sup>			Less:	Total Tax	% of
	Principal	Interest	Total	Self-Supporting Debt Service	Debt Service	Principal Retired
2014	\$ 2,965,000	\$ 3,194,908	\$ 6,159,908	\$ 3,501,424	\$ 2,658,484	
2015	3,850,000	3,679,120	7,529,120	4,873,608	2,655,512	
2016	4,500,000	3,402,317	7,902,317	5,237,636	2,664,681	
2017	5,050,000	3,256,214	8,306,214	5,646,442	2,659,772	
2018	5,585,000	3,087,179	8,672,179	6,015,938	2,656,241	24.49%
2019	4,975,000	2,883,430	7,858,430	5,204,430	2,654,000	
2020	5,160,000	2,699,786	7,859,786	5,207,294	2,652,492	
2021	5,335,000	2,516,369	7,851,369	5,201,829	2,649,540	
2022	5,520,000	2,327,719	7,847,719	5,198,481	2,649,237	
2023	5,740,000	2,116,281	7,856,281	5,201,631	2,654,650	54.30%
2024	4,425,000	1,912,981	6,337,981	5,198,656	1,139,325	
2025	4,650,000	1,693,081	6,343,081	5,197,331	1,145,750	
2026	4,890,000	1,462,131	6,352,131	5,207,006	1,145,125	
2027	5,135,000	1,219,306	6,354,306	5,211,656	1,142,650	
2028	3,380,000	1,033,556	4,413,556	3,815,656	597,900	79.38%
2029	3,545,000	871,981	4,416,981	3,819,331	597,650	
2030	3,725,000	702,506	4,427,506	3,826,006	601,500	
2031	3,900,000	521,956	4,421,956	3,820,206	601,750	
2032	4,095,000	332,881	4,427,881	3,827,131	600,750	
2033	1,865,000	154,525	2,019,525	1,421,025	598,500	98.49%
2034	1,355,000	67,750	1,422,750	1,422,750	-	100.00%
	<u>\$ 89,645,000</u>	<u>\$ 39,135,978</u>	<u>\$ 128,780,978</u>	<u>\$ 94,055,469</u>	<u>\$ 34,725,509</u>	

(1) Excludes self-supporting debt, includes the \$9,075,000 Tax and Revenue Certificates of Obligation, Series 2014 scheduled to close on April 1, 2014.

**TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION**

Tax Debt Service Requirements, Fiscal Year Ending 9/30/2014 <sup>(1)</sup>		\$ 2,658,484
Interest and Sinking Fund, 9/30/2013	\$ 996,318	
Budgeted Interest and Sinking Fund Tax Levy	2,732,190	
Estimated Interest Income/Delinquent Taxes/Penalties	<u>12,600</u>	<u>3,741,108</u>
Estimated Balance, Fiscal Year Ending 9/30/2014		<u><u>\$ 1,082,624</u></u>

(1) Excludes self-supporting debt, includes the \$9,075,000 Tax and Revenue Certificates of Obligation, Series 2014 scheduled to close on April 1, 2014.

**TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT**

Net Waterworks and Sewer System Revenue Available as of 9/30/2013	\$ 5,691,255
Less: Requirements for Waterworks and Sewer System Revenue Bonds	450,451
Balance Available for Other Purposes	<u><u>\$ 5,240,805</u></u>
Requirements for Waterworks and Sewer System Tax Debt	\$ 3,440,224
Percentage of Waterworks and Sewer System Tax Debt Self-Supporting	100.00%
Net Sewer System Revenue Available as of 9/30/2013	\$ 672,423
Less: Requirements for Sewer System Revenue Bonds	-
Balance Available for Other Purposes	<u><u>\$ 672,423</u></u>
Requirements for Sewer System Tax Debt	\$ 61,200
Percentage of Sewer System Tax Debt Self-Supporting	100.00%

**TABLE 11 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

As of January 31, 2014, the City does not have any authorized but unissued general obligation bonds.

**TABLE 12 – OTHER OBLIGATIONS**

As of September 30, 2013, the City does not have any other obligations outstanding.

**TABLE 13 – CHANGE IN NET POSITION**

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
<b>REVENUES:</b>					
<b>Program Revenues:</b>					
Charges for Services	\$ 2,865,240	\$ 2,675,758	\$ 2,267,190	\$ 2,746,362	\$ 2,723,099
Operating Grants and Contributions	99,359	16,179	-	-	81,000
Capital Grants and Contributions	454,010	724,994	500,163	608,768	917,556
<b>General Revenues:</b>					
Property Taxes	9,823,287	9,710,670	9,632,751	9,729,729	9,752,261
Sales Taxes	11,182,267	10,578,320	9,864,624	9,218,352	9,175,453
Hotel Occupancy Taxes	382,934	336,419	358,390	359,421	403,467
Other Taxes	79,912	65,650	71,488	71,255	57,047
Franchise Fees	1,561,020	1,565,484	1,653,298	1,414,910	1,418,405
Investment Earnings	89,278	66,619	64,147	139,903	226,519
Intergovernmental	16,149	4,421	77,375	144,499	143,800
Gain (loss) on sale of assets	(348,529)	116,255	100,339	(115,940)	482,859
Resindement of Revolving Loan Contingency	-	-	550,000	-	-
Revaluation of Compensated Absences	-	191,261	-	-	-
Miscellaneous	226,739	249,246	301,972	348,954	433,260
Total Revenues	<u>\$ 26,431,666</u>	<u>\$ 26,301,276</u>	<u>\$ 25,441,737</u>	<u>\$ 24,666,213</u>	<u>\$ 25,814,726</u>
<b>EXPENSES:</b>					
General Government	\$ 4,077,130	\$ 4,079,035	\$ 4,426,526	\$ 4,307,902	\$ 3,710,070
Public Safety	10,714,272	10,195,023	11,562,667	12,676,095	12,486,600
Emergency medical services	332,102	462,305	398,347	343,818	-
Culture and Recreation	1,692,154	1,693,692	1,144,997	2,486,171	2,484,004
Public Works	3,039,309	2,626,866	2,669,907	1,870,276	1,843,346
Development services	2,719,417	2,412,090	3,101,439	3,358,829	4,994,533
Health and Welfare	90,067	88,459	104,426	132,612	127,044
Sales Tax Rebates	645,082	843,933	98,539	-	-
Interest on Long-term Debt	1,187,398	2,326,416	1,452,443	1,478,830	1,488,868
Total Expenditures	<u>\$ 24,496,931</u>	<u>\$ 24,727,819</u>	<u>\$ 24,959,291</u>	<u>\$ 26,654,533</u>	<u>\$ 27,134,465</u>
Increase in Net Position Before Transfers	<u>\$ 1,934,735</u>	<u>\$ 1,573,457</u>	<u>\$ 482,446</u>	<u>\$ (1,988,320)</u>	<u>\$ (1,319,739)</u>
Transfers	<u>1,021,140</u>	<u>1,021,140</u>	<u>996,770</u>	<u>1,475,209</u>	<u>2,403,930</u>
Increase in Net Position	<u>\$ 2,955,875</u>	<u>\$ 2,594,597</u>	<u>\$ 1,479,216</u>	<u>\$ (513,111)</u>	<u>\$ 1,084,191</u>
Beginning Net Position	<u>25,634,698</u> <sup>(1)</sup>	<u>21,536,107</u> <sup>(1)</sup>	<u>20,054,171</u>	<u>20,567,282</u> <sup>(1)</sup>	<u>18,568,683</u> <sup>(2)</sup>
Ending Net Position	<u><u>\$ 28,590,573</u></u>	<u><u>\$ 24,130,704</u></u>	<u><u>\$ 21,533,387</u></u>	<u><u>\$ 20,054,171</u></u>	<u><u>\$ 19,652,874</u></u>

(1) Restated.

(2) Includes value of infrastructure, less depreciation.

**TABLE 13A – GENERAL FUND REVENUE AND EXPENDITURE HISTORY**

	Fiscal Years Ended September 30,				
	2013	2012	2011	2010	2009
<b>REVENUES</b>					
Taxes	\$ 17,267,563	\$ 15,056,656	\$ 16,296,631	\$ 15,614,848	\$ 15,623,980
Licenses and Permits	405,601	381,323	363,068	370,890	406,099
Intergovernmental	569,518	241,977	577,538	753,267	705,035
Franchise Fees	-	1,565,484	-	-	-
Charges for Services	2,832,851	2,540,973	2,565,294	2,905,104	3,752,129
Fine and Forfeitures	668,891	772,752	463,778	676,431	690,602
Interest	10,374	10,218	10,774	5,824	12,912
Contributions	-	500	-	-	-
Miscellaneous	217,535	223,443	283,129	337,567	390,965
Sale of Assets	75,443	41,862	111,328	-	-
Total Revenues	<u>\$ 22,047,776</u>	<u>\$ 20,835,188</u>	<u>\$ 20,671,540</u>	<u>\$ 20,663,931</u>	<u>\$ 21,581,722</u>
<b>EXPENDITURES</b>					
Current Expenditures:					
General Government	\$ 3,696,510	\$ 3,796,704	\$ 4,255,134	\$ 3,633,642	\$ 3,481,440
Public Safety	10,699,897	10,327,350	11,664,128	12,725,966	12,486,212
Public Works	1,556,054	1,299,033	1,342,074	1,390,192	1,468,756
Health and Welfare	85,956	84,348	100,315	128,875	123,307
Culture and Recreation	997,701	861,319	959,685	2,311,038	2,231,748
Miscellaneous	-	-	684,020	779,286	541,759
Nondepartmental	477,223	395,172	-	-	-
Capital Outlay	128,198	354,730	215,182	7,649,738 <sup>(1)</sup>	308,217
Debt Service	-	-	1,316,861	-	-
Total Expenditures	<u>\$ 17,641,539</u>	<u>\$ 17,118,656</u>	<u>\$ 20,537,399</u>	<u>\$ 28,618,737</u>	<u>\$ 20,641,439</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>\$ 4,406,237</u>	<u>\$ 3,716,532</u>	<u>\$ 134,141</u>	<u>\$ (7,954,806)</u>	<u>\$ 940,283</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Note Proceeds	\$ -	\$ -	\$ 1,300,000	\$ -	\$ -
Operating Transfers In	-	-	-	164,040	525,775
Operating Transfers Out	(700,000)	(480,000)	(200,000)	(611,900)	(287,000)
Other Financial Resources	(1,227,031)	(2,383,172)	(912,644)	7,406,417 <sup>(1)</sup>	-
Total Other Financing Sources (Uses)	<u>\$ (1,927,031)</u>	<u>\$ (2,863,172)</u>	<u>\$ 187,356</u>	<u>\$ 6,958,557</u>	<u>\$ 238,775</u>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ 2,479,206</u>	<u>\$ 853,360</u>	<u>\$ 321,497</u>	<u>\$ (996,249)</u>	<u>\$ 1,179,058</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>					
	<u>\$ 2,989,448 <sup>(2)</sup></u>	<u>\$ 836,818</u>	<u>\$ (34,679)</u>	<u>\$ 961,570</u>	<u>\$ (217,488)</u>
<b>Rescindment of Revolving Loan Contingency</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,000</u>	<u>\$ -</u>	<u>\$ -</u>
Prior period adjustment	<u>-</u>	<u>2,720</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 5,468,654</u>	<u>\$ 1,692,898</u>	<u>\$ 836,818</u>	<u>\$ (34,679)</u>	<u>\$ 961,570</u>

(1) In Fiscal Year 2010, capital outlays of the City included projects providing infrastructure development pursuant to Chapter 380 Economic Development Agreements.

(2) Restated from Fiscal year 2012 due to overstatement of interest accrued for Chapter 380 Economic Development Agreements and overstatement of accounts payable.

**TABLE 14 – MUNICIPAL SALES TAX HISTORY**

Fiscal Year Ended	Total Collected <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita <sup>(2)</sup>
9/30				
2009	\$ 6,881,590	77.14%	\$ 0.5166	\$ 213.13
2010	6,913,765	74.75%	0.5126	193.83
2011	7,398,468	79.46%	0.5483	201.48
2012	7,933,740	83.57%	0.5851	204.05
2013	8,386,700	88.34%	0.6031	215.70

(1) Excludes half-cent sales tax for economic development.

(2) Based on population estimates provided by City officials.

**TABLE 15 – CURRENT INVESTMENTS**

As of January 31, 2014, the City's investable funds were invested in the following categories:

Description	Book Value	Market Value	% of Portfolio
TexPool	\$ 21,696,184	\$ 21,696,184	100.00%
	<u>\$ 21,696,184</u>	<u>\$ 21,696,184</u>	<u>100.00%</u>

**TABLE 16 – HISTORICAL WATER CONSUMPTION (GALLONS)**

Fiscal Year	Daily Average	Peak Day	Peak Month	Total Usage	Water Revenue
2009	5,665,373	9,077,000	235,767,000	2,067,861,000	\$ 4,293,548
2010	5,087,233	7,259,000	197,299,000	1,856,840,000	4,132,623
2011	6,010,074	8,860,000	211,669,000	2,193,677,000	4,728,977
2012	5,982,047	9,704,000	217,298,000	2,183,447,000	5,665,661
2013	5,499,000	9,311,000	188,065,000	1,990,592,000	6,306,078

**TABLE 17 – TEN LARGEST WATER CUSTOMERS FOR FISCAL YEAR 2013 (BASED ON GALLONS CONSUMED)**

Customer	Type of Industry	Water Usage (000s)	% of Total Water Usage	Water Revenue	% of Total Water Revenue
Military HWY Water Supply	Water Utility	552,094	27.74%	\$ 161,577	2.56%
John Knox Village	Retirement Home	259,529	13.04%	81,543	1.29%
Northside Apartments	Apartments	192,800	9.69%	61,897	0.98%
Sevilla Apartment Homes	Apartments	154,825	7.78%	49,148	0.78%
Weslaco High School	Education Facility	108,258	5.44%	34,675	0.55%
Knapp Medical Center	Hospital	106,040	5.33%	31,967	0.51%
Country Sunshine Park Office	Trailer Park	81,734	4.11%	26,032	0.41%
Southern Comfort Resort	Trailer Park	80,060	4.02%	25,634	0.41%
Rancho Village	Trailer Park	80,292	4.03%	24,404	0.39%
Texas Agrilife Research	Research Facility	74,636	3.75%	24,289	0.39%
		<u>1,690,268</u>	<u>84.91%</u>	<u>\$521,166</u>	<u>8.26%</u>

**TABLE 18 – MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2013)<sup>(1)</sup>**

There are hereby established the following schedules of rates for residential and commercial to be charged for treated water delivered through the system of the water department of the City:

Residential			
New Rates		Old Rates	
Inside City	Outside City	Inside City	Outside City
\$15.62 Base Fee	\$23.43 Base Fee	\$15.94 Base Fee	\$23.91 Base Fee
+ \$2.71 / 1,000 Gallons	+ \$4.06 / 1,000 Gallons	+ \$2.77 / 1,000 Gallons	+ \$4.15 / 1,000 Gallons
Commercial			
New Rates			
Inside City		Outside City	
Base Fee:		The monthly water charges for any customer (residential, commercial, multi-family, irrigation or other) located outside the corporate limits of the City of Weslaco shall be at the rate of 150% of the rate charged customers inside the corporate limits of the City.	
5/8 inch or 3/4 inch meter	\$ 16.26		
1 inch meter	18.64		
1.5 inch meter	21.70		
2 inch meter	26.25		
3 inch meter	37.69		
4 inch meter	52.60		
6 inch meter	86.34		
8 inch meter	109.65		
Charges per each 1,000 gallons or portions thereof:			
0 - 15,000 gallons	\$ 2.90		
15,000 - 15,001 gallons <sup>(2)</sup>	13.87		
15,002 - 30,000 gallons	3.23		
30,000 - 35,000 gallons	3.26		
35,000 - 35,001 gallons <sup>(2)</sup>	13.43		
Over 35,000 gallons	3.26		

(1) Additional rates apply for multi-family and irrigation customers.

(2) Additional fee when this level is reached.

**TABLE 19 – WASTEWATER USAGE (GALLONS)**

Fiscal Year	Daily Average	Monthly Average	Peak Daily Usage	Peak Monthly Usage	Total Usage	Total Revenue
2009	3,805,668	115,755,800	6,556,000	125,815,000	1,389,069,000	\$ 3,374,207
2010	4,424,425	134,576,000	8,616,000	167,311,000	1,614,915,000	3,434,957
2011	4,132,803	116,623,000	7,813,000	139,485,000	1,508,473,000	3,772,857
2012	3,979,032	121,028,917	7,071,000	129,574,000	1,452,347,000	4,336,976
2013	3,731,709	113,506,167	10,422,000	124,220,000	1,362,074,000	4,760,944

**TABLE 20 – TEN LARGEST WASTEWATER CUSTOMERS FOR FISCAL YEAR 2013**

Customer	Type of Industry	Wastewater Revenue	% of Total Wastewater Revenue
John Knox Village	Retirement Community	\$ 53,008	1.11%
Northside Apartments	Apartments	47,222	0.99%
Sevilla Apartment Homes	Apartments	45,514	0.96%
Weslaco High School	Educational Facility	32,616	0.69%
Knapp Medical Center	Hospital	30,612	0.64%
Texas Agrilife Research	Research Facility	22,654	0.48%
La Estancia Apartment	Apartments	20,388	0.43%
Country Sunshine Park Office	Trailer Park	19,978	0.42%
Southern Comfort Resort Park	Trailer Park	19,376	0.41%
Ranchero Village	Trailer Park	19,289	0.41%
		<u>\$ 310,657</u>	<u>6.53%</u>

**TABLE 21 – MONTHLY WASTEWATER RATES (EFFECTIVE OCTOBER 1, 2013)<sup>(1)</sup>**

There are hereby established the following schedules of rates for residential and commercial to be charged for wastewater delivered through the system of the water department of the City:

**Residential**

New Rates		Old Rates	
Inside City	Outside City	Inside City	Outside City
\$15.45 Base Fee	\$23.17 Base Fee	\$15.45 Base Fee	N/A
+ \$1.77 / 1,000 Gallons	+ \$2.65 / 1,000 Gallons	+ \$1.77 / 1,000 Gallons	N/A

**Commercial**

New Rates	
Inside City	Outside City
Base Fee: \$ 12.98	
Charges per each 1,000 gallons of metered water use, or portion thereof:	
0 - 15,000 gallons \$ 2.61	
15,000 - 15,001 gallons <sup>(2)</sup> 12.12	
15,001 - 35,000 gallons 2.91	
35,000 - 35,001 gallons <sup>(2)</sup> 11.74	
Over 35,000 gallons 2.91	

The monthly sewer charges for any customer (residential, commercial, multi-family, institutional, laundry, or other) located outside the corporate limits of the City of Weslaco shall be at the rate of 150% of the rate charged customers inside the corporate limits of the City.

(1) Additional rates apply for multi-family customers

(2) Additional fee when this level is reached



**TABLE 22 – WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	For Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
<b>Revenues</b>					
Water Sales	\$ 6,306,078	\$ 5,665,661	\$ 4,728,977	\$ 4,132,623	\$ 4,293,548
Charges for Services	4,760,944	4,336,976	3,772,857	3,434,957	3,374,207
Interest Earnings	-	-	109	618,299	852,465
Miscellaneous	408,655	351,403	287,920	278,787	420,128
<b>Total Revenues</b>	<b>\$ 11,475,677</b>	<b>\$ 10,354,040</b>	<b>\$ 8,789,863</b>	<b>\$ 8,464,666</b>	<b>\$ 8,940,348</b>
<b>Expenses</b>					
Personal Services	\$ 1,062,036	\$ 1,031,403	\$ 1,183,182	\$ 1,209,215	\$ 1,325,256
Other Services and Charges	1,189,345	1,061,030	1,149,868	1,113,135	1,134,186
Supplies	516,692	399,232	355,096	339,157	280,560
Contractual Services - Operations	2,767,159	2,334,409	2,427,547	2,308,907	2,224,814
Contractual Services - Administrative	1,120,390	1,020,390	979,291	1,020,390	1,859,304
<b>Total Expenses</b>	<b>\$ 6,655,622</b>	<b>\$ 5,846,464</b>	<b>\$ 6,094,984</b>	<b>\$ 5,990,804</b>	<b>\$ 6,824,120</b>
<b>Net Available for Debt Service</b>	<b>\$ 4,820,055</b>	<b>\$ 4,507,576</b>	<b>\$ 2,694,879</b>	<b>\$ 2,473,862</b>	<b>\$ 2,116,228</b>
CIP Fees	684,808	680,865	621,306 <sup>(1)</sup>	626,884 <sup>(1)</sup>	645,067 <sup>(1)</sup>
<b>Net Available for Debt Service Adjusted by CIP Fees</b>	<b>\$ 5,504,863</b>	<b>\$ 5,188,441</b>	<b>\$ 3,316,185</b>	<b>\$ 3,100,746</b>	<b>\$ 2,761,295</b>
<b>Waterworks and Sewer System Debt Service</b>	<b>2,785,771</b>	<b>2,248,274</b>	<b>2,248,274</b>	<b>2,238,701</b>	<b>2,087,595</b>
Water Customers	10,326 <sup>(2)</sup>	10,090 <sup>(2)</sup>	9,972 <sup>(2)</sup>	11,306 <sup>(3)</sup>	11,306 <sup>(3)</sup>
Sewer Customers	9,376 <sup>(2)</sup>	9,171 <sup>(2)</sup>	9,056 <sup>(2)</sup>	10,432 <sup>(3)</sup>	10,432 <sup>(3)</sup>
<b>Estimated Debt Service Coverage</b>	<b>1.98</b>	<b>2.31</b>	<b>1.47</b>	<b>1.39</b>	<b>1.32</b>

(1) The Waterworks and Sewer System Revenue Bonds, Series 1998 were issued on September 23, 1998 in the amount of \$5,930,000. These bonds will be paid from a Capital Improvement Program ("CIP") fee that has been charged to customers since June 1, 1996. This fee is to remain in place until the debt related to the new wastewater plant on the south side of town has been paid for. The CIP fee is recognized as non-operating revenue.

(2) For FYE 2011 through 2013, the customer count provided for the City of Weslaco only.

(3) For FYE 2009 through 2010, the customer count includes the City of Weslaco, Military Highway Water Supply and North Alamo Water Supply Corporation.

**TABLE 23 – COVERAGE AND FUND BALANCES**

Average Annual Principal and Interest Requirements, 2014-2018	\$ 452,101
Coverage of Average Annual Requirements by 2013 Net Income (Audited)	12.18 x
Coverage of Average Annual Requirements by 2012 Net Income (Audited)	11.48 x
Maximum Principal and Interest Requirements, 2015	\$ 457,691
Coverage of Maximum Annual Requirements by 2013 Net Income (Audited)	12.03 x
Coverage of Maximum Annual Requirements by 2012 Net Income (Audited)	11.34 x
Waterworks and Sewer System Revenue Bonds Outstanding at 9/30/2013	\$ 2,090,000
Reserve Fund Balance as of September 30, 2013	\$ 469,687

**TABLE 24 – VALUE OF THE SYSTEM**

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
<u>Waterworks System</u>					
Land	\$ 163,584	\$ 163,584	\$ 163,584	\$ 163,584	\$ 163,584
Buildings	236,047	236,047	236,047	236,047	236,047
Other Improvements	12,533,905	12,533,905	12,533,905	12,533,905	12,498,988
Machinery and Equipment	3,847,637	3,716,402	3,622,265	3,450,941	3,255,718
Construction in Progress	24,135,069	11,269,735	4,258,082	2,761,662	2,704,405
Total Value	\$ 40,916,242	\$ 27,919,673	\$ 20,813,883	\$ 19,146,139	\$ 18,858,742
Less: Depreciation	11,100,039	10,549,288	10,031,949	9,567,849	9,104,542
Net System Value	\$ 29,816,203	\$ 17,370,385	\$ 10,781,934	\$ 9,578,290	\$ 9,754,200
<u>Sewer System</u>					
Land	\$ 501,591	\$ 501,591	\$ 501,591	\$ 501,591	\$ 408,221
Buildings	126,276	126,276	126,276	126,276	126,276
Other Improvements	26,949,513	26,708,969	26,708,969	26,708,969	26,663,011
Machinery and Equipment	1,368,321	1,359,048	1,284,946	1,284,946	1,284,946
Construction in Progress	21,041,599	20,285,574	19,671,790	17,391,205	7,408,872
Total Value	\$ 49,987,300	\$ 48,981,458	\$ 48,293,572	\$ 46,012,987	\$ 35,891,326
Less: Depreciation	14,925,335	13,959,162	12,997,555	12,082,862	11,151,663
Net System Value	35,061,965	35,022,296	35,296,017	33,930,125	24,739,663
Total Net System Value	<u>\$ 64,878,168</u>	<u>\$ 52,392,681</u>	<u>\$ 46,077,951</u>	<u>\$ 43,508,415</u>	<u>\$ 34,493,863</u>

**TABLE 25 – CITY'S EQUITY IN SYSTEM**

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
<u>Resources</u>					
Total Net System Value	\$ 64,878,168	\$ 52,633,225	\$ 46,077,951	\$ 43,508,415	\$ 34,493,863
Cash and Investments	2,250,565	3,833,297	1,213,140	1,131,718	1,130,465
Other Resources <sup>(1)</sup>	21,653,800	32,185,653	4,527,354	8,119,138	17,859,040
Total Resources	\$ 88,782,533	\$ 88,652,175	\$ 51,818,445	\$ 52,759,271	\$ 53,483,368
<u>Obligations</u>					
Revenue Bonds Payable	\$ 1,319,312	\$ 1,430,024	\$ 940,492	\$ 1,154,004	\$ 974,028
GO/CO Debt	55,459,119	56,746,188	23,974,977	24,857,060	25,961,879
Other Obligations	3,426,506	3,598,506	3,028,708	3,644,186	4,035,429
Total Resources	\$ 60,204,937	\$ 61,774,718	\$ 27,944,177	\$ 29,655,250	\$ 30,971,336
City's Equity in System	<u>\$ 28,577,596</u>	<u>\$ 26,877,457</u>	<u>\$ 23,874,268</u>	<u>\$ 23,104,021</u>	<u>\$ 22,512,032</u>
Percentage City's Equity in System	32.19%	30.32%	46.07%	43.79%	42.09%

(1) Includes construction fund.

**PART IV**

**AUDIT SINGLE SECTION**

**SCHEDULE OF FEDERAL  
AND  
STATE FINANCIAL ASSISTANCE**

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Program or Award Amount
<b><u>FEDERAL ASSISTANCE</u></b>			
<b><u>U.S. Department of Justice</u></b>			
Direct Program:			
Drug Enforcement Administration	16.810	2013	\$ 17,202
U.S. Marshals Service-Joint Task Force	16.813	M-13-D79-0-000770	15,500
Federal Bureau of Investigation (Safe Streets)	16.300	281D-SA-C46020	10,000
U.S. Marshals Service-Joint Task Force	16.813	D79-12-0088	14,200
Bulletproof Vest Partnership	16.813	2008-BUBX-11058146	4,020
Bulletproof Vest Partnership	16.813	2009-BUBX-09049588	2,805
Bulletproof Vest Partnership	16.813	2011-BUBX-11058146	8,783
Bulletproof Vest Partnership	16.813	2012-BUBX-12064733	3,127
Edward Byrne Memorial (Non-Recovery)	16.738	2009-DJ-BX-1174	17,135
Community Oriented Policing Service	16.710	2009-RK-WX-0825	451,206
Total U.S. Department of Justice			* <u>543,978</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through Texas Department of Commerce:			
Revolving Fund Program	14.218		(1) <u>254,547</u>
<b><u>Federal Communications Commission</u></b>			
Passed through the Universal Service Administrative Company:			
* USAC Schools and Libraries E-Rate	2006-10-08	141687	* <u>137,612</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Passed through the Texas Department of Public Safety's Division of Emergency Management			
Hazard Mitigation Grant Program	97.039	HMGP-DR-4029-020	92,250
Hazard Mitigation Grant Program (SDP)	97.039	HMGP-DR-1791-134	118,473
Hazard Mitigation Grant Program (LB)	97.039	HMGP-DR-1791-119	116,250
Safer Grant	97.044	EMW-2006-FF-03766	1,035,000
Passed through the Federal Emergency Management Agency (FEMA)			
2010 Stone Garden	97.067	2010	73,664
2011 Stone Garden	97.067	EMW-2011-SS-0019	53,830
2012 Stone Garden	97.067	EMW-2012-SS-0018-S01	89,322
			* <u>1,578,789</u>

(1) Loans are made to businesses from payments received from previous loans to businesses and from interest income on the loans.

\* Denotes Major Programs

<u>Accrued (Deferred) Revenue at October 1, 2012</u>	<u>Grant Revenues Received</u>	<u>Matching &amp; Miscellaneous Revenues</u>	<u>Grant Expendi- tures/Adj.</u>	<u>Other Expendi- tures</u>	<u>Accrued (Deferred) Revenue at September 30, 2013</u>
\$ -	\$ -	\$ 14,627	\$ 17,202	\$ 14,627	\$ 17,202
-	15,500	666	15,500	666	-
-	-	-	2,482	-	2,482
1,322	1,322	-	-	-	-
1,348	1,348	-	-	-	-
-	-	-	2,805	-	2,805
-	-	-	8,783	-	8,783
-	-	-	3,127	-	3,127
17,135	-	-	-	-	17,135
127,177	127,177	-	-	-	-
<u>146,982</u>	<u>145,347</u>	<u>15,293</u>	<u>49,899</u>	<u>15,293</u>	<u>51,534</u>
-	-	-	-	-	-
-	51,534	-	56,135	-	4,601
-	-	-	-	-	-
-	89,530	-	119,148	-	29,618
-	86,512	-	115,575	-	29,063
-	-	-	-	-	-
-	41,121	-	41,121	-	-
-	-	-	28,996	-	28,996
-	-	-	-	-	-
<u>-</u>	<u>217,163</u>	<u>-</u>	<u>304,840</u>	<u>-</u>	<u>87,677</u>

**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Program or Award Amount
<u>U.S. Department of Federal Aviation</u>			
<u>Administrative (FAA)</u>			
Passed Through Texas Department of Transportation-Aviation Division			
Ramp Grant	20.106	M1421WESLA	\$ 50,000
Airport Runway-Land	20.106	M1121WESLA	20,000
Airport Runway-Construction	20.106	M1321WESLA	7,239,520
Total Federal Aviation Administration			<u>7,309,520</u>
<u>U.S. Department of Energy</u>			
Passed Through Texas Comptroller of Public Accounts			
Renewable Energy Technology Program	81.041	DE-EE0000116	1,812,000
Total Energy			<u>1,812,000</u>
<u>Federal Emergency Management Agency</u>			
Passed Through Texas Department of Public Safety Division			
Emergency Management Disaster Relief (Hurricane Alex)	97.036	FEMA-1931	51,038
Total Emergency Management			<u>51,038</u>
<u>Urban and Rural Economic Development</u>			
<u>(HBCU Set-Aside)</u>	93.570	N/A	<u>384,861</u>
Total Federal Assistance			<u>\$ 12,072,345</u>
<u>STATE ASSISTANCE</u>			
<u>Texas Commission on Environmental Quality</u>			
Texas A&M University-Kingsville		12-0103	<u>28,636</u>
<u>Texas Department of Public Safety</u>			
Division of Emergency Management			
Border Star V (2011)		LBSP-11-0038	18,662
Border Star V (2012)		LBSP-12-0061	15,000
Border Star V (2013)		LBSP-13-0064	6,500
Total Texas Department of Public Safety			<u>40,162</u>

Accrued (Deferred) Revenue at October 1, 2012	Grant Revenues Received	Matching & Miscellaneous Revenues	Grant Expendi- tures	Other Expendi- tures	Accrued (Deferred) Revenue at September 30, 2013
\$ -	\$ 1,860	\$ 1,860	\$ 1,860	\$ 1,860	\$ -
-	20,000	-	20,000	-	-
-	700,094	-	700,094	-	-
-	721,954	1,860	721,954	1,860	-
1,390,880	1,390,880	-	-	-	-
1,390,880	1,390,880	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 1,537,862	\$ 2,526,878	\$ 17,153	\$ 1,132,828	\$ 17,153	\$ 143,812
-	7,584	8,557	8,682	8,557	1,098
(1,956)	-	-	-	-	(1,956)
-	-	-	-	-	-
-	-	-	-	-	-
(1,956)	-	-	-	-	(1,956)



**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<u>Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Program or Award Amount</u>
<u>Texas General Land Office</u>			
Disaster Recovery Grant Program		10-5306-000-5314 *	\$ <u>600,000</u>
<u>Texas State Parks &amp; Wildlife Department</u>			
Recreation Grants-Valley Nature Center (Grants-in-Aid)		51-000056	400,000
Recreation Grants-Boys & Girls Club (Grants-in-Aid)		51-000065	<u>567,890</u>
Total Texas State Parks & Wildlife			<u>967,890</u>
<u>Texas Comptroller of Public Accounts</u>			
Texas State Library & Archives Commission-Mobile Project		5442-015	<u>10,000</u>
Total State Assistance			<u>1,646,688</u>
Total Federal and State Assistance			<u><u>\$ 13,719,033</u></u>

Accrued (Deferred) Revenue at October 1, 2012	Grant Revenues Received	Matching & Miscellaneous Revenues	Grant Expendi- tures	Other Expendi- tures	Accrued (Deferred) Revenue at September 30, 2013
<u>\$ 472,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,837</u>	<u>\$ -</u>	<u>\$ 609,300</u>
-	-	-	-	-	-
<u>-</u>	<u>567,890</u>	<u>-</u>	<u>56,045</u>	<u>-</u>	<u>(511,845)</u>
<u>-</u>	<u>567,890</u>	<u>-</u>	<u>56,045</u>	<u>-</u>	<u>(511,845)</u>
-	8,151	-	8,151	-	-
<u>470,507</u>	<u>583,625</u>	<u>8,557</u>	<u>209,715</u>	<u>8,557</u>	<u>96,597</u>
<u>\$ 2,008,369</u>	<u>\$ 3,110,503</u>	<u>\$ 25,710</u>	<u>\$ 1,342,543</u>	<u>\$ 25,710</u>	<u>\$ 240,409</u>

**NOTES TO SCHEDULE OF FEDERAL AND STATE  
FINANCIAL ASSISTANCE**

**CITY OF WESLACO**  
**NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2013**

**1 General**

The accompanying Schedule of Federal Financial Assistance Programs presents the activity of all the Federal Financial Assistance Programs of the City of Weslaco, Texas. The City reporting entity is defined in Note A (1) to the City's general purpose financial statements.

**2 Basis of Accounting**

The accompanying Schedule of Federal Financial Assistance Programs is presented using the modified accrual basis accounting, which is described in Note A (4) to the City's general purpose financial statements.

**RECONCILIATION TO FINANCIAL STATEMENTS**

<b>GRANT/PROGRAM TITLE</b>	<b>CFDA</b>	<b>GRANTOR NUMBER</b>	<b>REVENUE AMOUNT</b>
<b><u>FEDERAL ASSISTANCE</u></b>			
<b><u>U.S. Department of Justice</u></b>			
Drug Enforcement Administration	16.810	2013	\$ 17,202
U.S. Marshals Joint Task Force	16.813	M-13-D79-0-000770	15,500
Federal Bureau of Investigation (Safe Streets)	16.300	281D-SA-C46020	2,482
Bulletproof Vest Partnership	16.813	2009-BUBX-09049588	2,805
Bulletproof Vest Partnership	16.813	2011-BUBX-11058146	8,783
Bulletproof Vest Partnership	16.813	20012-BUBX-12064733	3,127
Total U.S. Department of Justice			<u>49,899</u>
<b><u>Federal Communications Commission</u></b>			
USAC Schools & Libraries E-Rate		141687	<u>56,135</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Hazard Mitigation Grant Program	97.039	HMGP-DR-1791-134	119,148
Hazard Mitigation Grant Program	97.039	HMGP-DR-1791-119	115,575
2010 Stone Garden	97.064	2010	41,121
2011 Stone Garden	97.067	EMW-2011-SS-0019	28,996
Total U.S. Department of Homeland Security			<u>304,840</u>
<b><u>U.S. Department of Federal Aviation Administrative</u></b>			
Ramp Grant	20.106	M1421WESLA	1,860
Airport Runway-Land	20.106	M1121WESLA	20,000
Airport Runway-Construction	20.106	M1321WESLA	700,094
Total U.S. Department of Federal Aviation Administrative			<u>721,954</u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u><u>1,132,828</u></u>

**CITY OF WESLACO**  
**NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2013**

**RECONCILIATION TO FINANCIAL STATEMENTS**

**STATE ASSISTANCE**

**Texas Commission on Environmental Quality**

Texas A&M University-Kingsville	12-0103	8,682
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**Texas General Land Office**

Disaster Recovery Grant Program	10-5306-000-5314	136,837
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**Texas State Parks & Wildlife Department**

Recreation Grants-Boys & Girls Club **	51-000065	56,045
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**Texas Comptroller of Public Accounts**

Texas State Library & Archives Commission	5442-015	8,151
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TOTAL STATE ASSISTANCE		\$ 209,715
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TOTAL FEDERAL AND STATE ASSISTANCE		\$ 1,342,543
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<b>TOTAL FEDERAL AND STATE ASSISTANCE</b>		<b>\$ 1,342,543</b>
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**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

(PAGE 15)

Capital Grants and Contributions

Operating Grants and Contributions	\$ 99,359	
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Capital Grants and Contributions	1,340,887	
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SUBTOTAL	1,440,246	
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LESS: OTHER REIMBURSABLE GRANTS	(97,703)	
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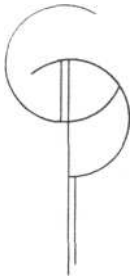
TOTAL	\$ 1,342,543	\$ 1,342,543
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**OTHER REIMBURSABLE GRANTS:**

LRGV REGIONAL ADVISORY	\$ 5,469	
COUNTY OF HIDALGO	7,035	
COUNTY OF HIDALGO (URBAN COUNTY)	76,219	
OTHER GRANTS	8,980	
TOTAL OTHER REIMBURSABLE GRANTS	\$ 97,703	

\*\* The Boys and Girls Club monies are held in trust in the General Fund.

**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS**



# GARCIA & PENA

Certified Public Accountants

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301 West 4th

Weslaco, Texas 78599

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Manuel B. Garcia, CPA  
Jaime X. Pena, CPA

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and  
Members of the City Commission  
City of Weslaco  
255 S. Kansas  
Weslaco, Texas 78596

Honorable Mayor and Members of the City Commission:

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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of September 30, 2013, Texas basic financial statements, and have issued our report thereon dated May 22, 2013.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Weslaco, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Weslaco, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Weslaco, Texas' internal control.

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

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

Honorable Mayor and  
Members of the City Commission

**Compliance and other Matters**

As part of obtaining reasonable assurance about whether the City of Weslaco, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

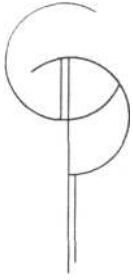
*Garcia & Pena, CPAs*

Garcia & Pena,  
Certified Public Accountants

May 22, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and  
Members of the City Commission  
City of Weslaco  
255 S. Kansas  
Weslaco, Texas 78596

Honorable Mayor and Members of the City Commission:

We have audited the City of Weslaco, Texas compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Weslaco, Texas major federal programs for the year ended September 30, 2013. The City of Weslaco, Texas' 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Weslaco, Texas 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, Texas 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 for each major federal program. However, our audit does not provide a legal determination of the City of Weslaco, Texas compliance.

### **Opinion of Each Major Federal Program**

In our opinion, the City of Weslaco, Texas 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, 2013.

Honorable Mayor and  
Members of the City Commission  
Weslaco, Texas

### **Report on Internal Control Over Compliance**

Management of the City of Weslaco, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Weslaco, Texas internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Weslaco, Texas internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the City of Weslaco, Texas as of and for the year ended September 30 2013, and have issued our report there dated May 22, 2014, which contained an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Honorable Mayor and  
Members of the City Commission  
Weslaco, Texas

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly states in all material respects in relation to the financial statements as a whole.

*Garcia & Pena, CPAs*

Garcia & Pena,  
Certified Public Accountants

May 22, 2014

**CITY OF WESLACO, TEXAS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**SECTION 1- SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

**Unqualified**

Internal control over financial reporting:

* Significant deficiency (ies) identified	_____	Yes	_____X_____	No
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*Significant deficiency (ies) identified that are considered to be material weaknesses?	_____	Yes	_____X_____	No
---	-------	-----	-------------	----

Noncompliance material to financial statement notes?	_____	Yes	_____X_____	No
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**Federal Awards**

Internal control over major programs:

* Material weakness (es) identified:	_____	Yes	_____X_____	No
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*Reportable condition (s) identified that are considered to be material weaknesses?	_____	Yes	_____X_____	No
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Type of auditor's report issued on compliance for major programs:

**Unqualified**

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133?	_____	Yes	_____X_____	No
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CFDA Number

Name of Federal Program or Cluster

16.810 / 16.813 / 16.300

U.S. Department of Justice

97.039 / 97.067

U.S. Department of Homeland Security

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee:	_____	Yes	_____X_____	No
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**CITY OF WESLACO, TEXAS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**SEPTEMBER 30, 2013**  
**Section II-Financial Statement Findings**

NO DEFICIENCIES NOTED