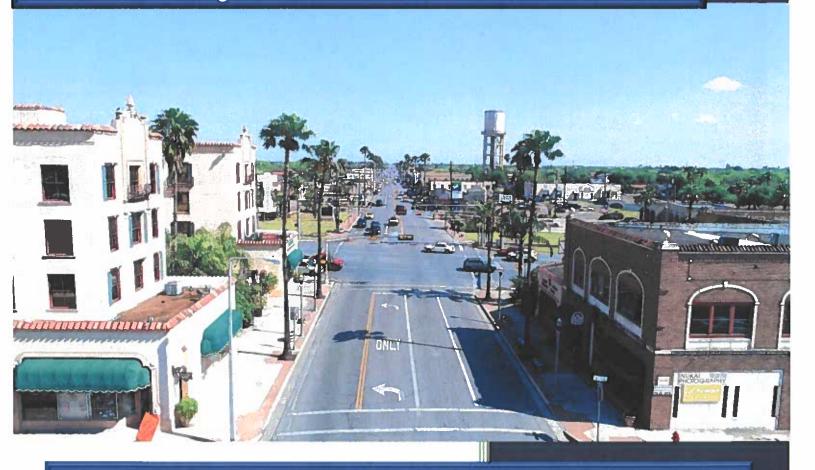


2017

City of Weslaco, Texas



Comprehensive Annual Financial Report For the Year Ended September 30, 2017

CITY OF WESLACO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2017

Issued by:

Mike Perez, City Manager

Maria C. Barrera, CPA, Finance Director



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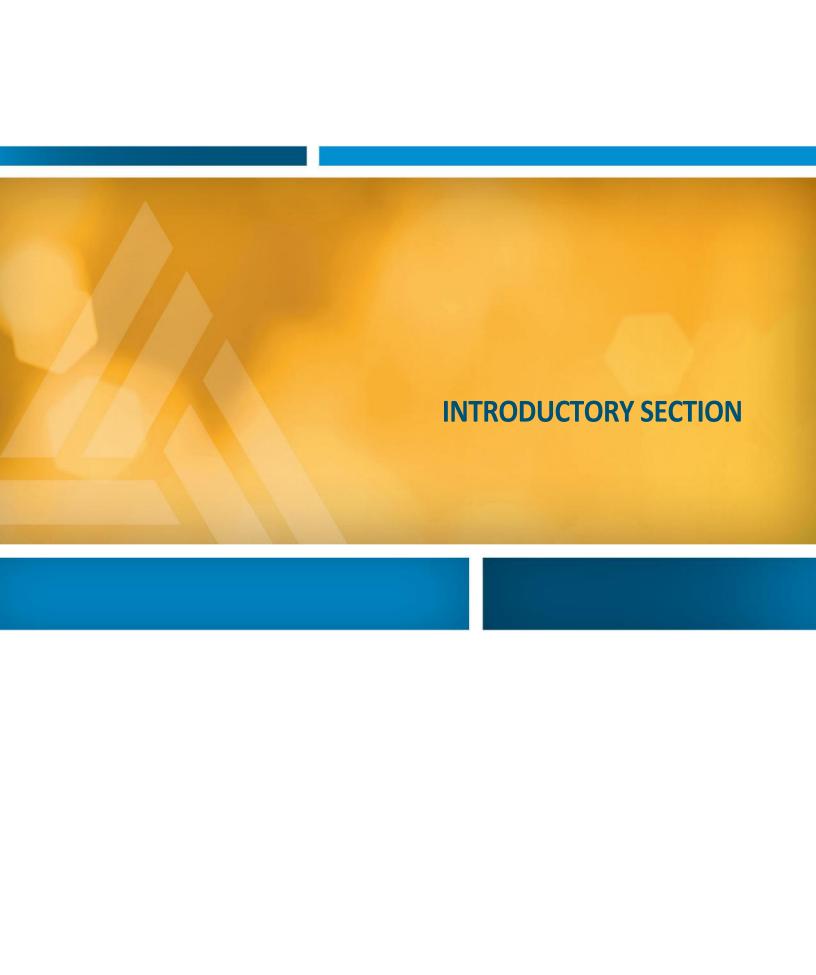
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City of Weslaco, Texas City Officials

Mayor David Suarez

Mayor Pro-tem Gerardo "Jerry" TaFolla

Commissioners Leo Munoz

Greg Kerr Jose JP Rodriguez Letty Lopez Josh Pedraza

City Manager Mike Perez

Finance Director Maria C. Barrera

City Secretary Elizabeth M. Walker

City Attorney Juan E. Gonzalez

Chief Appraiser Rolando Garza

Hidalgo County Appraisal District

Collector of Taxes Paul Villarreal

County of Hidalgo

Chief of Police Joel Rivera

Fire Chief Antonio Lopez

Municipal Court Administrator Rosa Huerta

Planning and Code Enforcement Director Mardoqueo Hinojosa

Human Resources Director Veronica Ramirez

Information Technology Vacant

Parks and Recreation Director David Arce

Public Facilities Director Pete Garcia, Jr.

Library Director Arnold Becho

Aviation Director Andrew Munoz

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City of Weslaco

"The City on the Grow"



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

Mike R. Perez, City Manager

April 18, 2018

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

The Comprehensive Annual Financial Report (the CAFR) of the City of Weslaco, Texas (The City) for the fiscal year ended September 30, 2017, is submitted in accordance with Section 28 of the City Charter.

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

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

Carr, Riggs, & Ingram, LLC, have issued an unqualified ("clean") opinion of the City of Weslaco's financial statements for the year ended September 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the City of Weslaco

The City of Weslaco, Texas, established in 1919, is located in the southern tip of Texas in the heart of the Rio Grande Valley, which is considered to be one of the top growth areas in the state, and in the country. The city currently occupies a land area of 15 square miles and serves an estimated population of 39,474. The city is authorized to levy a property tax on both real and personal properties located within its boundaries.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager during the budget process. The City Manager uses these requests to initiate a proposed budget. The City Manager then presents this proposed budget to the Commission for review. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th, the end of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g. police). Department directors may, with City Manager's approval, make transfers of appropriations within their departments. Transfers of appropriations between departments, however, require the approval of the City Commission. Budget-to-Actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 83 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 within the other supplementary section of this report beginning on page 96.

Factors Affecting Financial Condition

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

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

According to the Texas Workforce Commission data link (TRACER), the unemployment rate has remained between 7 and 9 percent over the last few years. In 2017, and the first quarter of 2018, the rates have held steady at around 7.9 percent average. The largest employer is the Weslaco Independent School District with 2,825 employees.

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

Long-term Financial Planning. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 30% of total General Fund Revenues. The goal is to maintain at least 25% at all times. The unrestricted fund balance at September 30, 2017, exceeded the goal, and excess funds were transferred to the Capital Improvement Project Fund, as planned. This fund, now going into its third year, allows the City to self-fund improvements such as sidewalks, traffic signals, park improvements, and street paving in order to decrease dependence on debt financing for such infrastructure.

The City Commission in the past four years had focused on evaluating the City's property tax rate. This focus was driven by the desire to give taxpayers the best value for their money as well as making Weslaco more attractive to business and residents looking to relocate. The City Commission reduced the tax rate by a penny in 2014, when it stood at \$0.6967 per \$100 value. This evaluation of the tax rate has continued each year since and now stands at our current \$0.6667 per \$100.00 valuation for the 2017 tax year. Further decreases are not planned at this time to allow for the goal of self-funding infrastructure improvements through the CIP Fund.

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

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

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

Acknowledgements

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

Respectfully submitted,

Mich R Peny

Mike R. Perez City Manager Maria C. Barrera, CPA, CGFO Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Weslaco Texas

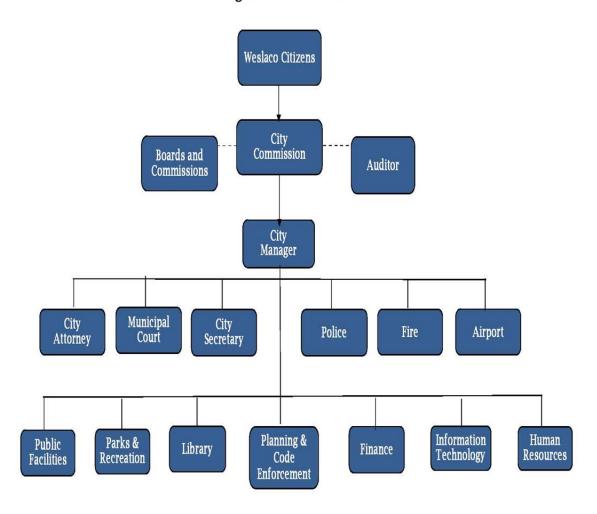
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2016

Executive Director/CEO

Christopher P. Morrill

City of Weslaco Organizational Chart







Carr, Riggs & Ingram, LLC 402 East Tyler Avenue Harlingen, TX 78550-9122

(956) 423-3765 (956) 428-7520 (fax) CRIcpa.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City Weslaco, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Weslaco, Texas' basic financial statements as listed in the table of contents. We did not audit the financial statements of the Weslaco Economic Development Corporation, which is the only aggregate discretely presented component unit and 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Weslaco Economic Development Corporation, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Weslaco Economic Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The previously issued financial statements have been restated to account for the correction of a misstatement related to the prior period. As further discussed in Note 20, the City's financial statements were restated and the effect of the adjustment was an increase to beginning net position.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 15 through 23 and 83 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information 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.

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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

Can, Rigge & Ingram, L.L.C.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2018 on our consideration of the City 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 Weslaco, Texas' internal control over financial reporting and compliance.

Harlingen, Texas April 18, 2018

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MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the City of Weslaco, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Weslaco for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-6 of this report.

FINANCIAL HIGHLIGHTS

The City's total net position increased \$665,063 as a result of this year's operations. Net position from governmental activities decreased \$580,310, while net position from business-type activities increased \$1,245,373. This reflects a modest 0.9% increase to total net position.

- Governmental Activities Revenues and Expenses Compared to Last Year Total revenues increased about \$703,690 from last year, with sales tax showing a moderate increase of \$247,023 or 3%. Property tax revenues increased by \$351,249, while franchise taxes saw a slight decrease of \$2,202. Expenses increased about \$3.5M or 12.5% more than last year. This was the result of greater investments of \$2.0M in public safety, \$1.7M in public works, and \$83,812 in general government.
- Business-Type Activities Revenues and Expenses Compared to Last Year- Total revenues saw an increase of \$2.4M from last year, mostly due to the effect of a \$2.3M grant contribution in the Airport, which boosted FYE 2017 totals. Charges for all services increased by \$1.8M. Expenses decreased about 3.6% or \$402,803 in water and wastewater services, while solid waste expenses saw a decrease of about 7.2% or \$297,430. Expenses from airport services rose slightly with an increase of about \$163,199, or about 23.7%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 25-27 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains 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 and Capital Improvement Program (CIP) Funds, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Wastewater Fund, for its Solid Waste Fund and for its Airport Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the business-type activities section of the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Wastewater Fund, the Solid Waste Fund, and the Airport Fund, all of which are considered to be major enterprise funds of the City of Weslaco.

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Weslaco's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City recognizes two fiduciary funds: the Firemen's Relief and Retirement Fund, which is a pension trust fund, and the Marion Booth Endowment Fund, which is a private purpose trust fund.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 39 of this report.

In fiscal year 2017, the City adopted new statements of financial accounting standards issued by the Governmental Accounting Standards Board. These newly adopted accounting standards, and other recently issued accounting pronouncements, can be found in Note 1.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$73,162,416 at the close of the most recent fiscal year.

On September 30, 2017, the City had an outstanding bonds balance of \$70,261,260, excluding \$3,680,000 in the component unit. The City has unspent bond proceeds to be used for completing the 2007 bond issues projects that were committed for different purposes such as street improvements, purchase of paving equipment, and the airport runway expansion.

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.

Table 1, below illustrates a comparative summary of the City's statement of net position at September 30, 2017 and 2016.

Table 1
City of Weslaco, Texas- Net Position

			Primary G	overr	nment				
	Governme	ental	Activities		Business-ty	pe A	Activities		
									Total
			Restated					Total	Restated
	2017		2016		2017		2016	2017	2016
Current assets	\$ 16,442,125	\$	17,614,975	\$	7,702,223	\$	11,270,385	\$ 24,144,348	\$ 28,885,360
Capital assets, net	52,086,654		51,305,227		97,406,001		96,539,951	149,492,655	147,845,178
Total assets	68,528,779		68,920,202		105,108,224		107,810,336	173,637,003	176,730,538
Deferred outflows of resources- deferred charge	254,789		280,268		2,309,996		769,479	2,564,785	1,049,747
Deferred outflows of resources- pensions	3,066,052		4,333,092		265,113		331,007	3,331,165	4,664,099
Total deferred outflows of resources	3,320,841		4,613,360		2,575,109		1,100,486	5,895,950	5,713,846
Total assets and deferred outflows									
of resources	\$ 71,849,620	\$	73,533,562	\$	107,683,333	\$	108,910,822	\$ 179,532,953	\$ 182,444,384
Current liabilities	\$ 2,523,398	\$	2,615,934	\$	1,546,052	\$	2,309,268	\$ 4,069,450	\$ 4,925,202
Non-current liabilities									
Due within one year	3,222,741		2,596,259		3,208,956		2,863,475	6,431,697	5,459,734
Due in more than one year	25,609,993		27,784,398		56,798,137		58,881,241	82,408,130	86,665,639
Municipal net pension liability	6,530,080		6,916,687		859,739		894,319	7,389,819	7,811,006
Firemen's net pension liability	4,702,051		4,588,953		-		-	4,702,051	4,588,953
Total liabilities	42,588,263		44,502,231		62,412,884		64,948,303	105,001,147	109,450,534
Deferred inflows of resources- pensions	1,276,282		465,946		93,108		30,551	1,369,390	496,497
Net position									
Net investment in capital assets	26,444,251		23,122,052		40,509,740		39,969,259	66,953,991	63,091,311
Restricted	952,339		1,211,727		1,020,601		1,212,612	1,972,940	2,424,339
Unrestricted	588,485		4,231,606		3,647,000		2,750,097	4,235,485	6,981,703
Total net position	27,985,075		28,565,385		45,177,341		43,931,968	73,162,416	\$ 72,497,353
Total liabilities, deferred inflows									
of resources and net position	\$ 71,849,620	\$	73,533,562	\$	107,683,333	\$	108,910,822	\$ 179,532,953	\$ 182,444,384

Governmental Activities

The property tax levy increased by \$483,677 (4.4%) from the prior year due mostly to increases in valuation or new improvements added to the rolls. The tax rate has been reduced from a level of \$0.6967 per \$100 value in 2014 to its current level of \$0.6667 per \$100. This has been due to a concerted effort on the part of the City Commission to maintain or reduce the tax rate, while continuing to provide the same level of services. It is believed that this approach to making the City more attractive to business provides the stimulus to invest in further improvements that result in increased values.

Sales tax rebates amounted to \$11,906,061 for the year with an increase of \$329,362 or 2.85% 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 where it makes up about 36% of General Fund revenues, in support of governmental functions, such as public safety, library services and recreation.

Operating grants for governmental activities amounted to \$585,580 in the General Fund, mostly for public safety purposes. It is the practice of the City of Weslaco to seek opportunities for grants whenever possible to improve City services and quality of life in our community.

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

Table 2
City of Weslaco, Texas- Changes in Net Position

		Primary G	overnment				
	Government	al Activities		pe Activities		Total	
		Restated			Total	Restated	Percent
	2017	2016	2017	2016	2017	2016	2017
Program Revenues:							
Charges for services	\$ 3,630,645	\$ 3,003,349	\$17,495,059	\$15,714,796	\$21,125,704	\$18,718,145	44.42%
Operating grants and contributions	585,580	484,336	-	-	585,580	484,336	1.23%
Captial grants and contributions	137,739	571,469	2,325,711	1,658,319	2,463,450	2,229,788	5.18%
General Revenues:							
Property taxes	11,615,301	11,264,052	-	-	11,615,301	11,264,052	24.42%
Non-property taxes	11,264,580	10,927,519	-	-	11,264,580	10,927,519	23.69%
Unrestricted investment earnings	103,608	60,217	2,044	1,513	105,652	61,730	0.22%
Otherincome	398,841	721,662	-	-	398,841	721,662	0.84%
Total revenue	27,736,294	27,032,604	19,822,814	17,374,628	47,559,108	44,407,232	100.00%
Expenses							
General government	7,877,473	7,793,661	-	-	7,877,473	7,793,661	16.80%
Public safety	15,375,565	13,374,018	-	-	15,375,565	13,374,018	32.79%
Emergency medical services	144,283	137,335	-	-	144,283	137,335	0.31%
Public works	5,129,113	3,409,500	-	-	5,129,113	3,409,500	10.94%
Culture and recreation	2,197,967	2,195,306	-	-	2,197,967	2,195,306	4.69%
Interest on long term debt	828,514	1,134,675	-	-	828,514	1,134,675	1.77%
Water and sewer services	-	-	10,639,686	11,042,489	10,639,686	11,042,489	22.69%
Solid waste services	-	-	3,850,543	4,147,973	3,850,543	4,147,973	8.21%
Airport	-	-	850,901	687,702	850,901	687,702	1.81%
Total expenses	31,552,915	28,044,495	15,341,130	15,878,164	46,894,045	43,922,659	100.00%
Increase in net position before Transfers and special items	(3,816,621)	(1,011,891)	4,481,684	1,496,464	665,063	484,573	
Transfers	3,236,311	1,047,104	(3,236,311)	(1,047,104)	_	_	
Transiers	3,230,311	1,047,104	(3,230,311)	(1,047,104)	-		
Change in net position	(580,310)	35,213	1,245,373	449,360	665,063	484,573	
Net position- beginning	28,565,385	28,530,172	43,931,968	43,482,608	72,497,353	72,012,780	
Net postion- ending	\$27,985,075	\$ 28,565,385	\$45,177,341	\$43,931,968	\$73,162,416	\$72,497,353	

Business-Type Activities

Business-type activities continue to account for about 61.7% of the City of Weslaco's net position. Water and sewer rates remained the same as prior years. There was also no change in solid waste collection fees.

The net position of the Water and Wastewater Fund decreased by \$475,850 from current year operations. Operating revenues increased by \$1,359,349 and operating expenses decreased by \$284,471. Transfers to other funds, however, increased \$1,688,035, due partly to a transfer of residual funds from a water/sewer capital project to the Capital Improvements Program Fund.

The net position of the Solid Waste Fund increased by \$68,058 from current year operations. Operating revenues increased by \$318,901 and operating expenses decreased by \$297,430. Transfers to other funds (to the Capital Improvements Program Fund) increased by \$500,000.

The net position of the Airport Fund increased by \$1,653,165, due mostly to capital grants of \$2,008,923. The Airport Fund receives revenues from fuel sales, hangar rentals, and grants. Any shortfalls are subsidized by the General Fund. Short of that grant and subsidies from the General Fund, the Airport would have experienced an operating loss of \$605,758. The expansion project has had a detrimental effect on the operation of the Airport, in that construction has affected the traffic that the Airport would normally generate. A new business plan has been adopted that is expected to increase growth in based aircraft.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, 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 the end of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$13,148,054. Approximately 57% of this total amount, or \$7,511,496 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. This represents 22.2% of operating expenditures. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, or restricted for debt or future capital projects.

The General Fund is the chief operating fund of the City of Weslaco. At the end of the current fiscal year, the general fund's unassigned fund balance was \$7,511,496. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29.4% of the total general fund expenditures, while total fund balance represents 29.5% of that same amount. While it is recommended that the General Fund should have an unassigned fund balance of no less than 5 to 15% of operating expenditures, the City has placed the target unassigned fund balance in the General Fund at 25%.

- The City Commission decreased the tax rate by one penny to \$0.6667 for the 2016 tax year levy.
- The sales tax revenues increased by 2.85% from the prior year.

The debt service fund has a total fund balance of \$146,217, all of which is restricted for the repayment of debt service. The scheduled tax supported debt service payments for fiscal year 2017 was \$2,703,149, including interest paid of \$723,649.

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 \$1,744,178, which was an increase of \$864,303 from last year. Operating revenues increased by \$1,359,349 and operating expenses decreased by \$284,471. Thus operating income increased by \$1.6M compared to last year.

The unrestricted net position for the Solid Waste Fund amounted to \$2,344,738 at the end of the year, a small increase of \$75,163 from the prior year. Operating revenue saw an increase of \$318,901 from last year, while operating expenses decreased by \$297,430. It should be noted that the increase in net position of \$68,058 was affected by transfers of \$1,125,750 to other funds.

The unrestricted net position for the Airport Fund amounted to \$(441,916). Again, it is noted that the runway expansion project has caused an interruption to the normal operations of the Airport. It is anticipated that when the project is fully complete, operations will resume back to normal and fuel sales and other revenue streams should return to pre-project levels.

General Fund Budgetary Highlights

The City Commission utilized diligent thought and attention when preparing the 2016-2017 budget. The original budgeted revenue of \$23,791,835 represented a 6% increase over the previous year's budgeted amount. The 2017 budget was amended to recognize additional projected revenue, for a final revenue budget of \$23,961,039. Taxes represent about 82.3% of total General Fund budgeted revenue.

The original adopted General Fund expenditures were \$24,175,986. However, circumstances arose which required the expenditure of additional funds that were not foreseen prior to the commencement of the fiscal year. Each year the City performs a mid-year review of the budget. If it is determined that funds are available, certain amendments are proposed to the City Commission for their review and approval. These amendments increased General Fund's appropriations by \$879,095, to \$25,055,081 of expenditures and were mostly for public safety, which makes up about 53% of the total budget for General Fund expenditures.

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, 2017, amounts to \$149,492,655 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads and highways, and construction in progress. The total increase in the City of Weslaco's investment in capital assets for the current fiscal year was 1.1%.

Table 3
City of Weslaco- Capital Assets
Primary Government

		i illilary de	<i>7</i> V C	THIRE THE					
	 Governmental Activities Business-type Activities				e Activities	Total			
	2017	2016		2017	2016		2017		2016
Land, water and service rights	\$ 4,582,912	\$ 3,925,705	\$	2,551,870	\$ 2,551,870	\$	7,134,782	\$	6,477,575
Infrastucture	7,629,307	7,629,307		-	-		7,629,307		7,629,307
Buildings and improvements	18,392,579	17,371,818		1,679,646	1,679,646		20,072,225		19,051,464
Equipment	12,585,454	12,092,972		8,637,618	8,738,182		21,223,072		20,831,154
Improvements	44,533,434	42,853,948		76,867,879	74,693,645	:	121,401,313	1	117,547,593
Capital leases	5,003,092	3,274,824		-	-		5,003,092		3,274,824
Construction in progress	77,502	1,724,505		49,393,623	48,178,598		49,471,125		49,903,103
Totals at historical cost	92,804,280	88,873,079		139,130,636	135,841,941		231,934,916	2	224,715,020
Accumulated depreciation	(40,717,626)	(37,565,852)		(41,724,635)	(39,301,990)		(82,442,261)		(76,867,842)
Total capital assets, net	\$ 52,086,654	\$51,307,227	\$	97,406,001	\$96,539,951	\$:	149,492,655	\$1	147,847,178

Additional information on the City of Weslaco's capital assets can be found in Note 5 on page 55 of this report.

Long-Term Debt

At year end of the current fiscal year, the City of Weslaco had total bonded debt outstanding of \$70,261,260, excluding \$3,680,000 in the component unit. Of this amount \$69,821,260 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 bond).

The City of Weslaco maintains an "AA-" rating from Standard and Poor's, which is the City's highest rating to date. Moody's rates the City at an "A2" for general obligation debt, from its review in March of 2015.

In August of 2017, the City issued a Limited Tax Refunding Bond in the amount of \$19,545,000, realizing a net present value savings of \$1,429,689 over the old debt.

Additional information of the City of Weslaco's long-term debt can be found in Note 6 on page 57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The employment rate for the City of Weslaco is currently 92.7%, compared to 93.8% a year ago. This rate compares to the state's average employment rate of 96.0%.

The City Commission lowered the property tax rate by one penny to \$0.6667 per \$100 for the 2016 tax year, or fiscal year ending September 30, 2017. This tax rate represents the lowest tax rate in fourteen years, as well as a concerted effort on the part of the City Commission and staff to continue to evaluate the tax rate each year and determine if a decrease is warranted. For the 2017-2018 tax year, there was no decrease due to the intention to continue transferring any excess revenues over expenditures to the Capital Improvements Program fund, as part of the City's five year plan to self-fund improvement projects. The 2017-2018 adopted budget is a fiscally responsible balanced budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Weslaco's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 255 S Kansas Avenue, Weslaco, Texas 78596.

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City of Weslaco, Texas Statement of Net Position

September 30, 2017

	Governmental	Business-Type		Component
	Activities	Activities	Total	Unit
Assets				
Cash and cash equivalents	\$ 11,615,814	\$ 1,484,524	\$ 13,100,338	\$ 4,275,962
Cash and cash equivalents- restricted	304,684	3,520,277	3,824,961	889,969
Investments, restricted	· -	-	-	695,256
Receivables, net	4,055,266	2,805,156	6,860,422	267,555
Internal balances	365,759	(365,759)	-	-
Notes receivables	-	-	-	2,518,550
Prepaid bond insurance costs	82,294	63,812	146,106	-
Other prepaid items	7,273	-	7,273	_
Inventories	11,035	194,213	205,248	-
Assets held for resale	· -	-	-	402,734
Capital assets not being depreciated	12,289,721	51,945,493	64,235,214	116,195
Capital assets, net of depreciation	39,796,933	45,460,508	85,257,441	1,882,385
Total assets	68,528,779	105,108,224	173,637,003	11,048,606
Deferred Outflows of Resources				
Deferred charge on refunding	254,789	2,309,996	2,564,785	_
Deferred outflows related to pensions	3,066,052	265,113	3,331,165	_
Total Deferred Outflows of Resources	3,320,841	2,575,109	5,895,950	-
	, ,	,	,	
Total Assets and Deferred Outflows of	¢ 74.040.630	ć 107.002.222	ć 470 F22 0F2	¢ 11 049 CO/
Resources	\$ 71,849,620	\$ 107,683,333	\$ 179,532,953	\$11,048,606
Liabilities				
Accounts payable	\$ 1,004,055	\$ 1,136,410	\$ 2,140,465	\$ 97,195
Accrued expenses	1,455,143	409,642	1,864,785	24,165
Unearned revenue	64,200	-	64,200	-
Non-current liabilities:				
Due within one year	3,222,741	3,208,956	6,431,697	699,392
Due in more than one year	25,609,993	56,798,137	82,408,130	3,223,099
Municipal net pension liability	6,530,080	859,739	7,389,819	-
Firemen's net pension liability	4,702,051	-	4,702,051	-
Total Liabilities	42,588,263	62,412,884	105,001,147	4,043,851
Deferred Inflows of Resources				
Deferred inflows related to pensions	1,276,282	93,108	1,369,390	-
Total Deferred Inflows of Resources	1,276,282	93,108	1,369,390	-
Net Position				
Net investment in capital assets	26,444,251	40,509,740	66,953,991	1,026,089
Restricted for:				
Debt service	363,775	986,377	1,350,152	695,256
Special revenue funds	588,564	-	588,564	-
Capital projects	-	34,224	34,224	889,969
Project development	-	-	· -	60,000
Unrestricted	588,485	3,647,000	4,235,485	4,333,441
Total Net Position	27,985,075	45,177,341	73,162,416	7,004,755
Total Liabilities, Deferred Inflows of	ć 74.040.630	ć 107.000.000	ć 470 F33 0F3	ć 44 040 co
Resources, and Net Position	\$ 71,849,620	\$ 107,683,333	\$ 179,532,953	\$ 11,048,606

 ${\it The \ notes \ of \ the \ financial \ statements \ are \ an \ integral \ part \ of \ this \ statement}$

City of Weslaco, Texas Statement of Activities

For the fiscal year ended September 30, 2017

					Operating			pital Grants	
			(Charge for	Grants and			and	
Functions/programs	Expense	:S		Services	Contributions		Contribution		
Primary Government									
Governmental activities:									
General government	\$ 7,877,	173	\$	896,763	\$	-	\$	-	
Public safety	15,375,	565		1,156,105		585,580		-	
Emergency medical services	144,	283		1,501,101		-		-	
Public works	5,129,	L13		-		-		137,739	
Culture and recreation	2,197,) 67		76,676		-		-	
Interest on long-term debt	828,	514		-		-		-	
Total governmental activities	31,552,	915		3,630,645		585,580		137,739	
Business-type activities:									
Water and Wastewater services	10,639,	586		12,205,565		-		316,788	
Solid waste services	3,850,	543		5,044,351		-		-	
Airport	850,	901		245,143		-		2,008,923	
Total business-type activities	15,341,	130		17,495,059		-		2,325,711	
Total primary government	\$ 46,894,)45	\$	21,125,704	\$	585,580	\$	2,463,450	
Component Unit:									
General government and administration	\$ 215,	131	\$	_	Ś	_	\$	-	
Property management	477,		7	42,540	7	44,457	т	_	
	•			72,540		•			
Promotion and development	301,			-		40,390		-	
Development services	753,	164		-		-		-	
Interest on long-term debt	146,	534		-		-		_	
Total componen unit	\$ 1,895,	117	\$	42,540	\$	84,847	\$	-	

General Revenues:

Taxes:

Ad valorem

Sales

Occupancy

Franchise and other

Investment earnings

Gain (loss) on Sale/Retirement

of capital assets Miscellaneous

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Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Prior period adjustment

Net position at beginning of year, as adjusted

Net position at end of year

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

Net (Expenses) Revenue And Changes in Net Position

	And Changes i		
	Primary Governmen	it	Component
Governmental	••		Component
Activities	Activities	<u>Total</u>	Unit
\$ (6,980,710)	\$ -	\$ (6,980,710)	\$ -
(13,633,880)	-	(13,633,880)	
1,356,818	-	1,356,818	-
(4,991,374)	-	(4,991,374)	-
(2,121,291)	-	(2,121,291)	-
(828,514)	-	(828,514)	-
(27,198,951)	-	(27,198,951)	-
-	1,882,667	1,882,667	-
-	1,193,808	1,193,808	-
-	1,403,165	1,403,165	-
-	4,479,640	4,479,640	-
(27,198,951)	4,479,640	(22,719,311)	-
\$ -	\$ -	\$ -	\$ (215,131
-	-	-	(390,979
-	-	-	(261,522
-	-	-	(753,464
-	-	-	(146,634
			(1,767,730
11,615,301	-	11,615,301	-
8,929,546	-	8,929,546	2,976,515
444,151	-	444,151	-
1,890,883	-	1,890,883	-
103,608	2,044	105,652	174,894 -
44,939	-	44,939	18,263
353,902	-	353,902	3,985
3,236,311	(3,236,311)	-	
26,618,641	(3,234,267)	23,384,374	3,173,657
(580,310)	1,245,373	665,063	1,405,927
27,973,344	43,931,968	71,905,312	5,598,828
592,041	- , ,	592,041	- ,,
			F F00 030
28,565,385	43,931,968	72,497,353	5,598,828

City of Weslaco, Texas Governmental Funds Balance Sheet

September 30, 2017	
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September 30, 2017			Capital		Other	Total
	General	In	nprovement	G	overnmental	Governmental
	Fund	111	Fund	G	Funds	Funds
	· unu		· unu		· unus	1 41143
Assets						
Cash and cash equivalents	\$ 6,132,490	\$	1,768,774	\$	3,714,550	\$ 11,615,814
Cash and cash equivalents- restricted	304,684		-		-	304,684
Receivables (net of allowance for uncollectibles):						
Ad valorem taxes	933,382				287,924	1,221,306
Sales taxes	892,390		-		-	892,390
Ambulance fees	1,135,716		-		-	1,135,716
Other	640,361		-		165,493	805,854
Due from other funds	514,110		-		24,846	538,956
Prepaid items	7,273		-		-	7,273
Inventories	11,035		-		-	11,035
Total Assets	\$ 10,571,441	\$	1,768,774	\$	4,192,813	\$ 16,533,028
Liabilities						
Accounts payable	\$ 878,276	\$	103,400	\$	22,379	\$ 1,004,055
Accrued salaries and payroll taxes	304,477		-		-	304,477
Other liabilities	758,193		-		-	758,193
Due to other funds	24,846		-		-	24,846
Payable from restricted assets	304,684		-		-	304,684
Unearned revenue	64,200		-		-	64,200
Total Liabilities	2,334,676		103,400		22,379	2,460,455
Total Elabilities	2,334,070		103,400		22,373	2,400,433
Deferred Inflows of Resources						
Unavailable revenue- ad valorem taxes	706,961		-		217,558	924,519
Total Deferred Inflows of Resources	706,961		_		217,558	924,519
Total Berenrea Illions of Resources	700,501				217,550	321,313
Fund Balances						
Nonspendable	18,308		-			18,308
Restricted	-		-		3,617,027	3,617,027
Assigned	-		1,665,374		335,849	2,001,223
Unassigned	7,511,496		-		-	7,511,496
Total Fund Balances	7,529,804		1,665,374		3,952,876	13,148,054
	,==,==,		,,		- / / 0	
Total Liabilities, Deferred Inflows of						
Resources and Fund Balances	\$ 10,571,441	\$	1,768,774	\$	4,192,813	\$ 16,533,028

City of Weslaco, Texas Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position

	er 30, 2017	.30	bei	m	te	Ser
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	Governmental Activities
Total fund balance-governmental funds	\$ 13,148,054
Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	924,519
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental fund balance sheet. This is the amount of governmental assets \$87,735,758 net of accumulated depreciation totaling \$(36,721,577). Not included in this amount are internal service fund assets of \$1,072,473.	51,014,181
	31,014,101
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.	(87,789)
Bond insurance is the only bond issuance cost allowed after implementation of GASB Statement No 65. This is the unamortized cost of bond insurance cost paid by the City on prior bond issuances	82,294
Deferred outflows of resources related to amounts deferred on refundings of long-term debt are not reported in the governmental funds.	254,789
Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of certain internal service funds are included in the governmental activities statement of net position.	408,852
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. Other current and non-current liabilities totaling \$515,270	(20.047.454)
of the internal service fund are not included.	(28,317,464)
Included in the noncurrent assets/(liabilities) is the recognition of the City's net pension asset/(liability) required by GASB Statement No 68 in the amount of (\$6,530,080), a deferred resource outflows in the amount of \$2,679,409, and a deferred resource inflow in the amount of (\$840,359). This resulted in an increase/(decrease) in net position by (\$4,691,030)	i (4,691,030)
, , , , , ,	, -,
Included in the noncurrent assets/(liabilities) is the recognition of the City Firemen's net pension asset/(liability) required by GASB 68 in the amount of (\$4,702,051), a deferred resource outflows in the amount of \$386,643, and a deferred resource	
inflow in the amount of (\$435,923). This resulted in an increase/(decrease) in net position by (\$4,751,331)	(4,751,331)
Net position of governmental activities	\$ 27,985,075

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

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

For the Fiscal Year Ended September 30, 2017

For the Fiscal Year Ended September 30, 201	/	Capital	Other	Total
	General	Improvement	Governmental	Governmental
	Fund	Fund	Funds	Funds
Revenues				
Property taxes	\$ 9,715,180	\$ -	\$ 1,930,656	\$ 11,645,836
Nonproperty taxes	10,820,429	-	444,151	11,264,580
Fees and charges	2,003,126	-	-	2,003,126
Fines and forfeitures	752,327	-	_	752,327
Licenses and permits	664,177	-	-	664,177
Intergovernmental	585,580	137,739	-	723,319
Investment income	75,012	-	28,596	103,608
Miscellaneous	314,862	-	54	314,916
Total Revenues	24,930,693	137,739	2,403,457	27,471,889
Expenditures				
General government	6,395,390	_	_	6,395,390
Public safety	13,600,308	1,647,456	2,550	15,250,314
Public works	2,454,826	1,806,927	115,575	4,377,328
Culture and recreation	1,454,613	405,782	276,439	2,136,834
Economic development	581,915	-	-	581,915
Capital outlay	-	-	949,108	949,108
Debt service:				
Principal	1,026,719	188,717	2,131,701	3,347,137
Interest and fees	10,972	23,415	748,443	782,830
Total Expenditures	25,524,743	4,072,297	4,223,816	33,820,856
Excess (deficiency) of revenues	(504.050)	(2.024.550)	(4.020.250)	(6.240.067)
over expenditures	(594,050)	(3,934,558)	(1,820,359)	(6,348,967)
Other financing sources (uses):				
Proceeds from capital lease	-	779,159	949,108	1,728,267
Note proceeds	-	456,707	-	456,707
Proceeds from sale of capital assets	50,740	250,001	-	300,741
Transfers in	1,691,311	2,395,000	599,768	4,686,079
Transfers out	(1,699,768)	-	-	(1,699,768)
Total other financing sources (uses)	42,283	3,880,867	1,548,876	5,472,026
Net change in fund balances	(551,767)	(53,691)	(271,483)	(876,941)
Fund balances at beginning of year	8,081,571	1,719,065	4,224,359	14,024,995
Fund balances at end of year	\$ 7,529,804	\$ 1,665,374	\$ 3,952,876	\$ 13,148,054

City of Weslaco, Texas

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

For the Fiscal Year Ended September 30, 202	17
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For the Fiscal Year Ended September 30, 2017	Governmental Activities
Net change in fund balances-total governmental funds	\$ (876,941)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$2,771,392) exceeded capital outlay \$3,941,035 in the current period.	1,169,643
In the statement of activities, only the gain (loss) on the sale of assets is reported, whereas in the funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.	(5,801)
The change in compensated absences of \$186,116 payable during the year is reported as a increase to expenditures in the statement of activities but not in the governmental funds.	(186,116)
Capital lease proceeds and proceeds from notes payable are recorded as other financing sources in the governmental funds while they are recorded as long term debt in the statement of net position.	(2,184,974)
The change in accrued interest on long-term debt provides decreasees long-term liabilities in the statement of net position.	4,665
Bond premiums, discounts, insurance, and deferred charges are recognized in the funds in the year the bonds are sold, but they are recorded as an asset, deferred resource outflow or liability and amortized over the life of the bonds in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items.	136,503
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.	(30,535)
Repayment of bond, capital lease and note payable principal, and liabilities under chapter 380 agreements are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,346,401
Internal Service funds are used by management to charge the costs of certain activities. The net revenue (loss) of the internal service funds is reported with governmental activities.	re (149,288)
GASB Statement No 68 requires that certain expenditures be de-expended and recorded as a deferred resource outflows. These contributions made after the measurement date of 12/3 caused the change in ending net position to increase in the amount of \$529,718. Contributions made bef measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$414,162). The City's reported TMRS net pension expense had to be recorded. The net pension expense increased/(decreased) the change in net position by \$(1,165,004). The result of these changes	
is to increase/(decrease) the change in net position by (\$1,049,448).	(1,049,448)
The City's reported Firemen's net pension expense had to be recorded. The net pension expense decreased the change in net position by (\$754,419)	(754,419)
Change in net position of governmental activities	\$ (580,310)

City of Weslaco, Texas Proprietary Funds Statement of Net Position

September 30, 2017

September 30, 2017 Business-Type Activities						
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Internal Service Fund	
Assets						
Current Assets						
Cash and cash equivalents	\$ 960,941	\$ 523,483	\$ \$ 100	\$ 1,484,524	\$ -	
Cash and cash equivalents- restricted Receivables,	3,486,053		34,224	3,520,277	-	
net of allowances for uncollectibles	2,099,797	675,754	29,605	2,805,156	-	
Due from other funds	-	2,000,000	-	2,000,000	-	
Inventories	162,859	-	31,354	194,213	-	
Prepaid items	63,812	-	-	63,812		
Total current assets	6,773,462	3,199,237	95,283	10,067,982	-	
Non-current assets						
Land	665,175	421,247	1,465,448	2,551,870	_	
Buildings	362,324	668,781	648,541	1,679,646	-	
Equipment	6,424,219			8,637,618	4,997,658	
Improvements	-	-	_	-	70,864	
Infrastructure	67,785,014	64,461	9,018,404	76,867,879	-	
Construction-in-progress	44,905,983	-	4,487,640	49,393,623		
	120,142,715	2,790,891	16,197,030	139,130,636	5,068,522	
Accumulated depreciation	(34,904,668) (2,278,716	(4,541,251)	(41,724,635)	(3,996,049)	
Total non-current assets, net	85,238,047	512,175	11,655,779	97,406,001	1,072,473	
Total assets	92,011,509	3,711,412	11,751,062	107,473,983	1,072,473	
Deferred outflows of resources						
Deferred outflows related to pensions	209,688	7,653	47,772	265,113	-	
Deferred charge on refunding	2,309,996	-	-	2,309,996		
Total deferred outflows of resources	2,519,684	7,653	47,772	2,575,109		
Total assets and deferred outflows						
of resources	\$ 94,531,193	\$ 3,719,065	\$ 11,798,834	\$ 110,049,092	\$ 1,072,473	

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

September 30, 2017

September 30, 2017	Business-Type Activities					
	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	Totals	Internal Service Fund	
Liabilities						
Current Liabilities:						
Accounts payable	\$ 761,260	\$ 369,659	\$ 5,491	\$ 1,136,410	\$ -	
Accrued salaries and other liabilities	102,808	-	6,254	109,062	, -	
Due to other funds	2,008,240	641	356,878	2,365,759	148,351	
Current portion of long term debt	3,203,363	446	5,147	3,208,956	411,028	
Accrued interest on bonds	300,580	-	-	300,580	-	
Total current liabilities	6,376,251	370,746	373,770	7,120,767	559,379	
Noncurrent liabilities:						
Compensated absences	78,180	4,017	46,322	128,519	_	
Customer deposits	1,063,304	-	-	1,063,304	_	
Revenue bonds payable,	1,003,301			1,003,301		
net of unamortized premiums	55,137,957	_	_	55,137,957	_	
Note payable	-	_	_	-	104,242	
Landfill closure	-	468,357	-	468,357	-	
Net pension liability	727,312	16,722	115,705	859,739		
Total noncurrent liabilities	57,006,753	489,096	162,027	57,657,876	104,242	
Total liabilities	63,383,004	859,842	535,797	64,778,643	663,621	
Deferred inflows of resources						
Deferred inflows related to pensions	75,848	2,310	14,950	93,108		
Total deferred inflows of resources	75,848	2,310	14,950	93,108	-	
Net Position						
Net investment of captial assets	28,341,786	512,175	11,655,779	40,509,740	557,203	
Restricted for:	2222=			606.0=		
Revenue bond retirement	986,377	-	-	986,377	-	
Construction Unrestricted	1 744 170	-	34,224	34,224	- (148,351)	
Total net position	1,744,178 31,072,341	2,344,738 2,856,913	(441,916)	3,647,000 45,177,341	408,852	
rotal net position	51,012,541	2,000,010	11,240,007	15,211,571		
Total liabilities, deferred inflows of resources, and net position	\$ 94,531,193	\$ 3,719,065	\$ 11,798,834	\$ 110,049,092	\$ 1,072,473	

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

For the Fiscal Year Ended September 30, 2017

For the Fiscal Year Ended September 30, 2017		Business Ty	pe Activities		Governmental Activities
	Water				
	and	Solid			
	Wastewater	Waste	Airport		Internal Service
	Fund	Fund	Fund	Total	Fund
Operating Revenues:					
Water services	\$ 6,473,327	\$ -	\$ -	\$ 6,473,327	\$ -
Sewer services	4,733,786	-	-	4,733,786	_
Charges for services	-	4,970,426	231,744	5,202,170	_
Miscellaneous	308,609	73,925	13,399	395,933	
Total operating revenues	11,515,722	5,044,351	245,143	16,805,216	-
Operating Expenses:					
Personal services	920,745	50,833	230,670	1,202,248	-
Other services and charges	2,205,858	42,251	140,881	2,388,990	-
Supplies	209,847	1,791	145,981	357,619	-
Contractual services	2,580,356	3,748,564	-	6,328,920	-
Depreciation	2,519,764	7,104	333,369	2,860,237	382,415
Total operating expenses	8,436,570	3,850,543	850,901	13,138,014	382,415
Operating income (loss)	3,079,152	1,193,808	(605,758)	3,667,202	(382,415
Non-operating revenues (expenses)					
Investment income	2,044	-	-	2,044	-
Interest expense	(2,203,116)	-	_	(2,203,116)	(16,873
Total non-operating revenues (expenses)	(2,201,072)	-	-	(2,201,072)	(16,873)
Income (loss) before transfers and captial contributions	878,080	1,193,808	(605,758)	1,466,130	(399,288)
Transfers in (out) and capital contributions					
Capital Improvement fees	689,843	-	-	689,843	-
Capital grants	316,788	-	2,008,923	2,325,711	-
Transfers in	-	-	250,000	250,000	250,000
Transfers out	(2,360,561)	(1,125,750)	-	(3,486,311)	
Total transfers and capital contributions	(1,353,930)	(1,125,750)	2,258,923	(220,757)	250,000
Change in net position	(475,850)	68,058	1,653,165	1,245,373	(149,288
Net position- beginning	31,548,191	2,788,855	9,594,922	43,931,968	558,140
Net position- ending	\$ 31,072,341	\$ 2,856,913	\$ 11,248,087	\$ 45,177,341	\$ 408,852

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

City of Weslaco, Texas Proprietary Funds Statement of Cash Flows

For the Fiscal Year Ended Septer	mber 30, 2017
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				Business Typ	e Activities				ernmental Activities
	Water			7,5					
	and			Solid					
	Wastewa	ter		Waste	Airport			Inte	rnal Service
	Fund			Fund	Fund		Total		Fund
Cash flows from operating activities									
Cash received from customers	\$ 11,505,	183	\$	5,035,177	\$ 263,751	\$	16,804,111	\$	=
Payments to suppliers	(5,314,	695)		(3,777,808)	(294,325)	(9,386,828)		-
Payments to employees	(2,439,			(46,773)	(199,252		(2,685,352)		-
Net cash provided (used) by									
operating activities	3,751,	161		1,210,596	(229,826)	4,731,931		-
Cash flows from noncapital financing activities									
Transfers from other funds		_		_	250,000		250,000		250,000
Transfers to other funds	(2,360,	561)		(1,125,750)	230,000		(3,486,311)		230,000
Net cash provided (used) by	(2,300,	501)		(1,123,730)			(3,400,311)		
noncapital financing activities	(2,360,	561)		(1,125,750)	250,000		(3,236,311)		250,000
	(=,==,	,		(-,,			(0,000,000,000,000,000,000,000,000,000,		
Cash flows from capital and related financing activities					/		/		
Purchase of capital assets	(1,184,			-	(215,948)	(1,400,577)		-
Refunding bonds issued	19,545,			-	-		19,545,000		-
Premium on refunding bonds	3,667,			-	-		3,667,740		-
Payment to refunded bond escrow agent	(20,615,			-	-		(20,615,000)		-
Interest paid on bonds	(4,032,	-		-	-		(4,032,324)		- (4.6.072)
Interest paid on notes Retirement of notes		-		-	-		=		(16,873) (253,340)
Retirement of bonds	(2,497,	- 627)		-	-		(2,497,637)		(233,340
Landfill closure costs	(2,437,	537)		(67,721)	_		(67,721)		
Capital improvement fees	689,	8/13		(07,721)	_		689,843		
Net cash provided (used) by capital	005,	545					003,043		
and related financing activites	(4,427,	007)		(67,721)	(215,948)	(4,710,676)		(270,213)
	(, , , _ , ,	,		(== /= == /	(===,= :=	,	(,, ==,= , = ,		(=: 0,==0,
Cash flow from investing activities:									
Interest on cash and investments	2,	044		-	-		2,044		-
Net cash provided (used) by investing									
activities	2,	044		-	-		2,044		-
Not in any or Advance of the control and control and	(2.024	2621		47.425	(405.774		(2.242.042)		(20.242)
Net increase (decrease) in cash and cash equivalents	(3,034,	363)		17,125	(195,774)	(3,213,012)		(20,213)
Cash and cash equivalents, beginning of year	7,481,	357		506,358	230,098		8,217,813		20,213
eash and eash equivarents, segrining or year	7,401,	337		300,330	230,030		0,217,015		20,213
Cash and cash equivalents, end of year	\$ 4,446,	994	\$	523,483	\$ 34,324	\$	5,004,801	\$	=
Reconciliation of operating income									
to net cash provided (used) by operating activities									
Operating income (loss)	\$ 3,079,	152	\$	1,193,808	\$ (605,758) \$	3,667,202	\$	(382,415
Adjustments to reconcile income (loss)	ψ 3,073,	132	7	1,133,000	\$ (003,730	, ,	3,007,202	Y	(302,413
from operations to net cash from operating activities:									
Depreciation	2,519,	764		7,105	333,369		2,860,238		382,415
(Increase) decrease in accounts receivables		901)		(9,174)	18,608		(43,467)		-
(Increase) decrease in inventories		508		-			83,508		_
(Increase) decrease in prepaids	241,			_	_		241,755		_
(Increase) decrease in defererd outflows related to pensions				2,167	13,158		(1,474,623)		_
Decrease (increase) in accounts payable	(644,			12,541	(79,996		(712,083)		-
Decrease (increase) in accrrued expenses		108)		-	2,565	,	(59,543)		-
Decrease (increase) in due to other funds		731		89	72,533		73,353		=
Decrease (increase) in customer deposits	42,	362		-	-		42,362		=
Decrease (increase) in compensated absences		005		3,139	10,108		25,252		-
Decrease (increase) in net pension liability		538)		(1,137)	(6,905)	(34,580)		-
Decrease (increase) in deferred inflows related to pensions		007		2,058	12,492		62,557		-
Total adjustments	672,	009		16,788	375,932		1,064,729		382,415
Net cash provided (used) by operations	\$ 3,751,	161	\$	1,210,596	\$ (229,826) \$	4,731,931	\$	
Sunnlamental disclosure of noncesh activities									
Supplemental disclosure of noncash activities Contributed capital assets from Txdot	\$ 316,	788	\$	_	\$2,008,923	¢	2,325,711	\$	_
continuated capital assets from that	φ J±0,	. 00	ų		72,000,023	ڔ	2,323,111	<u>~</u>	

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

September 30, 2017

September 30, 2017	Pension Trust fund	te-purpose rust fund			
	Firemen's Relief and Retirement	Marion Booth Endowment Fund			
Assets					
Cash	\$ 250,112	\$ 12,239			
Investments, at fair value:					
Certificates of deposit	-	482,921			
Equities	7,584,951	-			
Corporate bonds	822,502	-			
Money market mutual funds	215,897	-			
Municipal bonds	1,555,919	 -			
Total Assets	\$ 10,429,381	\$ 495,160			
Liabilities					
Accounts payable	\$ -	\$ 2,927			
Total Liabilities	-	2,927			
Net Position					
Net position restricted for pensions					
and other purposes	10,429,381	 492,233			
Total Net Position	10,429,381	 492,233			
Total Liabilities and Net Position	\$ 10,429,381	\$ 495,160			

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

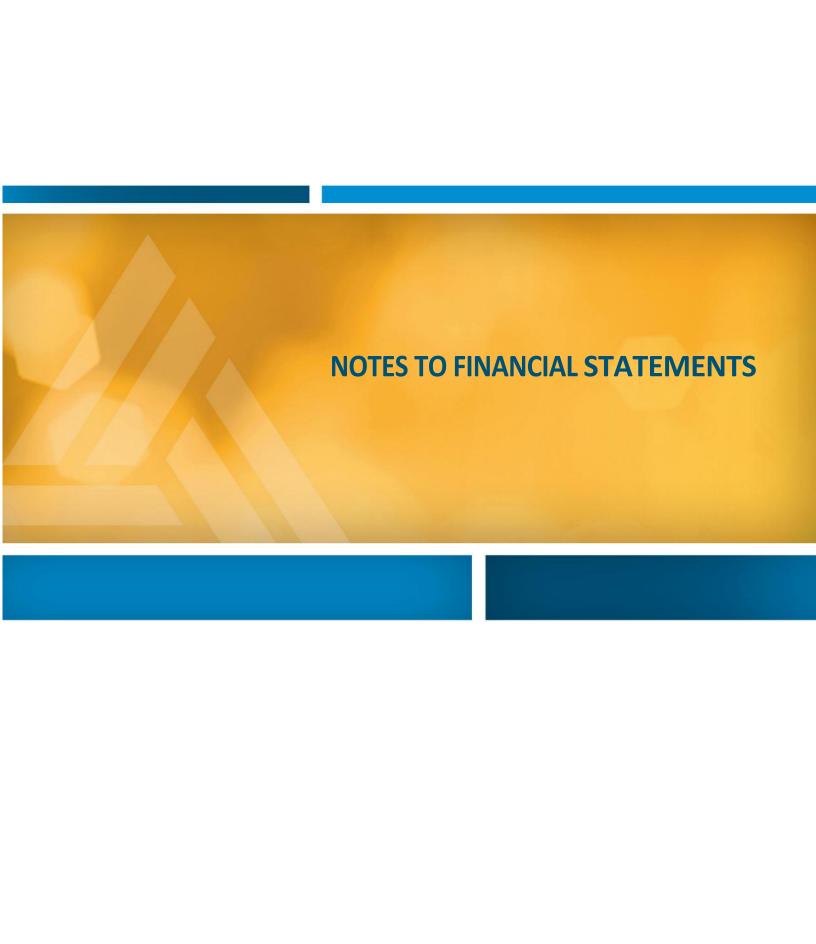
City of Weslaco, Texas Statement of Changes in Fiduciary Net Position Fiduciary Funds

For the Fiscal Year Ended September 30, 2017

For the Fiscal Year Ended September 30, 2017		Pension	Private-purpose			
	Ti	rust fund		ust fund		
	Fi	iremen's				
	R	elief and	Marion Booth Endowment Fund			
	Re	etirement				
Additions						
Contributions						
Employer contributions	\$	492,093	\$	-		
Plan member contributions		476,078		-		
Total contributions		968,171		-		
Investment income						
Net appreciation in fair value of investments		735,176		-		
Interest and dividends		200,263		5,130		
Total investment income		935,439		5,130		
Less investment expense		(57,539)				
Net investment income (loss)		877,900		5,130		
Total additions		1,846,071		5,130		
Deductions						
Benefits paid		540,997		-		
Refunds of contributions		7,166		-		
Administrative expenses		54,675		2,927		
Total deductions		602,838		2,927		
Net change in fiduciary net position		1,243,233		2,203		
Net Position, beginning of year		9,186,148		490,030		
Net position, end of year	\$ 1	10,429,381	\$	492,233		

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

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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).

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 discretely presented component unit. Its Board is appointed by the City Commission and the City has the ability to impose its will.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 its 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 five non-profit corporation's referred to in Note 14 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 corporations 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.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of inter-fund activity, within the governmental activities 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 reports the General, and Capital Improvement Program Fund as 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 restricted 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). The Capital Improvement Program Fund is reported as a major capital projects fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and 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.

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.

Fiduciary Funds

Additionally, the City reports certain fiduciary funds. Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, or a private purpose trust is used. The City is trustee, or fiduciary, of the Firemen's Relief and Retirement Fund which is included as a pension trust fund in the accompanying financial statements. The city is also trustee, or fiduciary, of the Marion Booth Endowment Fund which is included as a private-purpose trust fund in the accompanying financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

The City reports unearned revenue on its balance sheet/statement of net position. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet/statement of net position and revenue is recognized.

New Accounting Standards Adopted

GASB Statement No. 77, Tax Abatement Disclosures, applies to financial reports of all state and local governmental entities, addresses the reduction of tax revenues resulting from an agreement between a government and an individual in which the government forgoes tax revenues and the individual promises to take specific action as a result of the agreement that contributes to the economic development to benefit the government or citizens of the government, and relates to agreements entered into by the reporting government or agreements entered into by other governments that reduce the reporting government's tax revenues. In fiscal year 2017, the City did not have tax abatement agreements that require disclosure in the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal years beginning after June 15, 2017. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. GASB Statement No. 75 also identified the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition GASB Statement No. 75 addresses the recognition and disclosure requirements for employers with liabilities to a defined benefit other postemployment benefits plan and for employers whose employees are provided with defined contribution other postemployment benefits. Management is evaluating the effects that the full implementation of GASB Statement No. 75 will have on its financial statements for the year ended September 30, 2018.

In May 2017, the GASB issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources- resources other than the proceeds of refunding debtare placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2021.

Statement No. 84, *Fiduciary Activities* – This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will become effective for the City in fiscal year 2020.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Cash Equivalents

All fund types consider cash and cash equivalents to include all highly liquid investments with maturity of three months or less when purchased.

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.

Prepaid Items

Expenditures made to third party vendors for goods and services that will benefit periods beyond September 30, 2017 are recorded as prepaid items, in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Inventories

Inventories are valued at cost, which approximates market value, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Short-Term Inter-fund Receivables and Payables/Internal Balances

Short-term lending/borrowing between funds that result in amounts outstanding at the end of the fiscal year are referred to as "due to/from other funds". Due to/from other funds" represent the current portion of interfund loans. With respect to the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

Interfund Transfers

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

Buildings20 - 50 yearsWater and Wastewater System30 - 50 yearsInfrastructure20 - 35 yearsMachinery and Equipment5 - 10 yearsImprovements20 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the government activities column. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the period incurred. Bond insurance costs are considered as prepaid items.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, whether or not withheld from debt proceeds, are reported as debt service expenditures.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Deferred Outflows and Inflows of Resources

In addition to assets, the combined balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflow of resources related to pensions and other deferred charges as further described in Note 13.

In the addition to liabilities, the combined balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports unavailable revenue, as a deferred inflow of resources in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to pension as further described in Note 13.

Fund Balance Policies

In accordance with GASB statement No. 54, the City's policy provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories.

In addition to the nonspendable fund balance, the City's policy has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the City from its highest level of decision making authority. The responsibility to commit funds rests with the Commissioners. Committed amounts cannot be used for any other purpose unless the Commission authorizes it.
- Assigned: fund balances that contain self-imposed constraints of the City to be used for a particular purpose. The responsibility to assign funds rests with the City Manager.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policies (Continued)

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.

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fair Value Measurements

Investments are carried at fair value as defined in GASB Statement 72 "Fair Value Measurement and Application". Consistent with GASB Statement 72, the City categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the City's Firemen's Relief and Retirement Fund Investments a detail of the fair value hierarchy of investments held by the City are disclosed in Note 3 to the financial statements.

Net Position

Net position represents the difference between assets, deferred outflow of resources, and liabilities, deferred inflow of resources. Net investment in capital assets 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.

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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.

Reclassification

The financial statements for the fiscal year ended September 30, 2016 have been reclassified to conform with the presentation of the financial statements for the fiscal year ended September 30, 2017.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City Charter established 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.

Upon receipt of the budget estimates, the Commission holds a public hearing on the proposed budget. Information about the Budget is then published in the official newspaper of the City.

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 within a department; 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.

Formal budgetary integration is employed as a management control device during the year for the General, Hotel/Motel Tax - Special Revenue, Debt Service Fund, and Capital Improvement Program and Fire Department Equipment Replacement- capital project funds. In addition, the Water and Wastewater, Solid Waste, and Airport Proprietary Funds and the Equipment Replacement Internal Service Fund also employ formal budgetary integration as a management control device during the year. Budgets for these funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

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

Current year appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the City Commission through September 30, 2017. All budget appropriations lapse at year-end except for the Community Development Block Grants (CDBG). Although they are appropriated annually, unspent appropriations in the Community Development Block Grants (CDBG) are appropriated under the same objects of expenditures in subsequent grant periods.

Expenditures may not legally exceed budgeted appropriations at the department level. During the year, several supplementary appropriations were necessary.

Expenditures over Appropriations

At September 30, 2017, expenditures in the following departments exceeded appropriations:

Public safety (\$308,910) Economic Development (156,915) Debt Service: Principal (298,589)

Public Safety – overtime expenditures and vehicle repair costs were higher than projected.

Economic Development – Sales were better than expected this year, so the rebate on sales tax was higher than projected.

Debt Service: Principal – a 380 agreement that was not billed last year, was billed together with current payment due. This caused current year expenditures to be higher than projected.

NOTE 3: DEPOSITS AND INVESTMENTS

It is the City's policy, as well as a requirement in its Depository agreement, for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2017. At year-end, the respective bank balance totaled \$17,753,868. 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 \$22,550,000. The collateral was held at third party banks (safekeeping banks) in the City's name under a joint safekeeping agreement between various banks and the City.

Investments

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

Deposits and investment with investment maturities, including accrued interest, as of September 30, 2017 are as follows:

	Inv	estment Ma	turities	s (in years)	Gı	reater
	Value 1 or less				thai	n 1 year
Component Unit						
Certificates of Deposit	\$	695,256	\$	695,256	\$	-

The component unit reports certain assets held for resale. At the time of acquisition, these assets were purchased to further economic objectives. These assets held for resale must be reported at net realizable value. As of September 30, 2017, the component unit reported assets held for resale at \$402,734.

A reconcilement of cash and investments follows:

	Governmental		Component		
	Activities	Activities		Total	Unit
Cash	\$ 7,753,990	\$ 979,857		8,733,847	\$ 4,275,962
Restricted cash	304,684	3,520,277		3,824,961	889,969
Cash equivalents- TexPool	3,861,824	504,667		4,366,491	
Total cash and cash equivalents	\$ 11,920,498	\$ 5,004,801	\$	16,925,299	\$ 5,165,931
Investments:					
Certificates of deposit	\$ -	\$ -	\$	-	\$ 695,256
Total cash and investments	\$ 11,920,498	\$ 5,004,801	\$	16,925,299	\$ 5,861,187

See Note 6 for components of cash restrictions.

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

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

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

Credit Risk

As of September 30, 2017 the investments in TexPool investment pools were rated AAAm by Standard and Poor's.

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

Public Funds Investment Pools

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

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

The City reports its local government investment pools at amortized cost as permitted by Section I50: *Investments* of the GASB Codification. In addition, the pools do not have any limitations and restricts on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Firemen's Relief and Retirement Fund Investments

The Firemen's Relief and Retirement Fund Investments are recorded at fair value as of September 30, 2017. The composition of these investments is as follows:

	Fair Value					
Equities	\$	7,584,951				
Fixed income						
Money market mutual funds		215,897				
Municipal bonds		1,555,919				
Corporate bonds		822,502				
Total fixed income		2,594,318				
Total investments	\$	10,179,269				

The Firemen's fund has adopted the provisions of GASB Statement 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under generally accepted accounting principles. A summary of the hierarchy is as follows:

Level 1 inputs are quoted prices in active markets for identical assets	\$ 8,414,691
Level 2 inputs are signficant other observable inputs	1,764,578
Total investments	\$ 10,179,269

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

Custodial Credit Risk

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

Concentration of Credit Risk

The allocation of assets among various asset classes is set by the Board with the objective of optimizing the investment return of the Plan within framework of acceptable risk and diversification. For major asset classes (e.g., domestic equities, international equities, fixed income, alternative investments, private equity and real estate, and specialty), the Plan where such broker is also affiliated with the manager who is making the transaction are prohibited, unless specifically approved by the Plan.

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Firemen's Relief and Retirement Fund Investments - Continued

Interest Rate Risk

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

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

Credit Risk

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

Foreign Currency Risk

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

NOTE 4: RECEIVABLES

Receivables at September 30, 2017, consist of the following:

			P	rim	ary Governme	ent						
		G	overnmenta	ıl			Busines	s-type		_		
			Other							Total		
	General	G٥١	ernmental/			Water and	Solid	Airport		Primary	Cor	mponent
	Fund		Funds		Total	Wastewater	Waste	Fund	Total	Government		Unit
Ad valorem taxes	\$1,309,250	\$	435,792	\$	1,745,042	\$ -	\$ -	\$ -	\$ -	\$ 1,745,042	\$	-
Sales taxes	892,390		-		892,390	-	-	-	-	892,390		-
Customer charges	28,870		-		28,870	3,258,315	1,257,955	29,605	4,545,875	4,574,745		-
Hotel/Motel taxes	-		140,895		140,895	-	-	-	-	140,895		-
Ambulance fees	4,543,516		-		4,543,516	-	-	-	-	4,543,516		-
Other	662,794		24,597		687,391		-	-	-	687,391		267,555
Gross receivables	7,436,820		601,284		8,038,104	3,258,315	1,257,955	29,605	4,545,875	12,583,979		267,555
Less allowance for uncollectibles	(3,834,971)		(147,867)		(3,982,838)	(1,158,518)	(582,201)	-	(1,740,719)	(5,723,557)		-
Net total receivables	\$3,601,849	\$	453,417	\$	4,055,266	\$ 2,099,797	\$ 675,754	\$29,605	\$ 2,805,156	\$ 6,860,422	\$	267,555

NOTE 4: RECEIVABLES (Continued)

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

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

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

The following is a summary of notes receivable payable to the EDC at September 30, 2017:

Loan to CIL Properties	\$ 130,877
Loan to SESA	20,000
Loan to Downtown Properties	78,137
Promissory note from LRGVDC (Building Sale)	1,391,330
Promissory note from SDI Weslaco Holdings, Inc.	898,206
Total notes receivable	\$ 2,518,550

Total note receivable from SDI Weslaco Holdings, LLC (SDI) was \$2,213,255 at 8% interest rate. This note is secured by a Chapter 380 Economic Development Agreement between the City of Weslaco, Texas and SDI. SDI has assigned the annual payments due from the City to the Economic Development Corporation, (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 \$236,035 under the 380 Agreement.

Notes with Economic Incentives

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 unavailable revenue. That is to control compliance with the agreements. The long-term note receivable principal payments are recognized as revenues, with equal off-set to unavailable revenue. Note balances had equal unavailable revenue at September 30, 2017.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 is as follows:

	Beginning					Ending
	Balance	Additions	Transfers	ransfers Retirements		Balance
Governmental Activities						
Capital assets not been depreciated						
Land	\$ 3,925,705	\$ 657,207	\$ -	\$	-	\$ 4,582,912
380 Agreements Infrastructure	7,629,307	-	-		-	7,629,307
Construction-in-progress	1,724,505	77,503	(1,724,506)		-	77,502
Total capital assets, not being depreciated	13,279,517	734,710	(1,724,506)		-	12,289,721
Capital assets been depreciated						
Buildings	17,371,818	5,801	1,014,960		-	18,392,579
Equipment	12,092,972	502,317	-		(9,835)	12,585,454
Improvements	42,853,948	969,940	709,546		-	44,533,434
Capital Leases	3,274,825	1,728,267	-		-	5,003,092
	75,593,563	3,206,325	1,724,506		(9,835)	80,514,559
Less accumulated depreciation for:						
Buildings	6,946,641	434,296	-		-	7,380,937
Equipment	7,211,233	767,067	-		(4,034)	7,974,266
Improvements	22,478,557	1,402,165	-		-	23,880,722
Capital Leases	931,421	550,280	-		-	1,481,701
Total accumulated depreciation	37,567,852	3,153,808	-		(4,034)	40,717,626
Total capital assets being depreciated, net	38,025,711	52,517	1,724,506		(5,801)	39,796,933
Governmental Activities, capital assets, net	\$ 51,305,228	\$ 787,227	\$ -	\$	(5,801)	\$ 52,086,654

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

Governmental activities	
General government	\$ 806,293
Public Safety	369,060
Emergency Medical Services	144,283
Public Works	1,400,977
Culture and Recreation	433,195
	\$ 3,153,808

NOTE 5: CAPITAL ASSETS (Continued)

	Beginning				Transfers/			Ending
	Balance	Add	itions	Re	classification	Retirements		Balance
Business-type Activities:								
Capital assets not being depreciated								
Land	\$ 2,551,870	\$	-	\$	-	\$	-	\$ 2,551,870
Construction in Progress	48,178,598	3,0	88,920		(1,873,895)		-	49,393,623
Total capital assets not being depreciated	50,730,468	3,0	88,920		(1,873,895)		-	51,945,493
Capital assets being depreciated								
Buildings	1,679,646		-		-		-	1,679,646
Equipment	8,738,182	3	37,237		-	(43	37,801)	8,637,618
Improvements	74,693,645	3	00,339		1,873,895		-	76,867,879
Total capital assets being depreciated	85,111,473	6	37,576		1,873,895	(43	37,801)	87,185,143
Less accumulated depreciation for:								
Building	1,307,123		22,448		-		-	1,329,571
Equipment	7,594,730	2	72,106		-	(43	37,592)	7,429,244
Improvements	30,400,137	2,5	65,683		-		-	32,965,820
Total accumulated depreciation	39,301,990	2,8	60,237		-	(43	37,592)	41,724,635
Total capital assets being depreciated, net	45,809,483	(2,2	22,661)		1,873,895		(209)	45,460,508
Business-type activities capital assets, net	\$ 96,539,951	\$ 8	66,259	\$	-	\$	(209)	\$ 97,406,001

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

Business-type activities:	
Water and Wastewater	\$ 2,519,764
Solid Waste	7,104
Airport	333,369
Total depreciation expense- Business-type activitie	\$ 2,860,237

	Beginning Balance Ad			Transfers/						Ending		
				Additions Reclassification			Retirements			Balance		
Component Unit:												
Capital assets not being depreciated												
Land	\$	19,709	\$	-	\$	-	\$	-	\$	19,709		
Construction in Progress		20,749		75,737		-		-		96,486		
Total capital assets not being depreciated		40,458		75,737		-		-		116,195		
Capital assets being depreciated												
Buildings		2,181,286		-		-		-		2,181,286		
Machinery and equipment		167,655		7,090		-		-		174,745		
Total capital assets being depreciated		2,348,941		7,090		-		-		2,356,031		
Less accumulated depreciation for		404,354		69,292		-		-		473,646		
Total capital assets being depreciated, net		1,944,587		(62,202)		-		-		1,882,385		
Business-type activities capital assets, net	\$	1,985,045	\$	13,535	\$	-	\$	-	\$	1,998,580		

Depreciation of \$69,292 was charged to general government functions.

7,720,000

NOTE 6: LONG-TERM DEBT

Business-Type Activities Bonded Debt

bearing interest rates of 2.00% to 3.00%.

Business-type activities bonded debt as of September 30, 2017 is as follows:

\$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%	\$ 273,529
\$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%.	440,000
\$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%.	3,720,000
\$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%.	2,620,000
\$9,075,000 Tax and Revenue Certificate of Obligation, Series 2014, dated March 1, 2014, due in annual installments varying from \$75,000 through \$1,355,000 through February 15, 2034.	9,075,000
\$15,750,000 Limited Tax Refunding Bonds, Series 2016, dated June 7, 2016, due in annual installments varying from \$290,000 to \$2,285,000 through August 15, 2032, bearing interest rates of 4.00%-5.00%.	15,750,000
\$19,545,000 Limited Tax Refunding Bonds, Series 2017, dated August 16, 2017, due in annual installments varying from \$500,000 to \$2,285 through February 15, 2027, bearing interest rates of 4.00%-5.00%.	19,545,000
Total Business-Type Activities Bonded Debt	\$51,423,529
Governmental Activities Bonded Debt	
Governmental activities bonded debt as of September 30, 2017 is as follows:	
\$4,064,918 General Obligation Refinancing Bond, Series 2010, (Target Savings), due in annual installments of \$367,908 to \$526,148 through February 19, 2019, bearing interest rates at 3.1%	\$ 1,037,731
\$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,	

NOTE 6: LONG-TERM DEBT (Continued)

\$6,750,000 Tax and Revenue Certificate of Obligation, Series 2013, dated September 19, 2013, due in annual installments varying from \$90,000 to \$570,000 through August 15, 2033, bearing interest rates of 2.00% to 5.00%.	\$ 6,345,000
\$3,735,000 Limited Tax Refunding Bonds, Series 2016, dated June 7, 2016, due in annual installments varying from \$265,000 to \$530,000 through February 15, 2027, bearing interest rates of 4.00%-5.00%.	3,735,000
Total Governmental Activities Bonded Debt	\$18,837,731
Capital Leases	
\$1,901,245 Municipal lease agreement, dated December 12, 2013. The terms of the note include monthly payments of \$34,880 beginning January 14, 2014, continuing until December 14, 2019. The note was used to purchase machinery and equipment.	\$515,270
\$326,727 Frost Municipal lease agreement dated May 5, 2015. The terms of the capital lease include monthly payments of \$5,761 beginning June 2015. The lease was used to purchase equipment.	178,694
\$331,572 Kansas State Bank lease agreement dated September 15, 2015. The terms of the capital lease include annual payments of \$69,968 beginning January 2016. The lease was used to purchase equipment.	200,449
\$525,000 Frost Municipal Lease agreement dated January 28, 2016. The terms of the capital lease include annual payments of \$60,288 beginning October 2016. The lease was used to purchase a fire truck.	472,397
\$190,281 Frost Municipal lease agreement dated January 28, 2016. The terms of the capital lease include annual payments of \$39,837 beginning February 2016. The lease was used to purchase an ambulance and other vehicle.	114,128
\$779,159 Frost Municipal lease agreement dated September 21, 2016. The terms of the capital lease include annual payments of \$162,593 beginning November 2016. The lease was used to purchase police radios, base stations, and dispatch consoles.	616,566
\$670,000 Frost Municipal lease agreement dated December 12, 2016. The terms of the capital lease include annual payments of \$76,883 beginning September 2017. The lease was used to purchase a fire truck.	606,705
\$218,544 Frost Municipal lease agreement dated January 17, 2017. The terms of the capital lease include annual payments of \$47,041 beginning February 2018. The lease was used to purchase an ambulance and other vehicle.	218,543
\$60,564 Frost Municipal lease agreement dated July 12, 2017. The terms of the capital lease include annual payments of \$13,153 beginning February 2016. The lease was used to purchase a brush truck.	60,564
Total Governmental Activities Capital Lease Debt	\$2,983,316

NOTE 6: LONG-TERM DEBT (Continued)

Notes	Pa	vah	le
INULES	гu	vuu	10

A note dated December 9, 2016 and payable to Carlos J. Garza, Christiaan Van Der Graaff and Ysabella Van Der Graaff for \$456,707. The terms of the note include principal and interest payments of \$5,421 beginning January 9, 2017, continuing monthly thereafter until December 9, 2021, when the entire balance, including principal and interest will be due and payable. The interest rate is a fixed 7.00%. The note is secured a vendor's lien and superior title.	\$ 431,33 <u>3</u>
Total Governmental Activities Note Payable Debt	\$ 431,333
Component Unit Bonded Debt	
Component Unit bonded debt as of September 30, 2017 is as follows:	
\$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%.	\$ 730,000
\$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%.	1,275,000
\$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%. Total Revenue Bonds	1,675,000 \$3,680,000
Notes Payable	\$3,080,000
A note dated December 22, 2015 and payable to Texas National for \$283,000. The terms of the note include principal and interest payments of \$3,012 beginning January 22, 2016, continuing monthly thereafter until November 22, 2022, when the entire balance, including principal and interest will be due and payable. The interest	
rate is a fixed 5.00%. The note is secured by 17.12 acres in the industrial park.	242,491
Total Component Unit Revenue Bonds and Notes Payable	\$3,922,491

NOTE 6: LONG-TERM DEBT (Continued)

Transactions for the year ended September 30, 2017 are summarized as follows:

		Balance October 1		Additions	Balance Deletions September 3			Due Within One Year	
Governmental Activities:									
General Obligation Bonds	\$	1,532,231	\$	_	\$ 494.500	Ś	1,037,731	\$	510,324
Certificates of Obligation	•	19,285,000	·	-	1,485,000	·	17,800,000	•	1,375,000
Capital Leases		2,099,678		1,728,267	844,629		2,983,316		1,025,641
Bond Premium		1,171,661		-	170,921		1,000,740		-
380 Agreement Infrastructure		3,719,205		-	898,589		2,820,616		-
Notes Payable		-		456,707	25,374		431,333		35,876
Compensated Absences		2,572,882		1,168,150	982,034		2,758,998		275,900
Municipal net pension liability		6,916,687		-	386,607		6,530,080		-
Firemen's net pension liability		4,588,953		113,098	_		4,702,051		
Total Governmental Activities		41,886,297		3,466,222	5,287,654		40,064,865		3,222,741
Business-Type Activities:									
General Obligation Bonds	\$	404,029	\$	-	\$ 130,500	\$	273,529	\$	134,676
Revenue Bonds Payable		870,000		-	430,000		440,000		440,000
Certificate of Obligation		49,260,000		19,545,000	20,715,000		48,090,000		-
Bond Premium		4,734,806		3,667,740	1,493,442		6,909,104		-
Tax Notes		4,810,000		-	2,190,000		2,620,000		2,620,000
Compensated Absences		108,860		73,165	39,226		142,799		14,280
Customer deposits		1,020,942		42,362	-		1,063,304		-
Landfil Closure		536,079		-	67,722		468,357		-
Municipal net pension liability		894,319		-	34,580		859,739		-
Total Business-Type Activities		62,639,035		23,328,267	25,100,470		60,866,832		3,208,956
Total Primary Government	\$	104,525,332	\$	26,794,489	\$ 30,388,124	\$	100,931,697	\$	6,431,697
Component Unit:									
Revenue Bonds	\$	4,335,000	\$	-	\$ 655,000	\$	3,680,000	\$	675,000
Notes Payable		266,056		-	23,565		242,491		24,392
Total Component Unit	\$	4,601,056	\$	-	\$ 678,565	\$	3,922,491	\$	699,392

General Obligation Bonds and Certificates of Obligation

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time that taxes are levied, the rate of tax required to provide (in each year that bonds are outstanding) the funds to pay for interest and principal at maturity. The City is in compliance with this requirement.

No General Obligation Bonds or Certificates of Obligation were issued for the fiscal year ended September 30, 2017.

NOTE 6: LONG-TERM DEBT (Continued)

Revenue Bonds

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

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

The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special fund noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2017.

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

No Revenue Bonds were issued for the fiscal year ended September 30, 2017.

Tax Notes

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

Defeased Bonds Outstanding

The City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. The balance of defeased debt outstanding as of September 30, 2017 amounted to \$43,345,000.

Limited Tax Refunding Bonds, Series 2017

The City issued \$19,545,000 Limited Tax Refunding Bonds, Series 2017 to advance refund a portion of the City's outstanding debt in order to lower the overall debt service requirements of the City. The advance refunding was authorized to refund \$20,615,000 of the Series 2012 Tax and Revenue Certifications of Obligation in business type activities.

The bonds are collateralized by property taxes levied against all taxable property within the limits prescribed by law and are further secured by net revenues from the operation of the City's combined waterworks and sewer system. The bonds will be repaid over a 15 year period, which began February 15, 2018 and carry interest rates at 3.00%-5.00% with interest payment dates of February 15 and August 15. The refunding was undertaken to take advantage of favorable interest rates. The cash flow requirement of the refunded bonds, prior to the refunding, was \$24,377,425 from September 30, 2017 through February 15, 2027. The cash flow requirements of the 2017 refunding bonds are \$22,947,736 for the same period. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,429,689.

NOTE 6: LONG-TERM DEBT (Continued)

Bond Authorized and Unissued

At September 30, 2017, the City had no General Obligations Bonds and Revenue Bonds which were authorized and unissued.

The following table summarizes the restricted cash and investments as of September 30, 2017:

	 ernmental ctivities	siness-Type Activities	Primary Government	Component Unit		
Cash and cash equivalents:	 ectivities	 tetivities	Government		Ome	
Cash restricted for construction	\$ -	\$ 1,436,372	\$ 1,436,372	\$	889,969	
Cash restricted from PEG fee collection	304,684	-	304,684		-	
Cash restricted for bond retirement	-	986,377	986,377		-	
Cash restricted from customer utility deposits	-	1,063,304	1,063,304		-	
Cash in Escrow	-	34,224	34,224		-	
Total	\$ 304,684	\$ 3,520,277	\$ 3,824,961	\$	889,969	
Investments:						
Restricted for bond reserve	\$ -	\$ -	\$ =	\$	695,256	

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

General Obligation Bonds

	Governmental Activities										Business-Type Activities						
						Total											
Year Ending September 30,		Principal		Interest	Requirements			Principal		Interest	Req	uirements					
2018	\$	510,324	\$	24,220	\$	534,544	\$	134,676	\$	6,392	\$	141,068					
2019		527,407		8,155		535,562		138,853		2,152		141,005					
Total	\$	1,037,731	\$	32,375	\$	1,070,106	\$	273,529	\$	8,544	\$	282,073					

Certificates of Obligations

	Go	ve rn	mental Activi	ties		Bus	ine	ss-Type Activi	Total Requirements					
Year Ending September 30,	Principal		Interest	Re	Total quirements	Principal Interest				Red				
2018	\$ 1,375,000	\$	638,675	\$	2,013,675	\$	-	\$	2,140,030	\$	2,140,030			
2019	1,415,000		595,450		2,010,450		2,210,000		2,202,350		4,412,350			
2020	2,000,000		542,425		2,542,425		2,865,000		2,098,000		4,963,000			
2021	2,055,000		482,947		2,537,947		2,975,000		1,978,400		4,953,400			
2022	2,115,000		426,812		2,541,812		3,085,000		1,853,526		4,938,526			
2023-2027	5,790,000		1,434,850		7,224,850		18,240,000		6,917,930		25,157,930			
2028-2032	2,480,000		519,550		2,999,550		16,065,000		3,029,178		19,094,178			
2033-2036	570,000		28,500		598,500		2,650,000		193,776		2,843,776			
Total	\$ 17,800,000	\$	4,669,209	\$	22,469,209	\$	48,090,000	\$	20,413,190	\$	68,503,190			

NOTE 6: LONG-TERM DEBT (Continued)

Revenue Bonds

Business-Ty	pe Activities

Year Ending September 30,	Pi	rincipal	Interest	Re	quirements
2018	\$	440,000	\$ 7,018	\$	447,018
Total	\$	440,000	\$ 7,018	\$	447,018

Tax Notes

Ducin	occ Typo	Activities

Year Ending September 30,	F	Principal	Interest	Requirement			
2018	\$	2,620,000	\$ 72,050	\$	2,692,050		
Total	\$	2,620,000	\$ 72,050	\$	2,692,050		

Notes Payable

Governmental Activities

Year Ending September 30,	Pi	rincipal	Interest	Total
2018	\$	35,876	\$ 29,176	\$ 65,052
2019		38,367	26,685	65,052
2020		41,038	24,014	65,052
2021		43,902	21,150	65,052
2022		272,150	3,232	275,382
Total	\$	431,333	\$ 104,257	\$ 535,590

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

	Revenue Bonds					Notes F				
Year Ending September 30,	1	Principal		Interest		Principal	Interest			Total
2018	\$	675,000	\$	113,204	\$	24,392	\$	11,748	\$	824,344
2019		690,000		89,566		25,657		10,483		815,706
2020		720,000		65,139		26,963		9,177		821,279
2021		740,000		39,847		28,388		7,752		815,987
2022		420,000		20,390		29,891		6,249		476,530
2023-2027		435,000		6,875		107,200		1,358		550,433
Total	\$	3,680,000	\$	335,021	\$	242,491	\$	46,767	\$	4,304,279

NOTE 6: LONG-TERM DEBT (Continued)

The following is a schedule of the future minimum lease payments under capital leases as of September 30, 2017:

Capital Leases

				Go	ve rn ı	mental Activiti	es			
	Fros	t Municipal	Fro	st Muncipal	Ka	Kansas State		Frost Muncipal		st Muncipal
Year Ending September 30		Lease		Lease	В	ank Lease		Lease	Lease	
2018	\$	418,564	\$	69,134	\$	69,968	\$	60,288	\$	39,837
2019		104,641		69,134		69,969		60,288		39,837
2020		-		46,089		69,968		60,288		39,837
2021		-		-		-		60,288		-
2022		-		-		-		60,288		-
2023-2027		-		-		-		241,152		-
Total minimum lease payments Less the amount representing		523,205		184,357		209,905		542,592		119,511
Interest		(7,936)		(5,560)		(9,453)		(70,193)		(5,257)
Present value of net minimum										
lease payments	\$	515,269	\$	178,797	\$	200,452	\$	472,399	\$	114,254

	Fros	t Municipal	Fros	Frost Municipal Frost Municipal				t Municipal	
Year Ending September 30		Lease		Lease		Lease	Lease		Total
2018	\$	162,593	\$	13,153	\$	47,041	\$	76,883	\$ 957,461
2019		162,593		13,153		47,041		76,883	643,539
2020		162,593		13,153		47,041		76,883	515,852
2021		162,593		13,153		47,041		76,883	359,958
2022		-		13,153		47,041		76,883	197,365
2023-2027		-		-		-		307,532	548,684
Total minimum lease payments Less the amount representing		650,372		65,765		235,205		691,947	3,222,859
Interest		(33,163)		(5,200)		(16,661)		(86,120)	\$ (239,543)
Present value of net minimum									
lease payments	\$	617,209	\$	60,565	\$	218,544	\$	605,827	\$ 2,983,316

NOTE 7: PROPERTY TAX

The State of Texas Constitution limits the City's ad valorem tax rate for all purposes to \$2.50 per one hundred dollars of assessed valuation. Ad valorem tax revenue during the year ended September 30, 2017 was levied using a rate of \$.6667 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.

NOTE 7: PROPERTY TAX (Continued)

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

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

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

By September 30, the City adopts the tax rate. 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, 2017, were 96.28% 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, 2017, the City had a tax margin of \$1.8133 for every \$100 valuation based upon a maximum ad valorem tax of \$2.50 for every \$100 valuation imposed by Texas Constitutional law.

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

Inter-fund balances at September 30, 2017 consisted of the following individual fund receivables and payables:

Receivable Fund													
		Water and											
		Wastewater Solid Waste Airport Internal											
	Gen	eral Fund		Fund		Fund	und	Ser	vice Fund		Total		
General Fund	\$	-	\$	8,240	\$	641	\$ 3	356,878	\$	148,351	\$	514,110	
Solid Waste Fund		-		2,000,000		-		-		-		2,000,000	
Other Governmental Funds		24,846		-		-		-		-		24,846	
	\$	24,846	\$	2,008,240	\$	641	\$ 3	356,878	\$	148,351	\$	2,538,956	

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

NOTE 9: OPERATING TRANSFERS

Operating transfers at September 30, 2017 consisted of the following:

		Transfer in Funds									
				Capital		Other					
			lm	provement	Go	vernmental	Ai	rport	I	nternal	
Transfer Out Funds	Ge	eneral Fund		Fund		Funds	F	und	Ser	vice Fund	Total
General Fund	\$	-	\$	600,000	\$	599,768	\$ 2	50,000	\$	250,000	\$ 1,699,768
Water and Wastewater Fund		1,565,561		795,000		-		-		-	2,360,561
Solid Waste Fund		125,750		1,000,000		-		-		-	1,125,750
	\$	1,691,311	\$	2,395,000	\$	599,768	\$ 2	50,000	\$	250,000	\$ 5,186,079

Transfers to the capital improvement fund and firemen's equipment replacement fund were made in accordance with ordinances to fund City projects and replace old equipment. In addition, there was a transfer out of the general fund to supplement the airport fund and the debt service fund for expenditures in excess of revenues. There was a transfer from the general fund to the internal service fund for capital lease payments on different capital lease assets used in the City. There were transfers from enterprise funds to the general fund for administrative expenses.

NOTE 10: DEFINED BENEFIT - PENSION PLAN - TMRS

Plan Description

The City of Weslaco participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	154
Inactive employees entitled to but not yet receiving benefits	176
Active employees	<u>219</u>
	<u>549</u>

Contributions

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

NOTE 10: DEFINED BENEFIT - PENSION PLAN - TMRS (Continued)

Employees for the City of Weslaco, Texas were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.22% and 7.5% in calendar 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$714,301 and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.5% per year Overall payroll growth 3.0% per year

Investment Rate of Return 6.75%, net of pension plan investment expense,

including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

After the Asset Allocation Study analysis and experience investigation study the Board amended the long-term expended rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

Long-term

NOTE 10: DEFINED BENEFIT - PENSION PLAN - TMRS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

		O O
		Expected Real
		Rate of Return
Asset Class	Target Allocation	(Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0</u> %	8.00%
Total	<u>100.0</u> %	

Discount Rate

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

NOTE 10: PENSION PLAN – TMRS (Continued)

Schedule of Changes in Net Pension Liability

The change in the City's net pension liability for TMRS pension for the fiscal year ended September 30, 2017 is as follows:

	Increase (Decrease)				
	(a)	(b)		(a)-(b)	
	Total Pension	Plan Fiduciary	Ν	et Pension	
	Liability	Net Position	Lial	oility (Asset)	
Balance at December 31, 2015	\$ 40,982,175	\$ 33,171,169	\$	7,811,006	
Changes for the year					
Service cost	1,414,112	-		1,414,112	
Interest	2,738,324	-		2,738,324	
Difference Between expected/actual experience	(1,124,865)	-		(1,124,865)	
Contributions- employer	-	572,328		(572,328)	
Contributions- employee	-	662,199		(662,199)	
Net investment income	-	2,240,914		(2,240,914)	
Benefit payments, including refunds of					
employee contributions	(2,242,933)	(2,242,933)		-	
Administrative expenses	-	(25,318)		25,318	
Other charges	-	(1,365)		1,365	
Net changes	784,638	1,205,825		(421,187)	
Balance at December 31, 2016	\$ 41,766,813	\$ 34,376,994	\$	7,389,819	

Net pension liability amounts are allocated between the governmental activities and business-type activities in the statement of net position by \$6,530,080 and \$859,739, respectively.

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

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

	1% Decrease	1% Decrease	
	in Discount	Discount Rate	Discount Rate
	Rate (5.75%)	(6.75%)	(7.75%)
City's net pension liability	\$ 13,306,339	\$ 7,389,819	\$ 2,526,444

NOTE 10: PENSION PLAN - TMRS (Continued)

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

For the year ended September 30, 2017 the City recognized pension expense in the amount of \$1,841,536. At September 30, 2017 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of		Deferred Inflows of	
	Resources		Resources	
Differences between expected and actual economic experience				
(net of current year amortization)	\$	377,834	\$	931,978
Changes in actuarial assumptions		426,124		-
Differences between expected and actual investment earnings				
(net of current year amortization)		1,563,465		1,489
Contributions subsequent to measurement date		577,099		-
Total	\$	2,944,522	\$	933,467

Deferred outflows/inflows of resources related to pensions are allocated between the governmental activities and business-type activities in the statement of net position. Please see Note 13 for the allocation of deferred outflows/inflows of resources related to pensions.

\$577,099 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	City
2018	\$ 563,671
2019	590,295
2020	280,366
2021	(376)

NOTE 11: FIREMEN'S PENSION PLAN

Plan Description

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

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

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but	
not yet receiving them.	30
Current employees	<u>62</u>
Total	<u>92</u>

The Firemen's Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits. These benefits vest after twenty years of credited service. Employees may retire at age 55 with twenty years of service. The monthly benefit at retirement is equal to a base benefit of 2.5% of the highest 60-month average salary multiplied by his years of service, with a maximum of 20 years, but not less than \$1,000; plus a longevity benefit equal to \$132 for each year of service in excess of 20 years. Under this plan, Weslaco firefighters are required to contribute 12% of their pay to the fund. The City of Weslaco is required to make contributions which will equal 12% of pay.

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

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

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

NOTE 11: FIREMEN'S PENSION PLAN (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Use to Value Investments

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

Net Pension Liability

The City's Net Pension Liability (NPL) for the Firemen's Fund was measured as of September 30, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of September 30, 2016.

Actuarial Assumptions

Valuation date
Actuarial cost method
Remaining amortization period
Asset valuation method
Actuarial assumptions:
Investment rate of return
Projected salary increases
Inflation

September 30, 2016 Entry age - normal 14.1 years, closed market value

7.25% Graded by service 2.5%

There were no changes in actuarial assumptions from the prior valuation. The base benefit was increased from 2.35% to 2.5% per year of service, with a maximum of 20 years.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of September 30, 2017 are summarized in the following table:

NOTE 11: FIREMEN'S PENSION PLAN (Continued)

	Long-term
	Expected Real
	Rate of Return
Asset Class	(Arithmetic)
Equity	6.0%
Fixed Income	3.5%
Cash	0.0%

Discount rate: The discount rate used to measure the total pension liability was 7.25% net of investment expense. The projection of cash flows used to determine the discount rate assumed that the City contribution would equal 12.00% of payroll and that member contributions would equal 12% of compensation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments was applied to all period of benefit payments to determine the total pension liability.

Schedule of Changes in Net Pension Liability

The change in net pension liability for the Firemen's Fund for the fiscal year ended September 30, 2017 is as follows:

	Increase (Decrease)					
	(a)	(b)			(a)-(b)	
	Total Pension	Pla	n Fiduciary	N	et Pension	
	Liability	Ne	t Position	Liab	ility (Asset)	
Balance at September 30, 2016	\$ 13,775,101	\$	9,186,148	\$	4,588,953	
Changes for the year						
Service cost	463,644		-		463,644	
Interest	995,631		-		995,631	
Difference Between expected/actual experience	-		-		-	
Changes of assumptions	-		-		-	
Contributions- employer	-		483,771		(483,771)	
Contributions- employee	-		476,078		(476,078)	
Net investment income	-		882,963		(882,963)	
Benefit payments, including refunds of					-	
employee contributions	(548,162)		(548,162)		-	
Administrative expenses	-		(51,417)		51,417	
Changes in benefit terms	445,218		-		445,218	
Net changes	1,356,331		1,243,233		113,098	
Balance at September 30, 2017	\$ 15,131,432	\$	10,429,381	\$	4,702,051	

NOTE 11: FIREMEN'S PENSION PLAN (Continued)

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

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

	1% Decrease		1% Increase in
	in Discount	Discount Rate	Discount Rate
	Rate (6.25%)	(7.25%)	(8.25%)
City's net pension liability	\$ 7,054,339	\$ 4,702,051	\$ 2,788,747

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

For the year ended September 30, 2017 the city recognized pension expense in the amount of \$754,419. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred	C	Deferred
	Ou	itflows of	In	flows of
	Resources		Re	esources
Differences between expected and actual economic experience				
(net of current year amortization)	\$	386,643	\$	-
Changes in actuarial assumptions		-		182,158
Differences between expected and actual investment earnings				
(net of current year amortization)		-		253,765
Total	\$	386,643	\$	435,923

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

Fiscal Year Ending September 30,	City
2018	\$ (46,357)
2019	(46,357)
2020	(46,357)
2021	(16,146)
2022	24,637
Thereafter	81,300

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS

Other Plans

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

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

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

Other Postemployment Benefits

The City does not pay any postemployment benefits and no unfunded actuarial accrued liabilities are required under GASB Statement No. 45, Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions.

NOTE 13: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

	Gov	vernmental	Bu	siness-type	Total Primary		
		Activities	-	Activities	Governmen		
Deferred outflows of resources:							
Deferred outflows related to pensions	\$	3,066,052	\$	265,113	\$	3,331,165	
Deferred outflows related to deferred charge on refunding		254,789		2,309,996		2,564,785	
Total deferred outflows of resources	\$	3,320,841	\$	2,575,109	\$	5,895,950	

In addition to deferred outflows of resources the governmental activities reported \$64,200 in unearned revenue related to deposits received on park dedication fees.

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

Deferred inflows related to pensions in governmental activities and business-type activities were \$1,276,282 and \$93,108, respectively.

NOTE 13: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES- (Continued)

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The City reported deferred inflows of resources as of September 30, 2017 as follows:

					Total		
	General	De	bt Service	Go۱	vernmental	Co	omponent
	Fund		Fund		Funds		Unit
Deferred inflows of resources:							
Unavailable revenues- property taxes	\$ 706,961	\$	217,558	\$	924,519	\$	-
Unavailalbe revenues- notes receivable	-		-		-		2,518,550
	\$ 706,961	\$	217,558	\$	924,519	\$	2,518,550

NOTE 14: CITY ADVISORY NON-PROFIT CORPORATION

There are five non-profit corporations owned by the City of Weslaco that are used to attract and promote industry, hospital and housing facilities.

The City Hospital and Housing Corporations (four) act as advisory boards which review and provide recommendations to the City Commission. There are no financial transactions involved.

Weslaco Development Committee, Inc. dissolved during the 2002 fiscal year. The Weslaco Economic Development Corporation absorbed the Weslaco Development Committee, Inc. assets and liabilities. The EDC operations are reported as a discretely presented component unit.

NOTE 15: PROPRIETARY FUND-SANITARY LANDFILL

Recognition of closure and post-closure costs

State and federal EPA laws require final cover closure as well as post-closure care of the City of Weslaco landfill site in Alton, Texas. The Governmental Accounting Standards Board issued Statement No. 18-Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs. This statement addresses the financial statement effect of the EPA rules and 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, \$468,357 was estimated as a closure and post-closure cost. The transfer station, underground petroleum storage tanks, closure and post-closure costs were estimated at \$151,917. The landfill has been closed and post-closure costs liability is estimated at \$468,357. 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, 2017. The post-closure costs include lab tests, gas monitoring, leachate disposal and general monitoring maintenance during its inactive status.

NOTE 16: COMMITMENTS

At September 30, 2017, the City had ongoing commitments related to the following:

		Original			R	emaining
Project	Amount			Expensed		mmitment
Governmental Activities:						_
Issace Rodriguez Park Improvement	\$	400,000	\$	77,503	\$	322,497
Business-Type Activities:						
Urban County/CDBG Water Projects	\$	1,119,639	\$	538,427	\$	581,212
Water Treatment Plant Expansion		48,040,534		43,923,161		4,117,373
Water line Improvements		404,744		243,396		161,348
Pleasantview Sewer line project		323,149		201,000		122,149
Airport Runway Extension (WESLA 1121)		1,081,375		669,454		411,921
Airport Runway Improvements (WESLA 1321)		723,952		252,645		471,307
Airport Drainage Study (WESLA 1421)		175,450		170,408		5,042
Airport Runway Extension (WESLA 1621)		2,806,900		2,508,569		298,331
Total	\$	54,675,743	\$	48,507,060	\$	6,168,683

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

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

	Paid in		Paid in Prior		Paid in		Balance	
Incentives	Co	mmitment		Year		Current Year		Due
Mayan- (Kahn's Grill)	\$	150,000	\$	100,000	\$	25,000	\$	25,000
Motion Industries		53,500		51,000		2,500		-
Mission Foods		60,000		47,500		12,500		-
Wal-Mart Neighborhood		900,000		275,000		125,000		500,000
Payne Auto Group (GMC)		275,000		220,000		55,000		-
Payne Auto Group (Chevy)		275,000		220,000		55,000		-
Payne Auto Group (Ford)		275,000		137,500		52,500		85,000
Texas A&M- Kingsville		30,000		-		30,000		-
BPMP (Chick-Fil-A/Blue Wave)		500,000		100,000		100,000		300,000
Total Monetary Incentives	\$	2,518,500	\$	1,151,000	\$	457,500	\$	910,000

Subsequent year balances of \$910,000 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 17: RISK MANAGEMENT

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

NOTE 18: CONTINGENT LIABILITIES

The City participates in a number of federally assisted grant programs such as the Community Development Block Grants, and the Texas Department of Transportation. These programs are subject to program compliance audits by the grantors or their representatives. The audit of these programs for/or including the year ended September 30, 2017 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.

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

NOTE 19: 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.

NOTE 19: 380 ECONOMIC DEVELOPMENT PROGRAM AGREEMENT- (Continued)

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

				Paym	ents		
		Total					
Agreement	P	Payments	P	rior Years	Cu	rrent Year	Balance
SDI Weslaco Holdings, LLC	\$	3,300,000	\$	1,546,889	\$	340,018	\$ 1,413,093
HEB Grocery Company, LP		3,530,000		1,615,698		521,330	1,392,972
Lowe's Home Center, Inc.		222,870		171,078		37,241	14,551
	\$	7,052,870	\$	3,333,665	\$	898,589	\$ 2,820,616

Sales Tax Rebate Agreements

In addition to the Chapter 380 Agreements, the City also offered sales rebates as additional incentives to the developer and retail establishments, locating within the SDI development project. These rebates are not recorded as a liability or commitment, as the individual amounts are not known until the sales taxes are collected. The total rebates have been set at \$10,500,000. These are to be reimbursed over ten years, beginning April 1, 2011. Total amount reimbursed sales tax proceeds to date is \$4,074,308, of which \$581,915 is current proceeds reimbursed. Total rebates balance owed is \$6,425,692.

NOTE 20: RESTATEMENT OF NET POSITION / PRIOR PERIOD ADJUSTMENT

Prior year amounts of deferred outflows of resources and deferred inflows of resources related to the City's Firemen's pension liability were not recorded in the government wide statement of net position. The prior year has been restated to account for the prior period adjustment for these unrecorded amounts. The effect of the adjustment was an increase to beginning net position in the amount of \$592,041.

NOTE 21: FUND BALANCES

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

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

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

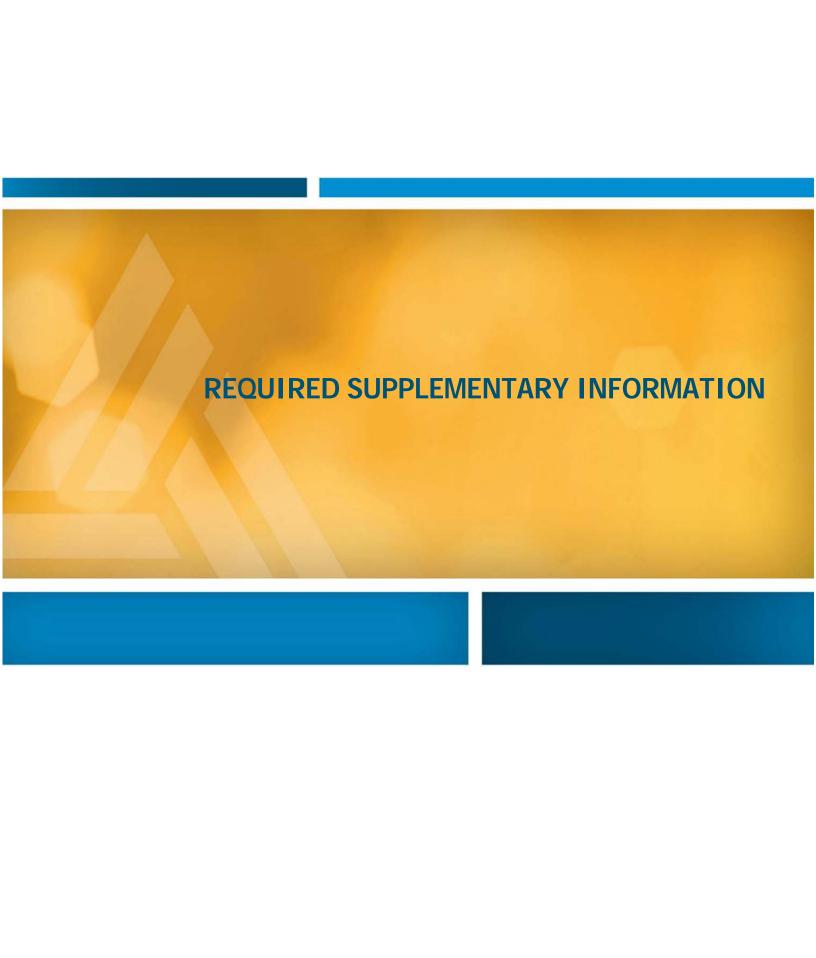
Unassigned – the unassigned fund balance has no constraints.

			Capital		Other				
	General	Improvement		Go	vernmental			Co	mponent
	Fund		Fund		Funds		Total		Unit
Nonspendable:									
Inventories	\$ 11,035	\$	-	\$	-	\$	11,035	\$	-
Prepaid items	7,273		-		-		7,273		-
Nonspendable total	18,308		-		-		18,308		-
Restricted for:									
Street improvments and other capital									
projects	-		-		2,882,246		2,882,246		889,969
Tourism	-		-		574,200		574,200		-
Library activities	-		-		14,364		14,364		-
Project development	-		-		-		-		60,000
Debt Service	-		-		146,217		146,217		695,256
Restricted total	-		-		3,617,027		3,617,027		1,645,225
Assigned:									
Assigned for capital projects	-		1,665,374		335,849		2,001,223		-
Assigned for development projects	-		-		-		-		-
Total assigned	-		1,665,374		335,849		2,001,223		-
Unassigned	7,511,496		-		-		7,511,496		4,780,502
	\$ 7,529,804	\$	1,665,374	\$	3,952,876	\$ 1	3,148,054	\$	6,425,727

NOTE 22: NET POSITION

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

	Governmental Activities	Business-type Activities	Component Unit
Net investment in capital assets:			
Capital assets, net of accumulated depreciation	\$ 52,086,654	\$ 97,406,001	\$ 1,998,580
Less related liabilities	(25,642,403)	(58,332,633)	(972,491)
Plus unexpended bond proceeds	-	1,436,372	-
Net investment in capital assets	26,444,251	40,509,740	1,026,089
Restricted net position consists of the following:			
Debt service	363,775	986,377	695,256
Tourism	574,200	-	-
Library activities	14,364	-	-
Capital projects	-	34,224	889,969
Project development	-	-	60,000
Restricted net position	952,339	1,020,601	1,645,225
Unrestricted net position	588,485	3,647,000	4,333,441
Total net position	\$ 27,985,075	\$ 45,177,341	\$ 7,004,755



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

For the Fiscal year Ended September 30, 2017

	Ruc	dget		Variance With
	Original	Final	Actual	Final Budget
Revenues	28			
Taxes:				
Property taxes	\$ 9,146,294	\$ 9,146,294	\$ 9,715,180	\$ 568,886
Nonproperty taxes	10,569,366	10,569,366	10,820,429	251,063
Fees and charges	2,213,500	2,218,500	2,003,126	(215,374)
Fines and forfeitures	663,240	663,240	752,327	89,087
Licenses and permits	567,475	567,475	664,177	96,702
Intergovernmental	317,202	459,736	585,580	125,844
Investment income	30,700	30,700	75,012	44,312
Miscellaneous	284,058	305,728	314,862	9,134
Total Revenues	23,791,835	23,961,039	24,930,693	969,654
Expenditures				
Current:				
General government	6,215,115	6,461,415	6,395,390	66,025
Public safety	12,678,203	13,291,398	13,600,308	(308,910)
Public works	2,581,034	2,580,634	2,454,826	125,808
Culture and recreation	1,537,532	1,557,532	1,454,613	102,919
Economic development	425,000	425,000	581,915	(156,915)
Debt service:				
Principal	728,130	728,130	1,026,719	(298,589)
Interest and fees	10,972	10,972	10,972	-
Total Expenditures	24,175,986	25,055,081	25,524,743	(469,662)
Deficiency of revenues over				
expenditures	(384,151)	(1,094,042)	(594,050)	499,992
Other financing sources (uses):				
Proceeds from sale of assets	-	-	50,740	50,740
Transfers in	2,716,310	2,716,310	1,691,311	(1,024,999)
Transfers out	(2,585,000)	(2,585,000)	(1,699,768)	885,232
Total other financing sources (uses)	131,310	131,310	42,283	(89,027)
Net change in fund balances	\$ (252,841)	\$ (962,732)	(551,767)	\$ 410,965
Fund balances at beginning of year, as adju	sted		8,081,571	
Fund balances at end of year			\$ 7,529,804	

City of Weslaco, Texas Schedule of Changes in Net Pension Liability and Related Ratios

		Municipal City			Fire	
For the Years Ended September 30,	2017	2016	2015	2017	2016	2015
Total Pension Liability						
Service cost	\$1,414,112	\$ 1,184,809	\$ 1,162,103	\$ 463,644	\$ 421,208	\$ 398,097
Interest (on the total pension liability)	2,738,324	2,603,802	2,504,972	995,631	848,579	845,051
Changes of benefit terms	-	-	-	445,218	427,638	-
Difference between expected and actual experience	(1,124,865)	734,282	(303,648)	-	479,811	-
Changes of assumptions	-	828,135	-	-	(226,052)	-
Benefit payments, including refunds of						
employee contributions	(2,242,933)	(1,947,228)	(1,978,636)	(548,162	(645,296)	(833,923)
Net change in total pension liability	784,638	3,403,800	1,384,791	1,356,331	1,305,888	409,225
Total pension liability – beginning	40,982,175	37,578,375	36,193,584	13,775,101	12,469,213	12,059,988
Total pension liability – ending (a)	\$ 41,766,813	\$ 40,982,175	\$ 37,578,375	\$ 15,131,432	\$ 13,775,101	\$ 12,469,213
Plan Fiduciary Net Position						
Contributions – employer	\$ 572,328	\$ 561,365	\$ 542,202	\$ 483,771	\$ 440,112	\$ 394,360
Contributions – employee	662,199	611,176	591,732	476,078		388,865
Net investment income	2,240,914	50,055	1,882,469	882,963	•	(127,198)
Benefit payments, including refunds of	. ,	,		,	,	, , ,
employee contributions	(2,242,933)	(1,947,228)	(1,978,636)	(548,162	2) (645,296)	(833,923)
Administrative expense	(25,318)	(30,493)	(19,657)	(51,417	7) (45,252)	(85,190)
Other	(1,365)	(1,506)	(1,616)		-	-
Net change in plan fiduciary net position	1,205,825	(756,631)	1,016,494	1,243,233	930,939	(263,086)
Plan fiduciary net position – beginning	33,171,169	33,927,800	32,911,306	9,186,148	8,255,209	8,518,295
Plan fiduciary net position – ending (b)	\$ 34,376,994	\$ 33,171,169	\$ 33,927,800	\$ 10,429,381	\$ 9,186,148	\$ 8,255,209
Net Pension Liability – Ending (a) – (b)	\$7,389,819	\$7,811,006	\$3,650,575	\$4,702,051	\$4,588,953	\$4,214,004
Plan fiduciary net position as a percentage						
of total pension liability	82.31%	80.94%	90.29%	68.939	% 66.69%	66.20%
Covered employee payroll	\$9,452,621	\$ 8,731,090	\$ 8,453,317	\$ 3,967,317	\$ 3,545,525	\$ 3,119,208
Net pension liability as a percentage						
of covered employee payroll	78.18%	89.46%	43.19%	118.529	% 129.43%	135.10%

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

City of Weslaco, Texas Schedule of Contributions

	1	Municipal Cit	У		Fire	
For the years ended September 30	2017	2016	2015	2017	2016	2015
Actuarial determined contribution	\$ 714,301	\$ 613,090	\$ 562,443	\$ 476,07	3 \$ 425,463	\$ 379,251
Contributions in relation to actuarially determined contribution	(714,301)	(613,090)	(562,443)	(483,77)	1) (440,112)	(394,360)
Contribution deficiency (excess)	-	_		(7,69	3) (14,649)	(15,109)
Covered employee payroll	\$9,900,449	\$9,710,623	\$8,538,660	\$3,967,31	/ 	\$3,119,208
Contributions as a percentage of covered employee payroll	7.21%	6.31%	6.59%	12.00	% 12.00%	12.16%

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

City of Weslaco, Texas Notes to Schedule of Contributions

TMRS

Valuation Date: Actuarially determined contribution rates are calculated as December

31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period 29 Years

Asset Valuation Method 10 Year Smoothed Market; 15% Soft Corridor

Inflation 2.5%

Salary Increases 3.5% to 10.5% including inflation

Investment Rate of Return 6.75%

Retirement Age Experience – based table based on rates that are specific to the City's

plan of benefits. Last updated for the 2015 valuation pursuant to an

experience study of the period 2010 – 2014.

Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment with

male rates multiplied by 109% and female rates multiplied by 103%

and projected on a fully generational basis with scale BB.

Other Information: 1) Granted 30% ad hoc COLA. 2) Granted 50% ad hoc USC with

transfer.

FIREMEN'S PENSION

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

The longevity benefit was increased to \$132 per month and there was a one-time ad hoc COLA adjustment of 1% per year for number of years receiving pension during period 2000-2010, with maximum COLA increase of 10% and a minimum increase of \$50 per month. There have been no other plan changes since the prior valuation.

There were no changes to actuarial methods since the prior valuation. The mortality assumption was updated to the RP-2014 mortality tables projected back to 2006 with mortality improvement scale MP-2014 and forward on a generational basis with Scale MP-2016. The voluntary firefighters are no longer being valued as they are not expected to accrue additional service. There have been no other assumption changes since the prior valuation.

City of Weslaco, Texas Notes to Required Supplementary Information

Budgetary Information

Formal budgetary integration is employed as a management control device during the year for the General, Hotel/Motel Tax - Special Revenue, Debt Service Fund, and Capital Improvement Program and Fire Department Equipment Replacement- capital project funds. In addition, the Water and Wastewater, Solid Waste, and Airport Proprietary Funds and the Equipment Replacement Internal Service Fund also employ formal budgetary integration as a management control device during the year. Budgets for these funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

Formal budgetary integration is not employed for certain other Capital Project Funds because effective budgetary control is alternatively achieved through the life of the respective project and not on an annual basis. Therefore, this data is not presented in the accompanying combined financial statements.

Unused appropriations for all of the above annually budgeted funds lapse at the end of each year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Revisions that alter individual expenditure category or department totals within a fund must be approved by the City Council. Therefore, the legal level of budgetary responsibility is the department level.

City Management establishes the amount of estimated revenues and other resources available for appropriation for the succeeding budget year. City Management submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating fund includes proposed expenditures and the means of financing them. Public hearings are conducted at City Hall to obtain taxpayer comments. Prior to October 1, the budget is adopted by the City Council.

Expenditures may not legally exceed budgeted appropriations at the department level. During the year, several budgetary revisions were necessary.

Expenditures over Appropriations

At September 30, 2017, expenditures in the following departments exceeded appropriations:

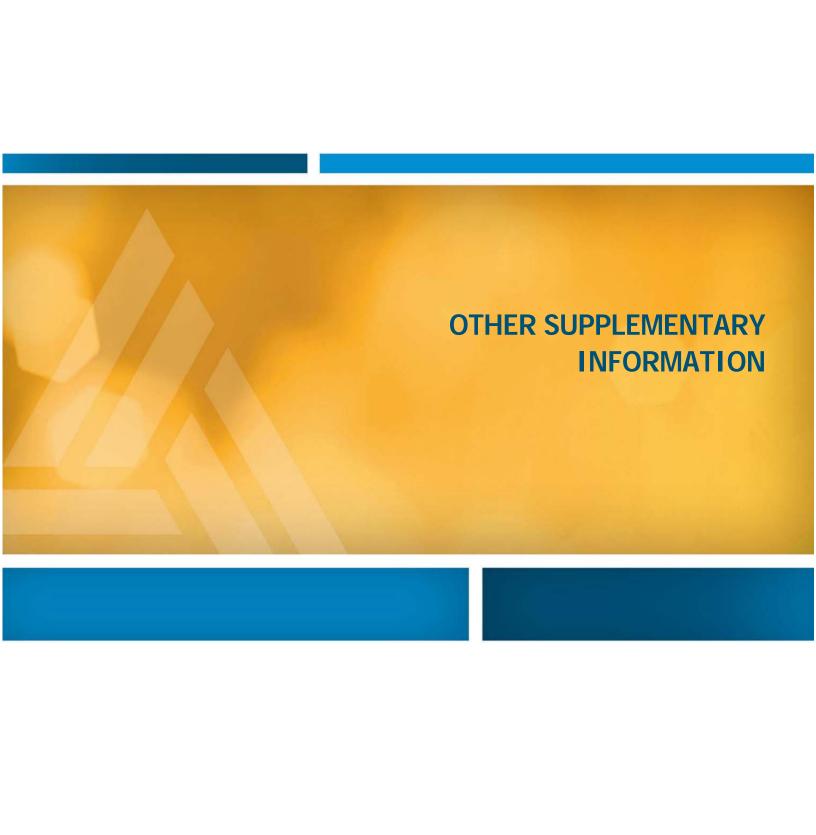
Public safety	(\$308,910)
Economic Development	(156,915)
Debt Service: Principal	(298,589)

Public Safety – overtime expenditures and vehicle repair costs were higher than projected.

Economic Development – Sales were better than expected this year, so the rebate on sales tax was higher than projected.

Debt Service: Principal – a 380 agreement that was not billed last year, was billed together with current payment due. This caused current year expenditures to be higher than projected.

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City of Weslaco, Texas Non-Major Governmental Fund Statements and Component Unit

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

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

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

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

Debt Service Fund: **Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures.

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

City of Weslaco, Texas Non-Major Governmental Fund Combining Balance Sheet

September 30, 2017

September 30, 2017		Special Rev	enu	e Funds		Capital Pro	ojec	ts Fund				
								2013				
					Fire	Department	Ce	ertificate of				Total
		Hotel/			E	quipment	C	Obligation			Debt	Non Major
		Motel		Library	Re	placement	Co	onstruction			Service	Governmental
		Tax		Fund		Fund		Fund	Total		Fund	Funds
Assets												
Cash and Cash Investments	\$	434,539	Ś	14,364	Ś	335,849	Ś	2,878,793	\$3,663,545	Ś	51,005	\$ 3,714,550
Receivables (net of allowance for uncollectibles):	Y	454,555	Y	14,504	Y	333,043	Y	2,070,733	\$ 5,005,545	Y	31,003	ŷ 3,714,330
Ad valorem taxes		_		_		_		_	_		287,924	287,924
Other		140,895		_		_		24,598	165,493		-	165,493
Due from other funds		140,033						24,338	103,433		24,846	24,846
Due from other funds											24,640	24,646
Total Assets	\$	575,434	\$	14,364	\$	335,849	\$	2,903,391	\$3,829,038	\$	363,775	\$ 4,192,813
Liabilities												
Accounts Payable	\$	1,234	\$	-	\$	-	\$	21,145	\$ 22,379	\$	-	\$ 22,379
Total Liabilities		1,234		-		-		21,145	22,379		-	22,379
Deferred Inflows of Resources												
Unavailable revenue- ad valorem taxes		-		-		-		-	-		217,558	217,558
Total Deferred Inflows of Resources		-		-		-		-	-		217,558	217,558
Fund Balances												
Restricted		574,200		14,364		-		2,882,246	3,470,810		146,217	3,617,027
Assigned		-		-		335,849		-	335,849		-	335,849
Total Fund Balance		574,200		14,364		335,849		2,882,246	3,806,659		146,217	3,952,876
Total Liabilities, Deferred Inflows of Resources												
and Fund Balances	\$	575,434	\$	14,364	\$	335,849	\$	2,903,391	\$3,829,038	\$	363,775	\$ 4,192,813

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

For the Fiscal Year Ended September 30, 2017

		Special Reve	nuel	Funds		Capital Proje	ects Funds			
		Hotel/ Motel	ı	Library	E	e Department Equipment eplacement	2013 Certificate of Obligation Construction		Debt Service	Total Non Major Governmental
		Tax		Fund		Fund	Fund	Total	Fund	Funds
Revenues										
Property taxes	\$	_	\$	_	\$	_	\$ -	\$ -	\$ 1,930,656	\$ 1,930,656
Nonproperty taxes	Y	444,151	Y	-	Y	_	-	444,151	-	444,151
Investment income		-		-		_	_	-	28,596	28,596
Miscellaneous		54		-		-	-	54	-	54
Total Revenue		444,205		-		-	-	444,205	1,959,252	2,403,457
Expenditures										
Public safety		-		-		2,550	-	2,550	-	2,550
Public works		-		-		-	115,575	115,575	-	115,575
Culture and recreation		276,439		-		-	-	276,439	-	276,439
Capital outlay		-		-		949,108	-	949,108	-	949,108
Debt service:										
Principal		-		-		152,201	-	152,201	1,979,500	2,131,701
Interest and fees		-		-		24,794	-	24,794	723,649	748,443
Total Expenditures		276,439		-		1,128,653	115,575	1,520,667	2,703,149	4,223,816
Excess (deficiency) of revenues over expenditures		167,766		-		(1,128,653)	(115,575)	(1,076,462)	(743,897)	(1,820,359)
Other financing sources (uses)										
Capital lease proceeds		-		-		949,108	-	949,108	-	949,108
Transfers in		-		-		249,768	-	249,768	350,000	599,768
Total other financing sources (uses)		-		-		1,198,876	-	1,198,876	350,000	1,548,876
Net change in fund balances		167,766		-		70,223	(115,575)	122,414	(393,897)	(271,483)
Fund balances- beginning of year		406,434		14,364		265,626	2,997,821	3,684,245	540,114	4,224,359
Fund balances at end of year	\$	574,200	\$	14,364	\$	335,849	\$ 2,882,246	\$3,806,659	\$ 146,217	3,952,876

City of Weslaco, Texas General Fund Comparative Balance Sheets

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 6,132,490	\$ 7,467,193
Cash and cash equivalents- restricted	304,684	347,095
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	933,382	902,474
Sales taxes	892 <i>,</i> 390	862,805
Ambulance fees	1,135,716	758,685
Other	640,361	460,927
Due from other funds	514,110	292,406
Prepaid items	7,273	31,358
Inventories	11,035	6,034
Total Assets	\$ 10,571,441	\$ 11,128,977
Liabilities	ć 070.27 <i>c</i>	ć 1.013.300
Accounts payable	\$ 878,276	\$ 1,013,290
Accrued salaries and payroll taxes	304,477	262,708
Other liabilities	758,193	687,037
Due to to other funds	24,846	10,478
Payable from restricted assets	304,684	242,209
Unearned revenue	64,200	127,445
Total Liabilities	2,334,676	2,343,167
Deferred Inflows of Resources		
Unavailable revenue- ad valorem taxes	706,961	704,239
Total Deferred Inflows of Resources	706,961	704,239
Fund Balances		
Nonspendable	18,308	37,392
Restricted	-	104,886
Unassigned	7,511,496	7,939,293
Total Fund Balances	7,529,804	8,081,571
Total Liabilities, Deferred Inflows of		
Resources and Fund Balances	\$ 10,571,441	\$ 11,128,977

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

For the Fiscal Years Ended September 30,	2017	2016
Revenues		
Property taxes	\$ 9,715,180	\$ 9,214,051
Nonproperty taxes	10,820,429	10,575,608
Fees and charges	2,003,126	1,644,414
Fines and forfeitures	752,327	698,250
Licenses and permits	664,177	493,175
Intergovernmental	585,580	484,336
Investment income	75,012	37,225
Miscellaneous	314,862	874,273
Total Revenues	24,930,693	24,021,332
Expenditures		
General government	6,395,390	6,346,063
Public safety	13,600,308	12,338,374
Public works	2,454,826	2,393,351
Culture and recreation	1,454,613	2,323,660
Economic development	581,915	589,640
Debt service:		
Principal	1,026,719	505,761
Interest and fees	10,972	8,739
Total Expenditures	25,524,743	24,505,588
Excess (deficiency) of revenues		
over expenditures	(594,050)	(484,256)
Other financing sources (uses):		
Proceeds from sale of assets	50,740	-
Transfers in	1,691,311	798,276
Transfers out	(1,699,768)	(1,257,435)
Total other financing sources (uses)	42,283	(459,159)
Net change in fund balances	(551,767)	(943,415)
Fund balances at beginning of year	8,081,571	9,024,986
Fund balances at end of year	\$ 7,529,804	\$ 8,081,571

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

September 30,	2017	2016		
Assets Cash and cash equivalents Receivables (net of allowance for uncollectibles):	\$ 434,539	\$ 328,311		
Other	140,895	79,313		
Total assets	\$ 575,434	\$ 407,624		
Linkillaine				
Liabilities Accounts payable	\$ 1,234	\$ 1,190		
Total liabilities	1,234	1,190		
Fund balance				
Restricted	574,200	406,434		
Total fund balance	574,200	406,434		
Total liabilities and fund balance	\$ 575,434	\$ 407,624		

City of Weslaco, Texas Special Revenue Fund Hotel Motel Tax Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Years Ended September 30,	2017	2016
Revenues		
Nonproperty taxes	\$ 444,151	\$ 351,911
Miscellaneous	54	14,899
Total revenues	444,205	366,810
Expenditures		
Culture and recreation	276,439	329,808
Total expenditures	276,439	329,808
Net change in fund balances	167,766	37,002
Fund balances at beginning of year	406,434	369,432
Fund balances at end of year	\$ 574,200	\$ 406,434

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

	_			Variance
	Buc	dget		With
	Original	Final	Actual	Final Budget
Revenues				
Nonproperty taxes	\$ 405,000	\$ 405,000	\$ 444,151	\$ 39,151
Miscellaneous	-	-	54	54
	405,000	405,000	444,205	39,205
Expenditures				
Culture and recreation	333,500	333,500	276,439	57,061
Net change in fund balances	\$ 71,500	\$ 71,500	\$ 167,766	\$ 96,266
Fund balances at beginning of year			406,434	
Fund balances at end of year			\$ 574,200	

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

September 30,	2017	2016		
Assets				
Cash and cash equivalents	\$ 14,364	\$	14,364	
Total assets	\$ 14,364	\$	14,364	
Liabilities	\$ -	\$		
Total liabilities	-		-	
Fund balance				
Restricted	14,364		14,364	
Total fund balances	14,364		14,364	
Total liabilities and fund balance	\$ 14,364	\$	14,364	

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

For the Fiscal Years Ended September 30,		2016		
Revenues	\$	-	\$	-
Expenditures		-		
Net change in fund balances		-		-
Fund balances at beginning of year		14,364		14,364
Fund balances at end of year	\$	14,364	\$	14,364

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

September 30,	2017	2016
Assets		
Cash and cash equivalents	\$ 2,878,793	\$ 2,310,614
Receivables (net of allowance for uncollectibles):		
Other	24,598	690,063
Total assets	\$ 2,903,391	\$ 3,000,677
Liabilities		
Accounts payable	\$ 21,145	\$ 2,856
Total liabilities	21,145	2,856
Fund balance		
Restricted	2,882,246	2,997,821
Total Continues	2 002 246	2 007 024
Total fund balances	2,882,246	2,997,821
Total liabilities and fund balance	\$ 2,903,391	\$ 3,000,677

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

For the Fiscal Years Ended September 30,	2017			2016		
Revenues						
Intergovernmental	\$	-	\$	571,469		
Total revenues		-		571,469		
Expenditures						
Public works		115,575		2,295		
Capital outlay		-		1,558,983		
Total expenditures		115,575		1,561,278		
Net change in fund balances		(115,575)		(989,809)		
Fund balances at beginning of year		2,997,821		3,987,630		
Fund balances at end of year	\$	2,882,246	\$	2,997,821		

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

September 30,	2017	2016		
Assets				
Cash and cash equivalents	\$ 1,768,774	\$	1,871,500	
Prepaid items	-		34,311	
Total assets	\$ 1,768,774	\$	1,905,811	
			_	
Liabilities				
Accounts payable	\$ 103,400	\$	186,746	
Total liabilities	103,400		186,746	
Fund balance				
Nonspendable	-		34,311	
Assigned	 1,665,374		1,684,754	
Total fund balances	1,665,374		1,719,065	
Total liabilities and fund balance	\$ 1,768,774	\$	1,905,811	

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

For the Fiscal Years Ended September 30,	2017	2017 201			
Revenues					
Intergovernmental revenue	\$ 137,739	\$			
Total Revenues	137,739		-		
Expenditures					
Public safety	1,647,456		500		
Public works	1,806,927		32,633		
Culture and recreation	405,782		41,675		
Capital outlay	-		560,013		
Debt service:					
Principal	188,717		-		
Interest and fees	23,415				
Total expenditures	4,072,297		634,821		
Excess (deficiency) of revenues					
over expenditures	(3,934,558)		(634,821)		
Other financing sources (uses):					
Proceeds from sale of assets	250,001		_		
Capital lease proceeds	779,159		-		
Note proceeds	456,707		-		
Transfers in	2,395,000		1,103,886		
Total other financing sources (uses)	3,880,867		1,103,886		
Net change in fund balances	(53,691)		469,065		
Fund balances at beginning of year	1,719,065		1,250,000		
Fund balances at end of year	\$ 1,665,374	\$	1,719,065		

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

roi the ristal real Linea September 30, 20.		Ruz	dget			V	ariance With
	0	riginal		inal	Actual	Fin	ial Budget
Revenues							
Intergovernmental	\$	-	\$	-	\$ 137,739	\$	137,739
Total Revenues		-		-	137,739		137,739
Expenditures							
Current:							
Public safety	1	1,300,000	2,	079,159	1,647,456		431,703
Public works		-		943,000	1,806,927		(863,927)
Culture and recreation		470,000		470,000	405,782		64,218
Capital outlay	1	1,713,000		920,000	-		920,000
Debt service:							
Principal		127,440		127,440	188,717		(61,277)
Interest and fees		-		-	23,415		(23,415)
Total Expenditures	3	3,610,440	4,	539,599	4,072,297		467,302
Deficiency of management							
Deficiency of revenues over	1-	0.640.440)	/ 4	F20 F00\	(2.024.550)		COE 044
expenditures	(3	3,610,440)	(4,	539,599)	(3,934,558)		605,041
Other financing sources (uses):							
Proceed from sale of assets	2	2,800,000	2,	800,000	250,001	(2,549,999)
Capital lease proceeds		-		779,159	779,159		-
Note proceeds		-		-	456,707		456,707
Transfers in	2	2,600,000	2,	600,000	2,395,000		(205,000)
Total other financing sources (uses)		,400,000	6,	179,159	3,880,867	(2,298,292)
Net change in fund balances	\$ 1	1,789,560	\$ 1,	639,560	(53,691)	\$ (1,693,251)
Fund balances at beginning of year, as adju	sted				1,719,065		
Fund balances at end of year					\$ 1,665,374		

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

September 30,		2016		
Assets				
Cash and cash equivalents	\$	335,849	\$	265,626
Total Assets	\$	335,849	\$	265,626
Liabilities	\$	-	\$	-
Fund Balance				
Assigned		335,849		265,626
Total Liabilities and Fund Balance	\$	335,849	\$	265,626

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

For the Fiscal Years Ended September 30,	2017	2016		
Revenues	\$ -	\$ -		
Expenditures				
Public safety	2,550	-		
Capital outlay	949,108	715,281		
Debt service:				
Principal	152,201	39,837		
Interest and fees	24,794	800		
Total Expenditures	1,128,653	755,918		
Excess (deficiency) of revenues over expenditures	(1,128,653)	(755,918)		
Other financing sources (uses):				
Transfers in	249,768	306,263		
Capital lease proceeds	949,108	715,281		
Total other financing sources (uses)	1,198,876	1,021,544		
Net change in fund balances	70,223	265,626		
Fund balances at beginning of year	265,626			
Fund balances at end of year	\$ 335,849	\$ 265,626		

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

		-					١	/ariance
			dget	<u> </u>			With	
		Original		Final		Actual	HII	nal Budget
Revenues	\$	-	\$	-	\$	-	\$	-
Expenditures								
Current:								
Public safety		-		-		2,550		(2,550)
Capital outlay		918,000		918,000		949,108		(31,108)
Debt service:								
Principal		236,933		236,933		152,201		84,732
Interest and fees		-		-		24,794		(24,794)
Total Expenditures		1,154,933		1,154,933		1,128,653		26,280
Deficiency of revenues over								
expenditures		(1,154,933)	(1,154,933)	((1,128,653)		26,280
Other financing sources (uses):								
Capital lease proceeds		899,000		899,000		949,108		50,108
Transfers in		362,500		362,500		249,768		(112,732)
Total other financing sources (uses)		1,261,500		1,261,500		1,198,876		(62,624)
Net change in fund balance	\$	106,567	\$	106,567		70,223	\$	(36,344)
Fund balance at beginning of year, as adjust	ted					265,626		
Fund balance at end of year					\$	335,849		

City of Weslaco, Texas Debt Service Fund Comparative Balance Sheets

September 30,		2017	2016		
Assets					
Cash and cash equivalents	\$	51,005	\$	462,585	
Receivables (net of allowance for uncollectibles)					
Ad valorem taxes		287,924		317,427	
Other		-		439	
Due from other funds		24,846		10,478	
Total assets	\$	363,775	\$	790,929	
Total assets	<u> </u>	303,773	<u> </u>	750,525	
tink that			Ś		
Liabilities	\$	-	<u> </u>		
Total liabilities		-		-	
Deferred inflows of resources					
Unavailable revenue- ad valorem taxes		217,558		250,815	
Total deferred inflows of resources		217,558		250,815	
Fund balance					
Restricted		146,217		540,114	
Total liabilities, deferred inflows of					
resources and fund balances	\$	363,775	\$	790,929	

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

For the Fiscal Years Ended September 30,	2017	2016
Revenues		
Property taxes	\$ 1,930,656	\$ 2,059,228
Investment income	28,596	22,992
Total revenues	1,959,252	2,082,220
Expenditures		
Debt service:		
Principal	1,979,500	1,844,019
Interest and fees	723,649	777,055
Advance refunding escrow	- -	77,555
Total expenditures	2,703,149	2,698,629
Excess (deficiency) of revenues over expenditures	(743,897)	(616,409)
Other financing sources (uses):		
Transfers in	350,000	-
Proceeds from bond refunding	- -	3,735,000
Premium on bond	-	701,808
Payment to escrow agent	-	(4,392,713)
Total other financing sources (uses)	350,000	44,095
Net change in fund balance	(393,897)	(572,314)
Fund balances at beginning of year	540,114	1,112,428
Fund balances at end of year	\$ 146,217	\$ 540,114

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

Tot the Fiscal Teal Enach September 30, 2017	Buc	lget			١	Variance With
	Original		Final	Actual	Final Budget	
Revenues						
Property taxes	\$ 2,250,851	\$	2,250,851	\$ 1,930,656	\$	(320,195)
Investment income	21,750		21,750	28,596		6,846
Total revenues	2,272,601		2,272,601	1,959,252		(313,349)
Expenditures						
Debt service:						
Principal	1,581,000		1,581,000	1,979,500		(398,500)
Interest and fees	714,045		714,045	723,649		(9,604)
Total expenditures	2,295,045		2,295,045	2,703,149		408,104
Excess (deficiency) of revenues over expenditures	(22,444)		(22,444)	(743,897)		(721,453)
Other financing sources (uses):						
Transfers in	-		-	350,000		350,000
Total other financing sources (uses)			-	350,000		350,000
Net change in fund balance	\$ (22,444)		(22,444)	\$ (393,897)	\$	(371,453)
Fund balance at beginning of year				540,114		
Fund balance at end of year				\$ 146,217		

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

September 30,	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 960,941	\$ 1,970,359
Cash and cash equivalents- restricted	3,486,053	5,510,998
Receivables,	-,,	-,,
net of allowances for uncollectibles	2,099,797	2,046,896
Inventories	162,859	246,367
Prepaid items	63,812	305,567
Total current assets	6,773,462	10,080,187
Non-current assets		
Land	665,175	665,175
Buildings	362,324	362,324
Equipment	6,424,219	6,296,998
Infrastructure	67,785,014	65,610,780
Construction-in-progress	44,905,983	45,854,088
	400 440 =4=	440 700 005
Accurated downsisting	120,142,715	118,789,365
Accumulated depreciation	(34,904,668)	(32,532,971)
Total non-current assets, net	85,238,047	86,256,394
Total assets	92,011,509	96,336,581
Deferred outflows of resources		
Deferred outflows related to pensions	209,688	260,257
Deferred charge on refunding	2,309,996	769,479
Total deferred outflows of resources	2,519,684	1,029,736
Total assets and deferred outflows		
of resources	\$ 94,531,193	\$ 97,366,317

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

September 30,	2017	2016
Liabilities		
Current liabilities:		
Accounts payable	\$ 761,260	\$ 1,405,888
Accrued salaries and other liabilities	102,808	164,916
Due to other funds	2,008,240	2,007,509
Current portion of long term debt	3,203,363	2,850,500
Accrued interest on bonds	300,580	292,169
Total current liabilities	6,376,251	6,720,982
Noncurrent liabilities:		
Compensated absences	78,180	66,175
Customer deposits	1,063,304	1,020,942
Revenue bonds payable,		, ,
net of unamortized premiums & discounts	55,137,957	57,228,336
Net pension liability	727,312	753,850
Total noncurrent liabilities	57,006,753	59,069,303
Total liabilities	63,383,004	65,790,285
Deferred inflows of resources		
Deferred inflows related to pensions	75,848	27,841
Total deferred inflows of resources	75,848	27,841
Net Position		
Net investment of capital assets	28,341,786	29,685,702
Restricted for:		
Revenue bond retirement	986,377	982,614
Unrestricted	1,744,178	879,875
Total net position	31,072,341	31,548,191
Total liabilities, defermed inflame		
Total liabilities, deferred inflows of resources, and net position	\$ 94,531,193	\$ 97,366,317

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

For the Fiscal Years Ended September 30,	2017	2016
Operating revenues:		
Water services	\$ 6,473,327	\$ 5,530,588
Sewer services	4,733,786	4,365,116
Miscellaneous	308,609	260,669
Total operating revenues	11,515,722	10,156,373
Operating expenses:		
Personal services	920,745	869,544
Other services and charges	2,205,858	2,498,476
Supplies	209,847	208,160
Contractual services	2,580,356	2,669,732
Depreciation	2,519,764	2,475,129
Total operating expenses	8,436,570	8,721,041
Operating income (loss)	3,079,152	1,435,332
Non-operating revenues (expenses)		
Investment income	2,044	1,513
Interest expense	(2,203,116)	(2,321,448)
Total non-operating revenues (expenses)	(2,201,072)	(2,319,935)
Income (loss) before transfers and capital contributions	878,080	(884,603)
Transfers in (out) and capital contributions		
Transfers (out)	(2,360,561)	(672,526)
Capital improvement fees	689,843	649,682
Capital grants	316,788	409,766
Total transfers and capital contributions	(1,353,930)	386,922
Change in net position	(475,850)	(497,681)
Net position- beginning	31,548,191	32,045,872
Net position- ending	\$ 31,072,341	\$ 31,548,191

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

For the Fiscal Years Ended September 30,	2017	2016
Cash flows from operating activities		
Cash received from customers	\$ 11,505,183	\$ 11,655,181
Payments to suppliers	(5,314,695)	(6,579,169)
Payments to employees	(2,439,327)	(1,580,618)
Net cash provided (used) by		
operating activities	3,751,161	3,495,394
Cash flows from noncapital financing		
activities		
Transfers to other funds	(2,360,561)	(672,526)
Net cash provided (used) by		
noncapital financing activities	(2,360,561)	(672,526)
Cash flows from capital and related financing activities		
Purchase of capital assets	(1,184,629)	(2,214,064)
Refunding bonds issued	19,545,000	15,750,000
Premium on refunding bonds	3,667,740	3,209,943
Payment to refunded bond escrow agent	(20,615,000)	(18,335,000)
Interest paid on bonds	(4,032,324)	(2,530,890)
Retirement of bonds	(2,497,637)	(3,075,280)
Capital grants	-	409,766
Capital improvement fees	689,843	649,682
Net cash provided (used) by capital		
and related financing activites	(4,427,007)	(6,135,843)
Cash flow from investing activities:		
Interest on cash and investments	2,044	1,513
Net cash provided (used) by investing		
activities	2,044	1,513
Net increase (decrease) in cash and cash equivalents	(3,034,363)	(3,311,462)
Cash and cash equivalents, beginning of year	7,481,357	10,792,819
Cash and cash equivalents, end of year	\$ 4,446,994	\$ 7,481,357
Reconciliation of operating income		
to net cash provided (used) by operating activities		
Operating income (loss)	\$ 3,079,152	\$ 1,435,332
Adjustments to reconcile income (loss)		
from operations to net cash from operating activities		
Depreciation	2,519,764	2,475,129
(Increase) decrease in accounts receivables	(52,901)	1,004,788
(Increase) decrease in inventories	83,508	(56,619)
(Increase) decrease in prepaids	241,755	84,716
(Increase) decrease in due from other funds	-	485,027
(Increase) decrease in deferred outflows related to pensions	(1,489,948)	(928,641)
Decrease (increase) in accounts payable	(644,628)	(1,027,038)
Decrease (increase) in accrued expenses	(62,108)	(64,341)
Decrease (increase) in due to other funds	731	(203,860)
Decrease (increase) in customer deposits	42,362	8,993
Decrease (increase) in compensated absences	12,005	23,932
Decrease (increase) in net pension liability	(26,538)	262,138
Decrease (increase) in deferred inflows related to pensions	48,007	(4,162)
Total adjustments	672,009	2,060,062
Net cash provided (used) by operations	\$ 3,751,161	\$ 3,495,394
Supplemental disclosure of noncash activities		
Contributed capital assets from Urban County	\$ 316,788	\$ 409,766
contributed capital assets from orban country	ý 310,700	φ 40 <i>3,</i> 700

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

	Buc	dget		Variance With
	Original	Final	Actual	Final Budget
Operating revenues:				
Water services	\$ 6,455,000	\$ 6,455,000	\$ 6,473,327	\$ 18,327
Sewer services	4,627,000	4,629,000	4,733,786	104,786
Miscellaneous	236,500	236,500	308,609	72,109
Total operating revenues	11,318,500	11,320,500	11,515,722	195,222
Operating expenses:				
Personal services	742,874	762,874	920,745	(157,871)
Other services and charges	3,815,344	4,196,230	2,205,858	1,990,372
Supplies	412,009	411,319	209,847	201,472
Contractual services	2,450,160	2,580,356	2,580,356	-
Depreciation	1,069,800	1,069,800	2,519,764	(1,449,964)
Total operating expenses	8,490,187	9,020,579	8,436,570	584,009
Operating income (loss)	2,828,313	2,299,921	3,079,152	(779,231)
Non-operating revenues (expenses)				
Investment income	-	-	2,044	(2,044)
Interest expense	(5,138,357)	(5,138,357)	(2,203,116)	2,935,241
Total non-operating revenues (expenses)	(5,138,357)	(5,138,357)	(2,201,072)	2,937,285
Income (loss) before transfers and capital contributions	(2,310,044)	(2,838,436)	878,080	3,716,516
Transfers in (out) and capital contributions				
Transfers (out)	(1,565,561)	(1,565,561)	(2,360,561)	(795,000)
Capital improvement fees	737,000	737,000	689,843	47,157
Capital grants	-	-	316,788	(316,788)
Total transfers and capital contributions	(828,561)	(828,561)	(1,353,930)	(525,369)
Change in net position	\$ (3,138,605)	\$ (3,666,997)	(475,850)	\$ 3,191,147
Net position- beginning			31,548,191	
Net position- ending			\$ 31,072,341	

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

September 30,	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 523,483	\$ 506,358
Receivables,		
net of allowances for uncollectibles	675,754	666 , 580
Due from other funds	2,000,000	2,000,000
Total current assets	3,199,237	3,172,938
Non-current assets		
Land	421,247	421,247
Buildings	668,781	668,781
Equipment	1,636,402	1,908,927
Infrastructure	64,461	64,461
		•
	2,790,891	3,063,416
Accumulated depreciation	(2,278,716)	(2,544,136
Total non-current assets, net	512,175	519,280
Total assets	3,711,412	3,692,218
Deferred outflows of resources		
Deferred outflows related to pensions	7,653	9,820
Total deferred outflows of resources	7,653	9,820
Total assets and deferred outflows		
of resources	\$ 3,719,065	\$ 3,702,038
tabilitata		
Liabilities Compat liabilities		
Current liabilities:	\$ 369,659	ć 257.440
Accounts payable Due to other funds	\$ 369,659 641	\$ 357,118 552
Current portion of long term debt	446	132
·		
Total current liabilities	370,746	357,802
Noncurrent liabilities:		
Compensated absences	4,017	1,192
Landfill closure	468,357	536,078
Net pension liability	16,722	17,859
Total noncurrent liabilities	489,096	555,129
Total liabilities	859,842	912,931
Deferred inflows of resources		
Deferred inflows related to pensions	2,310	252
Total deferred inflows of resources	2,310	252
Net position		
Net investment in capital assets	512,175	519,280
Unrestricted	2,344,738	2,269,575
Total net position	2,856,913	2,788,855
Total liabilities, deferred inflows		
of resources, and net position	\$ 3,719,065	\$ 3,702,038

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

For the Fiscal Years Ended September 30,	2017	2016
Operating Revenues:		
Charges for services	\$ 4,970,426	\$ 4,665,969
Miscellaneous	73,925	59,481
Total operating revenues	5,044,351	4,725,450
Operating Expenses:		
Personal services	50,833	46,361
Other services and charges	42,251	44,874
Supplies	1,791	1,774
Contractual services	3,748,564	4,033,364
Depreciation	7,104	21,600
Total operating expenses	3,850,543	4,147,973
Operating income (loss)	1,193,808	577,477
Transfers in (out) and capital contributions		
Capital grants	-	28,117
Transfers (out)	(1,125,750)	(625,750)
Total transfers and capital contributions	(1,125,750)	(597,633)
Change in net position	68,058	(20,156)
Net position- beginning	2,788,855	2,809,011
Net position- ending	\$ 2,856,913	\$ 2,788,855

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

For the Fiscal Years Ended September 30,		2017		2016
Cash flows from operating activities				
Cash received from customers	\$	5,035,177	\$	5,059,836
Payments to suppliers		(3,777,808)		(3,881,652)
Payments to employees		(46,773)		(35,779)
Net cash provided (used) by				
operating activities		1,210,596		1,142,405
Cash flows from noncapital financing activities				
Transfers to other funds		(1,125,750)		(625,750)
Net cash provided (used) by				
noncapital financing activities		(1,125,750)		(625,750)
Cash flows from capital and related financing activities				
Landfill closure costs		(67,721)		(38,414)
Capital grants		-		28,117
Net cash provided (used) by capital				
and related financing activites		(67,721)		(10,297)
Net increase (decrease) in cash and cash equivalents		17,125		506,358
Cash and cash equivalents, beginning of year		506,358		_
Cash and cash equivalents, end of year	\$	523,483	\$	506,358
Reconciliation of operating income				
to net cash provided (used) by operating activities				
Operating income (loss)	\$	1,193,808	\$	577,477
Adjustments to reconcile income (loss)	*	1,133,000	Y	377,177
from operations to net cash from operating activities				
Depreciation		7,105		21,600
(Increase) decrease in accounts receivables		(9,174)		334,386
(Increase) decrease in deferred outflows related to pensions		2,167		(8,458)
Increase (decrease) in accounts payable		12,541		293,301
Increase (decrease) in due to other funds		89		(86,483)
Increase (decrease) in compensated absences		3,139		(474)
Increase (decrease) in net pension liability		(1,137)		11,235
Increase (decrease) in deferred inflows related to pensions		2,058		(179)
Total adjustments		16,788		564,928
		,		,0
Net cash provided (used) by operations	\$	1,210,596	\$	1,142,405

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

	Bug	dget			V	ariance With
	Original		Final	Actual	Fin	al Budget
Operating revenues:						
Charges for services	\$ 4,982,000	\$	4,982,000	\$ 4,970,426	\$	(11,574)
Miscellaneous	85,500		85,500	73,925		(11,575)
Total operating revenues	5,067,500		5,067,500	5,044,351		(23,149)
Operating expenses:						
Personal services	45,332		45,332	50,833		(5,501)
Other services and charges	114,814		141,714	42,251		99,463
Supplies	3,000		3,500	1,791		1,709
Contractual services	3,620,000		3,620,000	3,748,564		(128,564)
Depreciation	-		30,000	7,104		22,896
Total operating expenses	3,783,146		3,840,546	3,850,543		(9,997)
Operating income (loss)	1,284,354		1,226,954	1,193,808		33,146
Transfers in (out)						
Transfers (out)	(1,125,750)		(1,125,750)	(1,125,750)		-
Total transfers	(1,125,750)		(1,125,750)	(1,125,750)		-
Change in net position	\$ 158,604	\$	101,204	68,058	\$	(33,146)
Net position- beginning				2,788,855		
Net position- ending				\$ 2,856,913		

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

Assetts Current assets: 100 \$ 100 \$ 20,998 \$ 22,999 Receivables \$ 22,999 \$ 3,224 \$ 22,999 \$ 22,999 Receivables \$ 31,354 \$ 31,455,448 \$ 31,455,448 \$ 31,455,448 \$ 31,455,448 \$ 31,455,448 \$ 31,455,448 \$ 31,455,448 \$ 31,455,447 \$ 31,455,447 \$ 31,455	September 30,	2017	
Cash and cash equivalents \$100 \$100 Cash and cash equivalents-restricted 34,224 229,988 Receivables, 19,605 48,213 Inventories 31,354 31,354 Total current assets 31,354 31,354 Land 1,485,448 1,655,448 Baildings 648,541 648,541 Equipment 576,997 532,257 Infrastructure 9,013,404 9,018,404 Construction-in-progress 4875,640 2,324,510 Account aled depreciation (5,541,251) 31,991,60 Account aled depreciation (5,541,251) 31,993,60 Account gradies 11,655,779 9,764,277 Total assets 11,751,062 10,073,942 Deferred outflows of resources 11,751,062 10,073,942 Deferred outflows related to pensions 47,772 60,930 Total assets and deferred outflows 5,5491 \$8,187 Accounts payable \$ 5,491 \$ 85,487 Accounts payable \$ 5,491 \$ 85,487	Assets		
Cash and cash equivalents- restricted Receivables, net of allowances for uncollectibles Inventories 29,605 48,213 Inventories 31,354 31,354 Total current assets 35,283 309,665 Non-current assets 4,465,448 1,465,448 Buildings 648,541 648,541 Equipment 576,997 53,22,257 Infrastructure 9,018,404 9,018,404 Construction-in-progress 4,487,640 2,324,510 Accumulated depreciation (4,541,251) (4,224,883) Total non-current assets, net 11,6197,030 (3,989,160) Deferred outflows of resources 11,751,062 10,073,942 Deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources 47,772 60,930 Total deferred outflows of resources \$11,798,834 \$10,134,872 Liabilities *** *** \$2,427 Current liabilities *** \$5,491 \$8,487 Accounts payable *** *** \$2,425 Accounts pay			
Receivables, net of allowances for uncollectibles 29,605 48,213 inventories 31,354 31,554 Total current assets Land 1,465,448 1,465,448 16,55,448 Buildings 648,541 668,541 Equipment 576,997 532,257 Infrastructure 90,18,404 90,18,404 Construction-in-progress 4,887,600 2,324,510 Accumulated depreciation (4,514,251) 4,622,483 Total non-current assets, net 11,655,779 9,764,277 Total assets 11,751,062 10,073,942 Deferred outflows releated to pensions 47,772 60,930 Total assets and deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources \$1,798,834 \$10,134,872 Libilities Current liabilities \$5,491 \$85,487 Accounts payable \$5,491 \$85,487	Cash and cash equivalents	\$ 100	\$ 100
norent of allowances for uncollectibles [Inventories] 29,605 [3,355] 31,354 [31,354] Total current assets 95,283 [30,965] Non-current assets 1,465,448 [1,465,448]	Cash and cash equivalents- restricted	34,224	229,998
Inventories	Receivables,		
Total current assets 95,283 309,665 Non-current assets 1,465,448 1,465,448 Buildings 648,541 648,541 Equipment 576,997 332,257 Infrastructure 9,018,404 9,018,404 Construction-in-progress 4,887,640 2,324,510 Accumulated depreciation (4,541,251) (4,224,883) Total non-current assets, net 11,655,779 9,764,277 Total assets 11,751,062 10,073,942 Deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources 511,798,834 510,134,872 Liabilities 2 8,487 8,487 Accrued salaries and other liabilities 5,491 8,587 Accrued salaries and other liabilities 6,254 3,689 Accured salaries and other liabilities 356,878 284,345 Current portion of long term debt 5,147 4,136 Total current liabilities 377,057 <t< td=""><td>net of allowances for uncollectibles</td><td>29,605</td><td>48,213</td></t<>	net of allowances for uncollectibles	29,605	48,213
Non-current assets 1,465,448 1,465,448 Land 1,465,448 648,541 Equipment 576,997 532,257 Infrastructure 9,018,404 9,018,404 Construction-in-progress 4,875,600 2,324,510 Accumulated depreciation 16,197,030 13,989,160 Accumulated depreciation 11,655,779 9,764,277 Total assets 11,751,062 10,073,942 Deferred outflows of resources 11,751,062 10,073,942 Deferred outflows related to pensions 47,772 60,930 Total assets and deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources \$11,798,834 \$10,134,872 Eurent liabilities: \$2 \$2,842 \$36,872 Accounts payable \$5,891 \$8,587 \$8,487 Accured salaries and other liabilities \$6,254 3,689 Accured salaries and other liabilities 333,770 377,657 Total current liabilities 333,770 377,657 Compensated absences 4	Inventories	31,354	31,354
Land 1,465,448 1,465,448 Buildings 648,541 648,541 Equipment 576,937 532,257 Infrastructure 9,018,404 2,224,510 Construction-in-progress 4,487,640 2,324,510 Accumulated depreciation 16,197,030 13,989,160 Accumulated depreciation 11,655,779 9,764,277 Total non-current assets, net 11,655,779 9,764,277 Total assets 11,751,062 10,073,942 Deferred outflows of resources 47,772 60,930 Total deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources \$11,798,834 \$10,134,872 Liabilities \$ \$,491 \$8,487 Accounts payable \$ 5,491 \$8,5487 Accounts payable \$ 5,491 \$8,5487 Accounts payable \$ 5,491 \$8,5487 Accounts payable \$ 5,491 \$ 85,487 Accounts payable \$ 6,254 3,689 Due to other funds 356,878	Total current assets	95,283	309,665
Buildings 648,541 648,541 648,541 Equipment Equipment 576,997 532,257 101,640 9,018,404 9,018,404 9,018,404 2,324,510 2,324,510 64,847,640 2,324,510 13,989,160 4,487,640 2,324,510 13,989,160 4,4224,883 13,989,160 4,541,251 (4,224,883) 13,989,160 4,541,251 (4,224,883) 1,073,942 2,777 Total assets 11,751,062 10,073,942 2,777 60,930 47,772 60,930 60,930 47,772 60,930 60	Non-current assets		
Equipment Infrastructure 9,018,404 9,018,404 2,018,404 2,018,404 2,018,404 2,324,510 2,324,510 2,324,510 2,324,510 3,899,160 3,899,160 3,899,160 4,248,833 3,989,160 4,248,833 3,989,160 4,224,883 4,224,883 3,999,160 4,224,883 4,224,883 3,999,160 4,277 60,930 4,277 60,930 5,000 3,000	Land	1,465,448	1,465,448
Infrastructure 9,018,404 9,018,404 Construction-in-progress 4,287,500 2,324,510 Accumulated depreciation 16,197,030 13,989,160 Accumulated depreciation 4,541,251 (4,224,883) Total non-current assets, net 11,655,779 9,764,277 Total assets 11,751,062 10,073,942 Deferred outflows related to pensions 47,772 60,930 Total deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources 511,798,834 \$10,134,872 Current liabilities: \$1,298,834 \$10,134,872 Accounts payable \$5,491 \$85,487 Accrued salaries and other liabilities \$6,254 3,689 Due to other funds 356,678 284,345 Current portion of long term debt 5,147 4,136 Total current liabilities: 373,770 377,657 Noncurrent liabilities: 46,322 37,225 Net pesion liability 115,705 122,610 Total noncurrent liabilities 35,797 5	Buildings	648,541	648,541
Construction-in-progress A,887,640 2,324,510 Accumulated depreciation 16,197,030 13,389,160 Accumulated depreciation (4,541,251) (4,224,883) Total non-current assets, net 11,655,779 9,764,277 Total assets 11,751,062 10,073,942 Deferred outflows of resources 47,772 60,930 Total deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources \$11,798,834 \$10,134,872 Liabilities \$1,298,834 \$10,134,872 Current liabilities \$5,491 \$85,487 Accounts payable \$5,491 \$85,487 Accounts payable \$5,491 \$85,487 Accrued salaries and other liabilities \$6,254 3,689 Due to other funds 356,878 284,945 Current portion of long term debt \$1,495 37,225 Net pension liabilities \$6,222 37,225 Net pension liabilities \$35,797 537	Equipment	576,997	532,257
Accumulated depreciation 16,197,030 (4,581,251) 13,989,160 (4,224,883) Total non-current assets, net 11,655,779 9,764,277 Total assets 11,751,062 10,073,942 Deferred outflows of resources 20,030 47,772 60,930 Total assets and deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources \$11,798,834 \$10,134,872 Liabilities 2 5,491 \$85,487 Accorted salaries and other liabilities 5,491 \$85,487 \$4,368 Due to other funds 356,878 284,345 284,345 Current portion of long term debt 5,147 4,136 Total current liabilities 373,770 377,657 Noncurrent liabilities 46,322 37,225 Compensated absences 46,322 37,225 Net pension liability 115,705 125,610 Total incurrent liabilities 35,797 537,492 Deferred inflows of resources 14,950 2,458 Deferred inflows related to pensions 14,950 <t< td=""><td>Infrastructure</td><td>9,018,404</td><td>9,018,404</td></t<>	Infrastructure	9,018,404	9,018,404
Accumulated depreciation (4,541,251) (4,224,883) Total non-current assets, net 11,655,779 9,764,277 Total assets 11,751,062 10,073,942 Deferred outflows of resources 247,772 60,930 Total deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources \$11,798,834 \$10,134,872 Liabilities \$5,491 \$1,872 Current liabilities: \$5,491 \$85,487 Accounts payable \$5,491 \$85,487 Accounts payable \$5,491 \$85,487 Accounts payable \$5,891 \$85,487 Accounts payable \$5,891 \$84,345 Current portion of long term debt \$35,878 284,345 Current portion of long term debt \$33,770 377,657 Noncurrent liabilities \$33,770 377,657 Noncurrent liabilities \$35,797 537,492 Deferred inflows of resources \$35,797 537,492 Deferred inflows of resources \$14,950 2,458 N	Construction-in-progress	4,487,640	2,324,510
Accumulated depreciation (4,541,251) (4,224,883) Total non-current assets, net 11,655,779 9,764,277 Total assets 11,751,062 10,073,942 Deferred outflows of resources 247,772 60,930 Total deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources \$11,798,834 \$10,134,872 Liabilities \$5,491 \$85,487 Current liabilities: \$5,491 \$85,487 Accounts payable \$6,254 3,689 Due to other funds \$85,487 \$2,431 <		16,197,030	13,989,160
Total assets 11,751,062 10,073,042 Deferred outflows related to pensions 47,772 60,930 Total deferred outflows resources 47,772 60,930 Total assets and deferred outflows of resources \$11,798,834 \$10,134,872 Liabilities Current liabilities: Accounts payable \$1,491 \$1,487 Accounts payable \$6,254 3,689 Accrued salaries and other liabilities 6,254 3,689 Due to other funds 356,878 284,345 Current portion of long term debt 373,770 377,657 Noncurrent liabilities: Compensated absences 46,322 37,225 Net pension liability 115,705 125,810 Total noncurrent liabilities 36,24 3,824 Total liabilities 355,797 537,492 Deferred inflows of resources 14,950 2,458 Deferred inflows related to pensions 14,950 2,458 Net position 34,224 220,998 Net position	Accumulated depreciation		
Total assets 11,751,062 10,073,042 Deferred outflows related to pensions 47,772 60,930 Total deferred outflows resources 47,772 60,930 Total assets and deferred outflows of resources \$11,798,834 \$10,134,872 Liabilities Current liabilities: Accounts payable \$1,491 \$1,487 Accounts payable \$6,254 3,689 Accrued salaries and other liabilities 6,254 3,689 Due to other funds 356,878 284,345 Current portion of long term debt 373,770 377,657 Noncurrent liabilities: Compensated absences 46,322 37,225 Net pension liability 115,705 125,810 Total noncurrent liabilities 36,24 3,824 Total liabilities 355,797 537,492 Deferred inflows of resources 14,950 2,458 Deferred inflows related to pensions 14,950 2,458 Net position 34,224 220,998 Net position	T-1-1	44 655 770	0.764.277
Deferred outflows of resources 47,772 60,930 Total deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources \$11,798,834 \$10,134,872 Liabilities Current liabilities: Current liabilities \$5,491 \$5,487 Accounts payable \$5,491 \$5,487 Accounts payable \$5,491 \$85,487 Account of liabilities \$5,491 \$85,487 Account of liabilities \$6,254 3,689 Due to other funds 356,878 284,345 Current portion of long term debt \$1,47 4,136 Total current liabilities 373,770 377,657 Noncurrent liabilities: Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 355,797 537,492 Deferred inflows of resources 14,950 2,458 Net investment of capital assets 11,655,779 9,764,277			
Deferred outflows related to pensions 47,772 60,930 Total deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources \$11,798,834 \$10,134,872 Liabilities Liabilities Current liabilities: Accounts payable \$5,491 \$85,487 Accounts payable \$6,254 3,689 Due to other funds 366,878 284,345 Current portion of long term debt 5,147 4,136 Total current liabilities: Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 162,027 159,835 Total liabilities 535,797 537,492 Deferred inflows of resources 14,950 2,458 Net Position 14,950 2,458 Net Position 34,224 229,998 Unrestricted for: 34,224 229,998 Unrestricted (441,916) (399,353 Total net position 11,248,087 9,594,922 <td></td> <td>11,751,062</td> <td>10,073,942</td>		11,751,062	10,073,942
Total deferred outflows of resources 47,772 60,930 Total assets and deferred outflows of resources \$11,798,834 \$10,134,872 Liabilities Current liabilities: \$5,491 \$85,487 Accruedts payable \$6,254 3,689 Due to other funds 356,878 284,345 Current portion of long term debt 5,147 4,136 Total current liabilities 373,770 377,657 Noncurrent liabilities: 373,770 377,657 Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 535,797 537,492 Deferred inflows of resources 14,950 2,458 Total deferred inflows related to pensions 14,950 2,458 Net position 11,655,779 9,764,277 Restricted for: 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922		47.772	60.930
Idiabilities Current liabilities: Accounts payable \$ 5,491 \$ 85,487 Accounts payable \$ 5,491 \$ 85,487 Accounted salaries and other liabilities 356,878 284,345 Due to other funds 356,878 284,345 Current portion of long term debt 373,770 377,657 Noncurrent liabilities: 37,225 37,225 Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 355,797 537,492 Deferred inflows of resources 14,950 2,458 Deferred inflows related to pensions 14,950 2,458 Net Position 14,950 2,458 Net investment of capital assets 11,655,779 9,764,277 Restricted for: 34,224 229,998 Unrestricted (441,916) (399,353) Total liabilities, deferred inflows 9,594,922	<u> </u>	•	
Liabilities Current liabilities: \$ 5,491 \$ 85,487 Accounts payable \$ 5,491 \$ 85,487 Accrued salaries and other liabilities 6,254 3,689 Due to other funds 356,878 284,345 Current portion of long term debt 5,147 4,136 Total current liabilities Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 162,027 159,835 Total liabilities 335,797 537,492 Deferred inflows of resources 14,950 2,458 Deferred inflows related to pensions 14,950 2,458 Net Investment of capital assets 11,655,779 9,764,277 Restricted for: Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922	Total assets and deferred outflows		
Current liabilities: \$ 5,491 \$ 85,487 Accounts payable \$ 5,491 \$ 85,487 Accrued salaries and other liabilities 336,878 284,345 Due to other funds 356,878 284,345 Current portion of long term debt 5,147 4,136 Total current liabilities Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 162,027 159,835 Total liabilities 335,797 537,492 Deferred inflows of resources 14,950 2,458 Total deferred inflows of resources 14,950 2,458 Net investment of capital assets 11,655,779 9,764,277 Restricted for: Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922	of resources	\$ 11,798,834	\$ 10,134,872
Current liabilities: \$ 5,491 \$ 85,487 Accounts payable \$ 5,491 \$ 85,487 Accrued salaries and other liabilities 336,878 284,345 Due to other funds 356,878 284,345 Current portion of long term debt 5,147 4,136 Total current liabilities Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 162,027 159,835 Total liabilities 335,797 537,492 Deferred inflows of resources 14,950 2,458 Total deferred inflows of resources 14,950 2,458 Net investment of capital assets 11,655,779 9,764,277 Restricted for: Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922			
Accounts payable \$ 5,491 \$ 85,487 Accrued salaries and other liabilities 6,254 3,688 Due to other funds 356,878 284,345 Current portion of long term debt 5,147 4,136 Total current liabilities Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 535,797 537,492 Deferred inflows of resources Deferred inflows related to pensions 14,950 2,458 Total deferred inflows of resources 11,655,779 9,764,277 Restricted for: Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922			
Accrued salaries and other liabilities 6,254 3,689 Due to other funds 356,878 284,345 Current portion of long term debt 5,147 4,136 Total current liabilities Total current liabilities: Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 535,797 537,492 Deferred inflows of resources 14,950 2,458 Deferred inflows related to pensions 14,950 2,458 Net investment of capital assets 11,655,779 9,764,277 Restricted for: Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922			
Due to other funds 356,878 284,345 Current portion of long term debt 5,147 4,136 Total current liabilities 373,770 377,657 Noncurrent liabilities: 2 37,225 Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 535,797 537,492 Deferred inflows of resources 34,950 2,458 Total deferred inflows of resources 14,950 2,458 Net Position Net investment of capital assets 11,655,779 9,764,277 Restricted for: 2 2 34,224 229,998 Unrestricted 441,916 (399,353) 34,224 229,998 Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows		· · · · · · · · · · · · · · · · · · ·	
Current portion of long term debt 5,147 4,136 Total current liabilities 373,770 377,657 Noncurrent liabilities: \$			•
Total current liabilities 373,770 377,657 Noncurrent liabilities: 2 37,225 Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 535,797 537,492 Deferred inflows of resources 314,950 2,458 Total deferred inflows of resources 14,950 2,458 Net Position 11,655,779 9,764,277 Restricted for: 34,224 229,998 Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922		-	
Noncurrent liabilities: 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 162,027 159,835 Total liabilities 535,797 537,492 Deferred inflows of resources 34,950 2,458 Total deferred inflows of resources 14,950 2,458 Net Position 8 11,655,779 9,764,277 Restricted for: 2 229,998 Unrestricted 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows 5,500,000 5,500,000	Current portion of long term debt	5,147	4,136
Compensated absences 46,322 37,225 Net pension liability 115,705 122,610 Total noncurrent liabilities 162,027 159,835 Total liabilities 535,797 537,492 Deferred inflows of resources \$35,797 537,492 Deferred inflows related to pensions 14,950 2,458 Net Position \$14,950 2,458 Net investment of capital assets \$1,655,779 9,764,277 Restricted for: \$20,998 20,998 Unrestricted (441,916) (399,353) Total net position \$1,248,087 9,594,922 Total liabilities, deferred inflows \$1,248,087 9,594,922	Total current liabilities	373,770	377,657
Net pension liability 115,705 122,610 Total noncurrent liabilities 162,027 159,835 Total liabilities 535,797 537,492 Deferred inflows of resources 14,950 2,458 Deferred inflows of resources 14,950 2,458 Net Position 11,655,779 9,764,277 Restricted for: 20,504,277 20,764,277 Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows	Noncurrent liabilities:		
Total noncurrent liabilities 162,027 159,835 Total liabilities 535,797 537,492 Deferred inflows of resources 14,950 2,458 Deferred inflows of resources 14,950 2,458 Net Position 11,655,779 9,764,277 Restricted for: 20,504 229,998 Unrestricted 441,916 (399,353) Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows	Compensated absences	46,322	37,225
Total liabilities 535,797 537,492 Deferred inflows of resources Total deferred inflows of resources 14,950 2,458 Net Position Net investment of capital assets 11,655,779 9,764,277 Restricted for: Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows	Net pension liability	115,705	122,610
Deferred inflows of resources 14,950 2,458 Deferred inflows related to pensions 14,950 2,458 Net Position 11,655,779 9,764,277 Restricted for: 20,998 <	Total noncurrent liabilities	162,027	159,835
Deferred inflows related to pensions 14,950 2,458 Net Position 11,655,779 9,764,277 Restricted for: 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows 10,248,087 10,594,922	Total liabilities	535,797	537,492
Deferred inflows related to pensions 14,950 2,458 Net Position 11,655,779 9,764,277 Restricted for: 229,998 229,998 Unrestricted 441,916 (399,353) Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows 11,248,087 9,594,922	Deferred inflows of resources		
Net Position 11,655,779 9,764,277 Restricted for: 34,224 229,998 Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows		14,950	2,458
Net investment of capital assets 11,655,779 9,764,277 Restricted for: Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows	Total deferred inflows of resources	14,950	2,458
Restricted for: Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows	Net Position		
Restricted for: Construction 34,224 229,998 Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows	Net investment of capital assets	11,655,779	9,764,277
Unrestricted (441,916) (399,353) Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows	Restricted for:		
Total net position 11,248,087 9,594,922 Total liabilities, deferred inflows	Construction	34,224	229,998
Total liabilities, deferred inflows	Unrestricted	(441,916)	(399,353)
,	Total net position	11,248,087	9,594,922
,	Total liabilities, deferred inflows		
	· · · · · · · · · · · · · · · · · · ·	\$ 11,798,834	\$ 10,134,872

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

For the Fiscal Years Ended September 30,	2017	2016		
Operating revenues:				
Charges for services	\$ 231,744	\$ 182,461		
Miscellaneous	13,399	830		
Total operating revenues	245,143	183,291		
Operating expenses:				
Personal services	230,670	138,078		
Other services and charges	140,881	164,832		
Supplies	145,981	188,089		
Depreciation	333,369	196,703		
Total operating expenses	850,901	687,702		
Operating income (loss)	(605,758)	(504,411)		
Transfers in (out) and capital contributions				
Capital contributions	2,008,923	1,220,436		
Transfers in	250,000	251,172		
Total transfers and capital contributions	2,258,923	1,471,608		
Change in net position	1,653,165	967,197		
Net position- beginning	9,594,922	8,627,725		
Net position- ending	\$ 11,248,087	\$ 9,594,922		

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

For the Fiscal Years Ended September 30,		2017	2016
Cash flows from operating activities			
Cash received from customers	\$	263,751	\$ 151,311
Payments to suppliers		(294,325)	(182,502)
Payments to employees		(199,252)	(199,753)
Net cash provided (used) by			_
operating activities		(229,826)	(230,944)
Cash flows from noncapital financing activities			
Transfers from other funds		250,000	251,172
Net cash provided (used) by		230,000	231,172
noncapital financing activities		250,000	251,172
noncapital illianting activities		250,000	231,172
Cash flows from capital and related financing activities			
Purchase of capital assets		(215,948)	(107,453)
Net cash provided (used) by capital			
and related financing activites		(215,948)	(107,453)
Nisking and a self-and and a self-and and		(405.774)	(07.225)
Net increase (decrease) in cash and cash equivalents		(195,774)	(87,225)
Cash and cash equivalents, beginning of year		230,098	317,323
		•	, , , , , , , , , , , , , , , , , , ,
Cash and cash equivalents, end of year	\$	34,324	\$ 230,098
Reconciliation of operating income			
to net cash provided (used) by operating activities			
Operating income (loss)	\$	(605 <i>,</i> 758)	\$ (504,411)
Adjustments to reconcile income (loss)			
from operations to net cash from operating activities			
Depreciation		333,369	196,703
(Increase) decrease in accounts receivables		18,608	(31,980)
(Increase) decrease in inventories		-	18,543
(Increase) decrease in deferred outflows related to pensions		13,158	(49,745)
Increase (decrease) in accounts payable		(79,996)	74,977
Increase (decrease) in accrued expenses		2,565	(3,908)
Increase (decrease) in due to other funds		72 <i>,</i> 533	76,899
Increase (decrease) in compensated absences		10,108	(63,497)
Increase (decrease) in net pension liability		(6,905)	56,558
Increase (decrease) in deferred inflows related to pensions		12,492	(1,083)
Total adjustments		375,932	273,467
			<u>.</u>
Net cash provided (used) by operations	\$	(229,826)	\$ (230,944)
Supplemental disclosure of noncash activities	_	2 222 222	4 220 425
Contributed capital assets from TxDOT	\$	2,008,923	\$ 1,220,436

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

	Bud	dget			\	/ariance With
	Original		Final	Actual	Final Budget	
Operating revenues:						
Charges for services	\$ 202,826	\$	202,826	\$ 231,744	\$	28,918
Miscellaneous	-		-	13,399		13,399
Total operating revenues	202,826		202,826	245,143		42,317
Operating expenses:						
Personal services	199,504		199,504	230,670		(31,166)
Other services and charges	105,650		118,028	140,881		(22,853)
Supplies	126,050		120,674	145,981		(25,307)
Depreciation	128,401		121,399	333,369		(211,970)
Total operating expenses	559,605		559,605	850,901		(291,296)
Operating income (loss)	(356,779)		(356,779)	(605,758)		248,979
Transfers in (out) and capital contributions						
Transfers in	255,000		255,000	250,000		5,000
Capital contributions	70,000		70,000	2,008,923		(1,938,923)
Total transfers and capital contributions	325,000		325,000	2,258,923		1,933,923
Change in net position	\$ (31,779)	\$	(31,779)	1,653,165	\$	1,684,944
Net position- beginning				9,594,922		
Net position- ending				\$ 11,248,087		

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

September 30,		2017	2016		
Assets					
Current assets					
Cash and cash equivalents	\$	_	\$	20,213	
Cash and Cash equivalents	<u>, , , , , , , , , , , , , , , , , , , </u>		<u>, , , , , , , , , , , , , , , , , , , </u>	20,213	
Total current assets		-		20,213	
Non-current assets					
Equipment		4,997,658		4,997,658	
Improvements		70,864		70,864	
		5,068,522		5,068,522	
Accumulated depreciation		(3,996,049)		(3,613,634)	
Total non-current assets, net		1,072,473		1,454,888	
Total non-current assets, net		1,072,473		1,434,666	
Total assets	\$	1,072,473	\$	1,475,101	
I inhiliainn					
Liabilities Commont lie hilities					
Current liabilities: Due to other funds	\$	140 251	\$		
	Ş	148,351 411,028	Ş	- 202 E67	
Current portion of long term debt		411,026		392,567	
Total current liabilities		559,379		392,567	
Noncurrent liabilities:					
Note payable		104,242		524,394	
Total noncurrent liabilities		104,242		524,394	
Total liabilities		663,621		916,961	
Net Position					
Net investment of capital assets		557,203		537,927	
Unrestricted		(148,351)		20,213	
Total net position		408,852		558,140	
Total liabilities and net position	\$	1,072,473	\$	1,475,101	

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

For the Fiscal Years Ended September 30,	 2017	2016		
Operating Revenues	\$ -	\$	-	
Operating Expenses:				
Depreciation	 382,415		439,923	
Total operating expenses	382,415		439,923	
Operating income (loss)	(382,415)		(439,923)	
Non-operating revenues (expenses) Interest expense	(16,873)		(25,998)	
Income (loss) before transfers	(399,288)		(465,921)	
Transfers in (out)				
Transfers in	250,000		125,000	
Change in net position	(149,288)		(340,921)	
Net position- beginning	558,140		899,061	
Net position- ending	\$ 408,852	\$	558,140	

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

For the Fiscal Years Ended September 30,		2017	2016		
Cash flows from operating activities					
Payments to suppliers	\$	-	\$	-	
Net cash provided (used) by					
operating activities		-		-	
Cash flows from noncapital financing activities					
Transfers from other funds		250,000		125,000	
Net cash provided (used) by					
noncapital financing activities		250,000		125,000	
Cash flows from capital and related					
financing activities					
Retirement of notes		(253,340)		(318,628)	
Interest paid on notes		(16,873)		(25,998)	
Net cash provided (used) by capital					
and related financing activites		(270,213)		(344,626)	
Net increase (decrease) in cash and cash equivalents		(20,213)		(219,626)	
Cash and cash equivalents, beginning of year		20,213		239,839	
Cash and cash equivalents, end of year	\$	-	\$	20,213	
Reconciliation of operating income to net cash provided (used) by operating activities Operating income (loss)	\$	(382,415)	\$	(439,923)	
Adjustments to reconcile income (loss)	•	, - ,	•	(/ /	
from operations to net cash from operating activities					
Depreciation		382,415		439,923	
Total adjustments		382,415		439,923	
Net cash provided (used) by operations	\$	-	\$	-	

City of Weslaco, Texas Schedule of Revenues, Expenses, and Changes in Net Position- Budget and ActualInternal Service Fund- Equipment Replacement Fund

Tot the Fiscal real Ended September 30, 2017		Buo	dget			Va	ariance With
		Original		Final	Actual	Fin	al Budget
Operating revenues:	\$	-	\$	-	\$ -	\$	-
Operating expenses:							
Depreciation		-		-	382,415		(382,415)
Total operating expenses		-			382,415		(382,415)
Operating income (loss)		-		-	(382,415)		382,415
Non-operating revenues (expenses)							
Interest expense		(418,564)		(418,564)	(16,873)		401,691
Total non-operating revenues (expenses)		(418,564)		(418,564)	(16,873)		401,691
Income (loss) before transfers		(418,564)		(418,564)	(399,288)		19,276
Transfers in (out)							
Transfers in		250,000		250,000	250,000		-
Total transfers		250,000		250,000	250,000		-
Change in net position	\$	(168,564)	\$	(168,564)	(149,288)	\$	19,276
Change in het position	Ą	(100,304)	Ą	(108,304)	(143,200)	ې	13,270
Net position- beginning					558,140		
Net position- ending					\$ 408,852		

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

September 30,	2017		2016		
Assets					
Cash	\$ 250,112	\$	83,726		
Investments, at fair value:					
Equities	7,584,951		6,329,384		
Corporate bonds	822,502		661,529		
Money market mutual funds	215,897		626,450		
Municipal bonds	1,555,919		1,485,059		
Total assets	\$ 10,429,381	\$	9,186,148		
10101 000010	Ţ 10,113,001	Υ	3,100,110		
Liabilities					
Accounts payable	\$ -	\$			
Total liabilities	-		-		
Net position					
Net position restricted for pensions	10,429,381		9,186,148		
Total net position	10,429,381		9,186,148		
Total liabilities and net position	\$ 10,429,381	\$	9,186,148		

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

For the Fiscal Years Ended September 30,		2017	2016		
Additions					
Contributions					
Employer contributions	\$	492,093	\$	440,112	
Plan member contributions		476,078		425,463	
Total contributions		968,171		865 <i>,</i> 575	
Investment income					
Net appreciation/(depreciation) in fair value of investments		735,176		621,209	
Interest and dividends		200,263		184,497	
Total investment income		935,439		805,706	
Less investment expense		(57,539)		(52,747)	
Net investment income (loss)		877,900		752,959	
Total additions		1,846,071		1,618,534	
Deductions					
Benefits paid		540,997		520,186	
Refunds of contributions		7,166		125,110	
Administrative expenses		54,675		42,299	
Total deductions		602,838		687,595	
Net change in fiduciary net position		1,243,233		930,939	
Net Position, beginning of year		9,186,148		8,255,209	
Net position, end of year	\$:	10,429,381	\$	9,186,148	

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

September 30,	2017			2016		
Assets						
Cash and cash equivalents	\$	12,239	\$	10,922		
Investments, at fair value:						
Certificates of deposit		482 <i>,</i> 921		480,537		
Total assets	\$	495,160	\$	491,459		
Liabilities						
Accounts payable	\$	2,927	\$	1,429		
Total liabilities		2,927		1,429		
Not westign						
Net position				400.000		
Net position restricted for other purposes		492,233		490,030		
Total net position		492,233		490,030		
Total liabilities and net position	\$	495,160	\$	491,459		

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

For the Fiscal Years Ended September 30,	2017			2016		
Additions						
Interest and dividends	\$	5,130	\$	2,973		
Total additions		5,130	\$	2,973		
Deductions						
Administrative expenses		2,927		2,729		
Total deductions		2,927		2,729		
Net change in fiduciary net position		2,203		244		
Net Position, beginning of year		490,030		489,786		
Net position, end of year	\$	492,233	\$	490,030		

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

September 30,	2017	2016
Assets		_
Cash and cash equivalents	\$ 4,275,962	\$ 3,151,439
Restricted assets:		
Cash and cash equivalents	889,969	925,042
Certificate of deposit	695,256	695,256
Accounts receivable	267,555	225,478
Assets held for resale	402,734	402,734
Long-term note receivables	2,518,550	2,900,177
Total Assets	\$ 9,050,026	\$ 8,300,126
12.1200		
Liabilities	\$ 97,195	ć co.co2
Accounts payable	•	\$ 60,693
Accrued salaries and payroll taxes	8,554	5,926
Total Liabilities	105,749	66,619
	103,743	00,013
Deferred Inflows of Resources		
Unavailable revenue- non-current receivables	2,518,550	2,900,177
Total deferred inflows of resources	2,518,550	2,900,177
Fund Balances		
Restricted for:		
Debt service	695,256	695,256
Project development	60,000	60,000
Capital projects	889,969	925,042
Unassigned	4,780,502	3,653,032
Total Fund Balances	6,425,727	5,333,330
Total Liabilities Deferred Inflows of		
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,050,026	\$ 8,300,126
ACSOULCES ALLA LALIA DAIALICES	7 3,030,020	7 0,300,120

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

For the Fiscal Year Ended September 30,	2017	2016
Revenues		
Nonproperty taxes	\$ 2,976,515	\$ 2,894,175
Capital grants	44,457	-
Program income	338,059	421,640
Investment income	174,894	95,923
Miscellaneous	3,985	5,843
Total Revenues	3,537,910	3,417,581
Expenditures		
Development Services	1,534,430	1,303,456
Capital outlay	82,827	11,700
Debt service:		
Principal	678 <i>,</i> 565	974,066
Interest and fees	149,691	180,347
Total Expenditures	2,445,513	2,469,569
Excess (deficiency) of revenues over expenditures	1,092,397	948,012
Other financing sources (uses):		
Note proceeds		283,000
Net change in fund balances	1,092,397	1,231,012
Fund balances at beginning of year	5,333,330	4,102,318
Fund balances at end of year	\$ 6,425,727	\$ 5,333,330

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

September 30, 2017	
Fund balances of governmental funds	\$ 6,425,727
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,998,580
Long term note receivables are not available to pay for current period expenditures therefore are not reported as available resources and deferred in the funds	2,518,550
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in governmental funds balance sheet.	(15,611)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds	
balance sheet.	(3,922,491)
Net position of governmental activities	\$ 7,004,755

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

3,057

1,405,927

Net change in fund balances	\$	1,092,397
Amounts reported for governmental activities in the statement of		
activities are different because:		
Governmental funds report capital outlays as expenditures. However in the		
statement of activities the cost of thos assets are allocated over their estimated		
useful lives and reported as depreciation expense. This is the amount by which		
depreciation (\$69,279) exceeded capital outlay \$11,700 in the current period.		13,535
Other long-term assets are not available to pay for current period expenditures and	there	fore
are deferred in the funds.		(381,627)
The issuance of long-term debt (e.g. bonds) provides current financial	•	
resources to governmental funds, while repayment of the principal of long-		
ter debt consumes the current financial resources of governmental funds. Neither		
transaction, however, has any effect on net position. This amount is the net effect		
of these differences in treatment of long-term debt and related items. Long		
term principal payments (\$678,565) exceeded note proceeds (\$-0-).		678,565
Some expenses reported in the statement of activities do not require the use of		
current financial resources and therefore are not reported as expenditures in		

governmental funds. Interest expense in the statement of activities differs from the amount reported in governmental funds due to the change in accrued interest

(\$3,057) being calculated for bonds and notes payable.

Change in net position of governmental activities:

For the Fiscal Year Ended September 30, 2017



City of Weslaco, Texas Schedule of Taxes Receivable – By Funds At September 30, 2017

			General Fund			1 & S F	und	
Tax Year		Total	Total % Amount			%		Amount
2007 & Prior	\$	407,167	Various	\$	265,793	Various	\$	141,374
2008		67,617	74.78%		50,565	25.22%		17,052
2009		69,344	73.95%		51,279	26.05%		18,065
2010		76,963	72.47%		55,775	27.53%		21,188
2011		80,625	72.33%		58,313	27.67%		22,312
2012		89,192	72.00%		64,215	28.00%		24,977
2013		117,639	72.90%		85 <i>,</i> 758	27.10%		31,881
2014		142,153	71.91%		102,219	28.09%		39,934
2015		225,907	82.16%		185,613	17.84%		40,294
2016		424,733	83.79%		355,866	16.21%		68,867
		1,701,340			1,275,396			425,944
Less								
Allowances for	-							
uncollectible		(523,735)			(375,868)			(147,867)
Net Amount	\$	1,177,605		\$	899,528		\$	278,077

City of Weslaco, Texas Analysis of Tax Collections, Adjustments, and Allocation to Funds October 1, 2016 to September 30, 2017

TAX COLLECTIONS AND ADJUSTMENTS

				Current						
	U	ncollected	Ass	sessments					U	ncollected
Tax Year		10/1/16	& 0	Correction	Col	llections	Ad	justments		9/30/17
2007 & Prior	\$	471,102	\$	-	\$	27,162	\$	(36,773)	\$	407,167
2008		73,464		-		4,292		(1,555)		67,617
2009		77,928		-		7,234		(1,350)		69,344
2010		88,749		-		10,453		(1,333)		76,963
2011		95,435		-		12,221		(2,589)		80,625
2012		117,095		-		21,168		(6,735)		89,192
2013		155,412		-		30,988		(6,785)		117,639
2014		207,583		-		63,088		(2,342)		142,153
2015		432,385		-		171,558		(34,920)		225,907
2016		-	1	1,478,848	1	0,983,948		(70,168)		424,733
Total	\$	1,719,153	\$ 1	1,478,848	\$ 1	1,332,112	\$	(164,550)	\$	1,701,340

ALLOCATION TO FUNDS

				1 & S F	und			
Tax Year	(Collections	%		\$	%		\$
2007 & Prior	\$	27,162	Various	\$	17,928	Various	\$	9,234
2008		4,292	73.96%		3,210	26.04%		1,082
2009		7,234	74.78%		5,350	25.22%		1,884
2010		10,453	73.95%		7,576	26.05%		2,877
2011		12,221	72.47%		8,839	27.53%		3,382
2012		21,138	72.33%		15,240	27.67%		5,898
2013		30,988	72.00%		22,590	28.00%		8,398
2014		63,088	72.90%		45,365	27.10%		17,723
2015		171,558	71.90%		140,958	28.10%		30,600
2016		10,983,948	82.16%		9,202,991	17.84%		1,780,957
Total	\$	11,332,082		\$	9,470,047		\$	1,862,035



City of Weslaco, Texas General Obligation Refunding Bonds Series 2010 (Target Savings)

		Principal							
Fiscal	Interest	 Interest Payments		nts		Due	Outstanding		
Year	Rate	1-Feb		1-Aug		1-Feb		30-Sep	
2017							\$	1,037,731	
2018	3.100%	\$ 16,065	\$	8,155	\$	510,324		527,407	
2019	3.100%	8,155		-		527,407		-	
Total		\$ 24,220	\$	8,155	\$	1,037,731			

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

		_			Principal		
Fiscal	Interest	 Interest	Payme	nts	Due	Οι	utstanding
Year	Rate	15-Feb		15-Aug	15-Feb		30-Sep
2017						\$	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%	24,550		-	1,470,000		-
Total		\$ 391,659	\$	285,725	\$ 7,720,000		

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

As of Se	ptember 30, .	2017							
Fiscal	Interest		Interest	Pa ym e		Principal Due			utstanding
Year	Rate		15-Feb		15-Aug		15-Feb		30-Sep
2017								\$	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		\$	1,428,100	\$	1,428,100	\$	6,345,000		

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

As of	Septem	ber 30,	2017

Fiscal	Interest		Interest Payment			F	Principal Due	Principal Outstanding		
Year	Rate		L5-Feb		L5-Aug		15-Feb	30-Sep		
		_			20 7146		25 . 6.0		<u> </u>	
2017								\$	3,735,000	
2018	2.00%	\$	86,750	\$	84,100	\$	265,000		3,470,000	
2019	5.00%		84,100		77,350		270,000		3,200,000	
2020	5.00%		77,350		70,225		285,000		2,915,000	
2021	5.00%		70,225		62,850		295,000		2,620,000	
2022	5.00%		62,850 54,975		54,975 46,725		315,000 330,000		2,305,000 1,975,000	
2023	5.00%		46,725		35,350		455,000		1,520,000	
2025	5.00%		35,350		23,350		480,000		1,040,000	
2026	5.00%		23,350		10,600		510,000		530,000	
2027	4.00%		10,600		-		530,000		-	
Total		\$	552,275	\$	465,525	\$	3,735,000			

City of Weslaco, Texas General Obligation Refinancing Bonds, Series 2010 (Target Savings)

As of September 30, 201	7
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		•	_			•	Principal	•		
Fiscal	Interest		Interest I	Payme	nts		Due	Ou	tstanding	
Year	Rate		1-Feb	1-Aug			1-Feb		30-Sep	
2017								\$	273,529	
2018	3.100%	\$	4,240	\$	2,152	\$	134,676		138,853	
2019	3.100%		2,152		-		138,853		-	
Total		\$	6,392	\$	2,152	\$	273,529			

City of Weslaco, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2010

As of Se	otember 30, 2	2017								
							Р	rincipal		
Fiscal	Interest		Interest Payme	ent			_	Due	Out	tstanding
Year	Rate		1-Dec		1-Jun			1-Dec	3	30-Sep
2017									\$	440,000
2018	3.190%	\$	7,018	\$		-	\$	440,000		-
Total		\$	7,018	\$		-	\$	440,000		

City of Weslaco, Texas Tax Notes, Series 2011

As of Sept	ember 30,	2017
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Fiscal	Interest	Interest I	Pa yme	ents		Principal Due	Outstanding		
Year	Rate	15-Feb	15-Aug			15-Feb	30-Sep		
2017							\$	2,620,000	
2019	2.750%	\$ 36,025	\$	36,025	\$	2,620,000		-	
Total		\$ 36,025	\$	36,025	\$	2,620,000			

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

Fiscal	Interest	Interest I	Payme	ents		Outstanding		
Year	Rate	15-Feb	15-Aug		15-Feb		30-Sep	
2017							\$	3,720,000
2018	3.000%	\$ 55,800	\$	55,800	\$	-		3,720,000
2019	3.000%	55,800		55,800		1,345,000		2,375,000
2020	3.000%	35,625		35,625		1,175,000		1,200,000
2021	3.000%	18,000		18,000		1,200,000		-
Total		\$ 165,225	\$	165,225	\$	3,720,000		

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

100	$f c_{\wedge}$	ntom	har	20	2017
AS U	ıse	ριεπ	vei	SU.	, 2017

<u>,</u>	pterriber 30, 1				Principal		
Fiscal	Interest	 Interest	Pa ym e		Due	Οι	utstanding
Year	Rate	15-Feb		15-Aug	15-Feb		30-Sep
2017						\$	9,075,000
2018	4.500%	\$ 202,850	\$	202,850	\$ -		9,075,000
2019	4.500%	202,850		202,850	75,000		9,000,000
2020	4.500%	202,100		202,100	80,000		8,920,000
2021	4.500%	201,300		201,300	75,000		8,845,000
2022	4.500%	200,363		200,363	75,000		8,770,000
2023	4.500%	199,238		199,238	80,000		8,690,000
2024	4.500%	198,038		198,038	80,000		8,610,000
2025	4.500%	196,438		196,438	80,000		8,530,000
2026	4.500%	194,838		194,838	90,000		8,440,000
2027	4.500%	193,038		193,038	100,000		8,340,000
2028	4.500%	191,038		191,038	1,035,000		7,305,000
2029	4.500%	167,750		167,750	1,085,000		6,220,000
2030	4.500%	143,338		143,338	1,140,000		5,080,000
2031	4.500%	117,688		117,688	1,185,000		3,895,000
2032	4.500%	91,025		91,025	1,245,000		2,650,000
2033	4.500%	63,013		63,013	1,295,000		1,355,000
2034	4.500%	33,875		33,875	1,355,000		-
Total _		\$ 2,798,780	\$	2,798,780	\$ 9,075,000		

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

As of September 30, 2017	As o	f Septem	ber 30,	2017
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Fiscal	Interest		Interest	Pavme	ent	_	Principal Due	0	Principal utstanding
Year	Rate	15	-Feb		15-Aug	15-Feb		30-Sep	
					3				<u>-</u>
2017								\$	15,750,000
2018	5.000%	\$ 3	382,350	\$	382,350	\$	-		15,750,000
2019	5.000%	<u> </u>	382,350		375,100		290,000		15,460,000
2020	5.000%	3	375,100		334,850		1,610,000		13,850,000
2021	5.000%		334,850		292,350		1,700,000		12,150,000
2022	5.000%		292,350		247,850		1,780,000		10,370,000
2023	5.000% 5.000%		247,850 201,100		201,100 151,975		1,870,000 1,965,000		8,500,000 6,535,000
2024	5.000%		151,975		100,100		2,075,000		4,460,000
2026	5.000%		100,100		45,600		2,180,000		2,280,000
2027	4.000%		45,600		-		2,280,000		-
Total		\$ 2,	513,625	\$	2,131,275	\$	15,750,000		

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

As of September 30, 2017	
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As of septemi	Jer 30, 2017			Duin sing I Duin sing I			
				Principal	Principal		
Fiscal	Interest		Payment	Due	Outstanding		
Year	Rate	15-Feb	15-Aug	15-Feb	30-Sep		
2017					\$ 19,545,000		
2018	3.000%	\$ 394,230	\$ 463,800	\$ -	19,545,000		
2019	3.000%	463,800	463,800	500,000	19,045,000		
2020	3.000%	456,300	456,300	-	19,045,000		
2021	3.000%	456,300	456,300	-	19,045,000		
2022	4.000%	456,300	456,300	1,230,000	17,815,000		
2023	4.000%	431,700	431,700	1,280,000	16,535,000		
		,	,	, ,	, ,		
2024	4.000%	406,100	406,100	1,455,000	15,080,000		
		,	,	_,,			
2025	5.000%	377,000	377,000	1,500,000	13,580,000		
2023	3.00070	377,000	377,000	1,500,000	13,300,000		
2026	5.000%	339,500	339,500	1,565,000	12,015,000		
2020	3.00070	333,300	333,300	1,303,000	12,013,000		
2027	5.000%	300,375	200 275	1,640,000	10,375,000		
2027	3.000%	300,373	300,375	1,640,000	10,575,000		
2028	F 000%	250 275	250 275	1 975 000	9 500 000		
2028	5.000%	259,375	259,375	1,875,000	8,500,000		
2020	F 0000/	242.500	242 500	4 070 000	6 520 000		
2029	5.000%	212,500	212,500	1,970,000	6,530,000		
2030	5.000%	163,250	163,250	2,070,000	4,460,000		
2031	5.000%	111,500	111,500	2,175,000	2,285,000		
2032	5.000%	57,125	57,125	2,285,000	-		
Total		\$ 4,885,355	\$ 4,954,925	\$ 19,545,000			

City of Weslaco, Texas Economic Development Sales Tax Revenue Bonds, Series 2011B

Fiscal	Interest	Interest	Pa ym	'a yment		Principal Due		Principal utstanding	
Year	Rate	 15-Feb	15-Aug			15-Feb		30-Sep	
				<u> </u>				<u> </u>	
2017							\$	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		-	
		\$ 62,208	\$	37,728	\$	1,275,000			

City of Weslaco, Texas Economic Development Sales Tax Revenue Bonds, Series 2012

Fiscal	Interest	Intere		Payme	ent	Principal Due	Principal Outstanding		
Year	Rate		15-Feb		15-Aug	15-Feb		30-Sep	
2017							\$	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		-	
		\$	33,930	\$	24,440	\$ 730,000			

City of Weslaco, Texas Economic Development Sales Tax Revenue Refunding Bonds, Series 2012

Fiscal	Interest	Interest	Principal Payment Due				Principal Outstandin			
Year	Rate	15-Feb		15-Aug		15-Feb		30-Sep		
2017							\$	1,675,000		
2018	4.38%	\$ 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		-		
		\$ 102,595	\$	74,120	\$	1,675,000				



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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 26,444,251	\$ 23,122,052	\$ 20,001,901	\$ 11,915,869	\$ 6,236,897	\$ 13,564,135	\$ 14,042,568	\$ 12,006,633	\$ 9,749,470	\$ 438,179
Restricted	952,339	1,211,727	1,787,280	11,967,344	13,059,262	5,760,438	6,259,134	6,455,866	8,335,324	6,474,762
Unrestricted	588,485	3,639,565	6,148,950	729,653	9,294,414	4,806,131	1,330,224	1,591,672	1,568,080	535,440
Total governmental activities										
net position	\$ 27,985,075	\$ 27,973,344	\$ 27,938,131	\$ 24,612,866	\$ 28,590,573	\$ 24,130,704	\$ 21,631,926	\$ 20,054,171	\$ 19,652,874	\$ 7,448,381
Business-type activities										
Net investment in capital assets	\$ 40,509,740	\$ 39,969,259	\$ 38,975,364	\$ 34,020,461	\$ 12,912,376	\$ (1,310,318)	\$ 25,204,572	\$ 21,631,773	\$ 11,808,483	\$ 6,190,908
Restricted	1,020,601	1,212,612	1,623,104	2,019,837	19,656,819	27,959,653	1,054,121	4,875,514	14,231,044	20,642,296
Unrestricted	3,647,000	2,750,097	2,884,140	2,798,504	3,095,455	5,769,530	2,533,841	1,479,750	1,076,733	(971,432)
Total business-type activities										
net position	\$ 45,177,341	\$ 43,931,968	\$ 43,482,608	\$ 38,838,802	\$ 35,664,650	\$ 32,418,865	\$ 28,792,534	\$ 27,987,037	\$ 27,116,260	\$ 25,861,772
Primary Government										
Net investment in capital assets	\$ 66,953,991	\$ 63,091,311	\$ 58,977,265	\$ 45,936,330	\$ 19,149,273	\$ 12,253,817	\$ 39,247,140	\$ 33,638,406	\$ 21,557,953	\$ 6,629,087
Restricted	1,972,940	2,424,339	3,410,384	13,987,181	32,716,081	33,720,091	7,313,255	11,331,380	22,566,368	27,117,058
Unrestricted	4,235,485	6,389,662	9,033,090	3,528,157	12,391,770	10,575,661	3,864,065	3,071,422	2,644,813	(435,992)
Total primary government										
net position	\$ 73,162,416	\$ 71,905,312	\$ 71,420,739	\$ 63,451,668	\$ 64,257,124	\$ 56,549,569	\$ 50,424,460	\$ 48.041.208	\$ 46,769,134	\$ 33,310,153

Source: Government-wide Statement of Activities

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

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

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

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

For the Fiscal Year ended September 30,										
Tor the Fiscal Tear Chaca September 50,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	\$ 7,877,473	\$ 7,793,661	\$ 7,475,817	\$ 4,699,927	\$ 4,077,130	\$ 4,079,035	\$ 4,426,526	\$ 4,307,902	\$ 3,710,070	\$ 2,618,4
Public safety	15,375,565	13,374,018	11,530,338	10,217,398	10,714,272	10,195,023	11,562,667	12,676,095	12,486,600	13,173,1
Emergency medical service	144,283	137,335	101,226	269,969	332,102	462,305	398,347	343,818	-	-
Health	-	-	-	-	90,067	88,459	104,426	132,612	127,044	135,50
Public works	5,129,113	3,409,500	2,927,110	3,056,584	3,039,309	2,626,866	2,669,907	1,870,276	1,843,346	1,567,83
Culture and recreation	2,197,967	2,195,306	1,793,425	1,660,311	1,692,154	1,693,692	1,144,997	2,486,171	2,484,004	1,815,43
Development services	-	-	-	2,724,236	3,364,499	3,256,023	3,101,439	3,358,829	4,994,533	1,847,39
Interest on long-term debt	828,514	1,134,675	1,009,379	1,182,183	1,187,398	2,326,416	1,452,443	1,478,830	1,488,868	5,735,33
Total governmental activities expenses	31,552,915	28,044,495	24,837,295	23,810,608	24,496,931	24,727,819	24,860,752	26,654,533	27,134,465	26,893,10
Business-type activities:										
Water and Wastewater	10,639,686	11,042,489	9,955,440	8,687,380	9,435,022	9,054,734	7,768,721	7,433,263	7,662,631	10,726,65
Solid Waste	3,850,543	4,147,973	4,348,050	4,117,588	4,044,683	4,047,757	3,863,097	3,517,000	3,468,755	3,480,52
Airport	850,901	687,702	668,097	536,560	507,619	505,452	532,689	532,828	564,958	1,092,42
Total business-type activities expenses	15,341,130	15,878,164	14,971,587	13,341,528	13,987,324	13,607,943	12,164,507	11,483,091	11,696,344	15,299,60
Total primary government expenses	\$ 46,894,045	\$ 43,922,659	\$ 39,808,882	\$ 37,152,136	\$ 38,484,255	\$ 38,335,762	\$ 37,025,259	\$ 38,137,624	\$ 38,830,809	\$ 42,192,71
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
General government	\$ 896,763	\$ 714,548	\$ 725,949	\$ 588,302	\$ 405,601	\$ 381,323	\$ 363,068	\$ 370,890	\$ 406,099	\$ 3,471,8
Public Safety	1,156,105	853,586	653,606	748,737	842,122	919,126	695,632	933,006	1,912,015	1,217,3
Emergency medical services	1,501,101	1,350,052	1,693,132	1,250,542	1,223,157	976,167	948,437	976,166	-	1,217,5
Other activities	1,501,101	-		155,378	394,360	399,142	260,053	372,935	404,985	187,0
Culture and recreation	76,676	85,163	73,359	-	-	-	-	-	-	107,0
Operating grants and contributions	585,580	484,336	273,122	233,899	99,359	16,179	_	_	81,000	1,186,1
Capital grants and contributions	137,739	571,469	1,065,726	463,568	454,010	724,994	500,163	702,133	917,556	-,,-
Total governmental activities			2,000,120	,	,	12.,,				
program revenues	4,353,964	4,059,154	4,484,894	3,440,426	3,418,609	3,416,931	2,767,353	3,355,130	3,721,655	6,062,43
Business-type activities:										
Charges for services:										
Water and Wastewater	12,205,565	10,806,055	12,121,383	11,744,692	12,160,485	11,034,905	9,411,060	8,719,988	8,993,459	8,630,89
Solid Waste	5,044,351	4,725,450	5,225,429	4,860,177	4,752,518	4,646,565	4,127,015	4,215,582	3,992,622	3,579,0
Airport	245,143	183,291	159,919	207,034	156,302	110,894	111,261	186,184	112,917	518,2
Operating grants and contributions	-	-	-	-	-	-	-	8,098	20,267	121,0
Capital grants and contributions	2,325,711	1,658,319	4,148,622	481,853	664,218	2,424,601	154,017	80,875	224,315	-
Total business-type activities	,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		,						
program revenues	19,820,770	17,373,115	21,655,353	17,293,756	17,733,523	18,216,965	13,803,353	13,210,727	13,343,580	12,849,3
Total primary government										
program revenues	\$ 24,174,734	\$ 21,432,269	\$ 26,140,247	\$ 20,734,182	\$ 21,152,132	\$ 21,633,896	\$ 16,570,706	\$ 16,565,857	\$ 17,065,235	\$ 18,911,75
Net (Expense)/Revenue										
Governmental activities	\$ (27,198,951)	\$ (23,985,341)	\$ (20,352,401)	\$ (20,370,182)	\$ (21,078,322)	\$ (21,310,888)	\$ (22,093,399)	\$ (23,299,403)	\$ (23,412,810)	\$ (20,830,66
Business-type activities	4,479,640	1,494,951	6,683,766	3,952,228	3,746,199	4,609,022	1,638,846	1,727,636	1,647,236	(2,450,29
Total primary government net expense	\$ (22,719,311)	\$ (22,490,390)				\$ (16,701,866)		\$ (21,571,767)		\$ (23,280,96

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

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

For the Fiscal Years Ended September 30,																—			
	2017		2016		2015		2014		2013		2012		2011		2010		2009		2008
Governmental activities:																			
Taxes:																			
Ad valorem	\$ 11,615,30	1 \$ 11	,264,052	\$	10,352,897	\$	9,767,217	\$	9,823,287	\$	9,710,670	\$	9,632,751	\$	9,729,729	\$	9,752,261	\$	16,449,025
Sales	8,929,54	6 8	,682,523		8,779,266		11,441,937		11,182,267		10,578,320		9,864,624		9,218,352		9,175,453		2,656,019
Occupancy	444,15	1	351,911		384,439		419,960		382,934		336,419		358,390		359,421		403,467		-
Franchise and other	1,890,88	3 1	,893,085		1,855,156		1,664,769		1,640,932		1,631,134		1,724,786		1,486,165		1,475,452		-
Intergovernmental	-		-		-		-		16,149		4,421		77,375		144,499		143,800		-
Investment earnings	103,60	18	60,217		31,839		130,602		89,278		66,619		64,147		139,903		226,519		447,930
Gain (loss) on sale/retirement of																			
capital assets	44,93	19	-		-		56,720		(348,529)		116,255		100,339		(115,940)		482,859		(398,361)
Miscellaneous	353,90	12	721,662		232,759		377,674		226,739		249,246		301,972		348,954		433,260		415,452
Rescindment of contingency	-		-		-		-		-		-		550,000		-		-		
Absences	-		-		-		-		-		191,261		-		-		-		-
Transfers	3,236,31	.1 1	,047,104		2,041,310		1,021,140		1,021,140		1,021,140		996,770		1,475,209		2,403,930		(218,000)
Total governmental activities	26,618,64	1 24	,020,554		23,677,666		24,880,019		24,034,197		23,905,485		23,671,154		22,786,292	_	24,497,001		19,352,065
Business-type activities																			
Investment earnings	2,04	4	1,513		1,350		4,013		19,609		13,629		109		618,350		849,733		916,833
Transfers	(3,236,31	.1) (1	,047,104)		(2,041,310)		(1,021,140)		(1,021,140)		(1,021,140)		(996,770)		(1,475,209)		(2,403,930)		218,000
Total business-type activities	(3,234,26	57) (1	,045,591)		(2,039,960)		(1,017,127)		(1,001,531)		(1,007,511)		(996,661)		(856,859)		(1,554,197)		1,134,833
Total primary government	23,384,37	4 \$ 22	,974,963	\$	21,637,706	\$	23,862,892	\$	23,032,666	\$	22,897,974	\$	22,674,493	\$	21,929,433	\$	22,942,804	\$	20,486,898
Change in Net Position																			
Governmental activities	\$ (580,31	n) \$	35,213	Ś	3,325,265	Ś	4,509,837	Ś	2,955,875	Ś	2,594,597	\$	1,577,755	¢	(513,111)	Ġ	1,084,191	Ġ	(1,478,602
Business-type activities	1,245,37	, .	449,360	ڔ	4,643,806	ڔ	2,935,101	ڔ	2,744,668	٧	3,601,511	Y	642,185	ڔ	870,777	٠	93,039	ب	(1,315,460
Total primary government	\$ 665.06		484,573	ć	7.969.071	ć	7.444.938	ć	5,700,543	ć	6.196.108	ć	2.219.940	ć	357,666	Ś	1.177.230	ć	(2,794,062

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

For the Fis	cal Years	Ended S	eptember	30,
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	2017	2016	2015	2014	2013		2012	2011	2010	2009		2008
General Fund												
Pre GASB 54												
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	\$ -	\$ 69,467	\$ 61,244	\$	-
Unreserved	-	-	-	-	-		-	-	(104,146)	900,326		(213,081
Post GASB 54												
Nonspendable	\$ 18,308	\$ 37,392	\$ 34,790	\$ 180,110	\$ 33,249	\$	-	\$ -	\$ -	\$ -	\$	-
Restricted	-	104,886	466,288	466,288	696,765		65,791	57,391	-	-		-
Committed	-	-	-	-	-		-	-	-	-		-
Assigned	-	-	-	-	-		-	-	-	-		-
Unassigned	7,511,496	7,939,293	8,523,908	6,478,642	4,738,640		1,627,107	779,427	-	-		-
Total General Fund	\$ 7,529,804	\$ 8,081,571	\$ 9,024,986	\$ 7,125,040	\$ 5,468,654	\$	1,692,898	\$ 836,818	\$ (34,679)	\$ 961,570	\$	(213,081
All Other Governmental Funds												
Pre GASB 54												
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	\$ -	\$ 1,505,458	\$ 1,286,791	\$	5,642,293
Unreserved	-	-	-	-	-		-	-	4,985,087	6,086,963		2,792,788
Post GASB 54												
Nonspendable	\$ -	\$ 34,311	\$ -	\$ -	\$ -	\$	-	\$ -	\$ -	\$ -	\$	-
Restricted	3,617,027	3,958,733	5,512,740	1,793,631	1,691,574		1,772,642	1,618,055	-	-		-
Assigned	2,001,223	1,950,380	1,250,000	-	-		-	-	-	-		-
Unassigned, reported in:												
Special revenue funds	-	-	-	3,127,878	2,936,214		2,308,622	4,718,358	-	-		-
Capital projects funds	-	-	-	6,399,437	7,701,460		1,166,502	1,206,560	-	-		-
Total all other governmental funds	\$ 5,618,250	\$ 5,943,424	\$ 6,762,740	\$ 11,320,946	\$ 12,329,248	Ś	5,247,766	\$ 7,542,973	\$ 6,490,545	\$ 7,373,754	Ś	8,435,081

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

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Taxes:										
Property taxes	\$ 11,645,836	\$ 11,273,279	\$ 10,550,931	\$ 9,932,967	\$ 10,011,483	\$ 9,710,637	\$ 9,847,584	\$ 9,717,429	\$ 9,704,351	\$ 16,449,02
Sales	8,929,546	8,682,523	8,779,266	11,441,937	11,182,267	10,578,320	9,864,624	9,218,352	9,175,453	2,656,01
Occupancy	444,151	351,911	384,439	419,960	382,934	336,419	358,390	359,421	403,467	-
Franchise and other	1,890,883	1,893,085	1,855,156	1,664,769	1,640,932	1,631,134	1,724,786	1,486,165	1,475,452	-
Charges for services	2,003,126	1,644,414	3,471,864	2,783,840	2,832,851	2,540,973	2,565,294	2,905,104	3,752,129	3,471,85
Program income	-	-	-	360,576	389,134	341,845	150,054	109,445	62,604	-
Intergovernmental	723,319	1,055,805	1,338,849	697,467	569,518	745,594	577,538	846,632	1,142,356	1,373,19
Licenses and permits	664,177	493,175	479,501	446,828	405,601	381,323	363,068	370,890	406,099	489,88
Investment income	103,608	60,217	31,839	130,602	89,278	66,619	64,147	139,903	226,507	447,93
Fines and forfeitures	752,327	698,250	523,767	636,486	668,891	772,752	463,778	583,066	690,602	727,50
Contributions	-	-	-	2,736	50	500	142	8,500	1,954	-
Miscellaneous	314,916	889,172	394,982	374,938	527,110	248,746	301,830	340,454	431,306	415,45
Total revenues	27,471,889	27,041,831	27,810,594	28,893,106	28,700,049	27,354,862	26,281,235	26,085,361	27,472,280	26,030,86
Expenditures										
General government	6,395,390	6,133,070	5,991,720	4,617,587	3,697,885	3,797,404	4,310,348	3,637,628	3,484,006	5,131,71
Public Safety	15,250,314	12,165,292	10,476,065	10,483,329	10,699,897	10,327,350	11,664,128	12,725,966	12,486,212	13,173,15
Public Works	4,377,328	2,104,864	1,790,960	1,558,496	1,556,054	1,299,033	1,342,074	1,390,192	1,468,756	1,567,81
Health	4,377,326	2,104,804	1,730,300	1,338,430	85,956	84,348	100,315	128,875	123,307	135,50
Culture and recreation	2,136,834	1,709,199	1,376,551	1,311,421	1,428,512	1,447,298	1,073,525	2,410,330	2,291,653	1,815,43
Economic development	581,915	589,640	593,849	1,568,220	2,144,101	1,923,521	2,171,025	3,633,445	4,376,933	7,218,80
Nondepartmental	381,313	383,040	333,643	565,216	477,223	395,172	684,020	779,286	541,759	7,210,00
Capital outlay	949,108	4,530,211	4,692,755	2,390,421	823,384	2,416,513	633,058	9,608,984	1,879,830	307,09
Debt service	949,100	4,550,211	4,092,733	2,390,421	623,364	2,410,515	055,056	9,000,964	1,079,030	307,08
Principal	3,347,137	2,389,617	2,418,462	2,711,314	2,526,603	2,004,577	9,628,025	1,682,179	1,590,747	4,177,91
Interest and fiscal charges	782,830	786,594	890,033	1,152,048	1,197,893	1,352,412	1,420,192	1,490,122	1,500,160	1,568,70
Advance refunding escrow	782,830	77,555	830,033	1,132,048	1,137,633	1,332,412	1,420,132	1,450,122	1,300,100	1,300,70
Total expenditures	33,820,856	30,486,042	28,230,395	26,358,052	24,637,508	25,047,628	33,026,710	37,487,007	29,743,363	35,096,15
Excess of revenues over (under) expenditures	(6,348,967)	(3,444,211)	(419,801)	2,535,054	4,062,541	2,307,234	(6,745,475)	(11,401,646)	(2,271,083)	(9,065,29
							(0,, 15, 1, 5)	(11, 101,010)		
	(0,348,907)	(3,444,211)	(413,001)	2,555,65	4,002,341					(0,000,00
Other Financing Sources (Uses)										
	\$ 300,741	\$ -	\$ -	\$ 56,720	\$ 56,950	\$ 124,435	\$ 367,174	\$ 131,825	\$ 905,434	\$ -
Other Financing Sources (Uses)							\$ 367,174 9,044,918	-	\$ 905,434 1,300,000	\$ -
Other Financing Sources (Uses) Proceeds from sale of capital assets	\$ 300,741	\$ -	\$ -		\$ 56,950	\$ 124,435		\$ 131,825 - 7,629,307		\$ - 1,220,13
Other Financing Sources (Uses) Proceeds from sale of capital assets Debt Proceeds	\$ 300,741	\$ - 4,450,281 - -	\$ -		\$ 56,950	\$ 124,435		-		\$ - 1,220,13
Other Financing Sources (Uses) Proceeds from sale of capital assets Debt Proceeds Proceeds from 380 Agreements	\$ 300,741	\$ -	\$ -		\$ 56,950	\$ 124,435		-		\$ - 1,220,13
Other Financing Sources (Uses) Proceeds from sale of capital assets Debt Proceeds Proceeds from 380 Agreements Bond interest	\$ 300,741	\$ - 4,450,281 - -	\$ -		\$ 56,950	\$ 124,435		-		\$ - 1,220,13
Other Financing Sources (Uses) Proceeds from sale of capital assets Debt Proceeds Proceeds from 380 Agreements Bond interest Premium on bond	\$ 300,741	\$ - 4,450,281 - - 701,808	\$ -		\$ 56,950 22,157,515 - - -	\$ 124,435		7,629,307 - - - -		\$ - 1,220,13
Other Financing Sources (Uses) Proceeds from sale of capital assets Debt Proceeds Proceeds from 380 Agreements Bond interest Premium on bond Bond redemption	\$ 300,741	\$ - 4,450,281 - - 701,808	\$ -		\$ 56,950 22,157,515 - - - (14,630,000)	\$ 124,435 1,155,000 - - - -	9,044,918 - - - - -	-	1,300,000 - - - -	\$ - 1,220,13
Other Financing Sources (Uses) Proceeds from sale of capital assets Debt Proceeds Proceeds from 380 Agreements Bond interest Premium on bond Bond redemption Debt issuance costs Volunteer separation expense 380 Agreement expenditures	\$ 300,741	\$ - 4,450,281 - - 701,808	\$ -		\$ 56,950 22,157,515 - - - (14,630,000)	\$ 124,435 1,155,000 - - - - - (30,323) - (780,562)	9,044,918 - - - - -	7,629,307 - - - -	1,300,000 - - - -	\$ - 1,220,13
Other Financing Sources (Uses) Proceeds from sale of capital assets Debt Proceeds Proceeds from 380 Agreements Bond interest Premium on bond Bond redemption Debt issuance costs Volunteer separation expense	\$ 300,741	\$ - 4,450,281 - - 701,808	\$ -	\$ 56,720 - - - - - - - -	\$ 56,950 22,157,515 - - (14,630,000) (366,731)	\$ 124,435 1,155,000 - - - - - (30,323)	9,044,918 - - - - (101,814)	7,629,307 - - - -	1,300,000 - - - -	\$ - 1,220,13
Other Financing Sources (Uses) Proceeds from sale of capital assets Debt Proceeds Proceeds from 380 Agreements Bond interest Premium on bond Bond redemption Debt issuance costs Volunteer separation expense 380 Agreement expenditures	\$ 300,741	\$ - 4,450,281 - - 701,808	\$ -	\$ 56,720 - - - - - - - -	\$ 56,950 22,157,515 - - (14,630,000) (366,731)	\$ 124,435 1,155,000 - - - - - (30,323) - (780,562)	9,044,918 - - - - (101,814)	7,629,307 - - - -	1,300,000 - - - -	\$ - 1,220,13
Proceeds from sale of capital assets Debt Proceeds Proceeds from 380 Agreements Bond interest Premium on bond Bond redemption Debt issuance costs Volunteer separation expense 380 Agreement expenditures Accrued 380 Agreement Interest	\$ 300,741	\$ - 4,450,281 - - 701,808	\$ -	\$ 56,720 - - - - - - - - - (738,139)	\$ 56,950 22,157,515 - - (14,630,000) (366,731) - (581,949)	\$ 124,435 1,155,000 - - - (30,323) - (780,562) (949,937) (843,934)	9,044,918 - - - - (101,814)	7,629,307 - - - -	1,300,000 - - - -	\$ - 1,220,13
Other Financing Sources (Uses) Proceeds from sale of capital assets Debt Proceeds Proceeds from 380 Agreements Bond interest Premium on bond Bond redemption Debt issuance costs Volunteer separation expense 380 Agreement expenditures Accrued 380 Agreement Interest Sales Tax rebates	\$ 300,741 2,184,974 - - - - - - -	\$ - 4,450,281 - 701,808 (4,392,713) - - -	\$ - 658,299	\$ 56,720 - - - - - - - - - (738,139)	\$ 56,950 22,157,515 - - (14,630,000) (366,731) - (581,949)	\$ 124,435 1,155,000 - - - - (30,323) - (780,562) (949,937)	9,044,918 - - - - (101,814)	7,629,307 - - - - (611,900) - -	1,300,000 (120,076) 	
Other Financing Sources (Uses) Proceeds from sale of capital assets Debt Proceeds Proceeds Proceeds from 380 Agreements Bond interest Premium on bond Bond redemption Debt issuance costs Volunteer separation expense 380 Agreement expenditures Accrued 380 Agreement Interest Sales Tax rebates Transfers in	\$ 300,741 2,184,974 	\$ - 4,450,281	\$ - 658,299	\$ 56,720 - - - - - - - (738,139) - (580,488) -	\$ 56,950 22,157,515 - - (14,630,000) (366,731) - (581,949) - (645,082)	\$ 124,435 1,155,000 - - - (30,323) - (780,562) (949,937) (843,934)	9,044,918 - - - (101,814) - (912,644) - -	7,629,307 - - - (611,900) - - - 164,040	1,300,000 - - - - (120,076) - - - - - 525,775	\$ - 1,220,13 - 3,715,91 - - - - -

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

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy Amount Percentage of Levy		_	ollections Subsequent Years	Total Collectio	ns to Date Percentage of Levy
2008	\$ 7,667,715	\$ 7,171,489	93.53%	\$	434,089	\$ 7,605,578	99.19%
2009	8,920,936	8,518,972	95.49%		334,347	8,853,319	99.24%
2010	9,249,698	8,628,830	93.29%		551,524	9,180,354	99.25%
2011	9,310,540	8,704,523	93.49%		529,055	9,233,578	99.17%
2012	9,346,948	8,859,282	94.78%		407,041	9,266,323	99.14%
2013	9,559,563	9,095,317	95.14%		375,054	9,470,371	99.07%
2014	9,667,300	9,119,003	94.33%		430,659	9,549,662	98.78%
2015	9,952,186	9,682,147	97.29%		127,860	9,810,007	98.57%
2016	10,995,171	10,562,367	96.06%		206,897	10,769,264	97.95%
2017	11,478,848	10,983,948	95.69%		-	10,983,948	95.69%

Source: Hidalgo County Tax Assessor-Collector

www.hidalgocountytax.org

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

FISCAL YEAR	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	TAX-EXEMPT	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT OVERLAPPING TAX RATE
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
2014	851,914,723	646,031,643	336,831,403	1,497,946,366	2.7113
2015	804,694,927	675,552,726	388,852,013	1,480,247,653	2.7363
2016	905,060,888	755,965,371	413,829,808	1,661,026,259	2.7357
2017	934,058,109	799,468,448	410,195,911	1,733,526,557	2.7357

Source: Hidalgo County Appraisal District

www.hidalgoad.org

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

2016 2007

TAXPAYER	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
H E Butt Grocery Company	\$ 39,383,636	1	2.27%	\$ 19,105,431	1	1.66%
Pioneer Hi-Bred Int'l Inc	26,749,029	2	1.54%			
Clearview Weslaco LLP	18,356,112	3	1.06%	6,250,450	6	0.54%
H E B Weslaco Transportation	17,904,739	4	1.03%			
Capcor Weslaco LTD	16,417,944	5	0.95%			
Wal-Mart Real Estate Business	11,736,880	6	0.68%			
AEP Texas Central Co	10,157,680	7	0.59%	7,238,530	4	0.63%
Weslaco MHC Limited Prtnrshp	8,661,934	8	0.50%			
Weslaco Palm Plaza	7,895,830	9	0.46%	6,505,263	5	0.56%
Weslaco Motors LLP	7,794,626	10	0.45%			
JC Penney #1101	7,327,620	11	0.42%			
John Knox Village	7,139,230	12	0.41%	10,217,566	3	0.89%
Ranchero Village	6,580,329	13	0.38%			
RGV Express LTD	6,193,035	14	0.36%	4,401,290	15	0.38%
Wal Mart Property Tax Department	6,192,251	15	0.36%	18,401,794	2	1.59%
HD Development Properties LP	6,109,820	16	0.35%	4,711,016	13	0.41%
535 US Hwy 83 Investors	6,097,950	17	0.35%			
Lowes Home Centers Inc	5,923,913	18	0.34%			
Weslaco Ford/Mercury Inc	5,875,248	19	0.34%			
MHC Snow to Sun (TX) LLC	5,500,000	20	0.32%			
Foremost Paving Inc				6,189,577	7	0.54%
Verizon Southwest				5,792,950	8	0.50%
Home Depot, The #6577				5,553,926	9	0.48%
Caldwell VSR Inc				5,141,543	10	0.45%
Reyna, Ezequiel Jr & Livia				4,818,617	11	0.42%
Economic Development Corp				4,728,808	12	0.41%
Reyna Family Land Dev LTD				4,517,094	14	0.39%
Sweetwater Gama Limited Prtnrshp				4,257,757	16	0.37%
HIC Texas I LLC				4,122,000	17	0.36%
Knapp Medical Center				4,015,481	18	0.35%
Ed Payne Motors LLP				3,888,875	19	0.34%
Sangria Sunset LLC				3,728,970	20	0.32%
TOTAL	\$ 227,997,806	_	13.15%	\$ 133,586,938	-	11.58%

Source:

www.hidalgoad.org

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

OVERLAPPING RATES

189,058,158

30.258.335

16,467,923

331,347,036

MAINTENANCE & INTEREST & (PER \$100) (Per \$100) (Per \$100) (Per \$100) (Per \$100) (Per \$100) **OPERATION** DD #1 STISD PROPERTY TAX RATES 2007 2008 0.5153 0.1814 0.6967 1.1047 0.1540 0.5900 0.0492 0.0492 2.6438 2009 2008 0.5210 0.1757 0.6967 1.1397 0.1498 0.5900 0.0700 0.0492 2.6954 2010 2009 0.5152 0.1815 0.6967 1.1397 0.1497 0.5900 0.0725 0.0492 2.6978 2011 2010 0.5049 0.1918 0.6967 1.1397 0.1497 0.5900 0.0725 0.0492 2.6978 2012 0.1928 0.6967 0.1497 0.5900 0.0725 0.0492 2.6978 2011 0.5039 1.1397 2013 2012 0.5016 0.1951 0.6967 1.1397 0.1507 0.5900 0.0733 0.0492 2.6996 2014 2013 0.5006 0.1861 0.6867 1.1397 0.1500 0.5900 0.0957 0.0492 2.7113 2015 2014 0.4866 0.1901 0.6767 1.1397 0.1850 0.5900 0.0957 0.0492 2.7363 2016 2015 0.5560 0.1207 0.6767 1.1397 0.1850 0.5900 0.0951 0.0492 2.7357 0.5800 2017 2016 0.5586 0.1081 0.6667 1.1597 0.1850 0.0951 0.0492 2.7357 **TAX LEVIES** 2008 2007 7,667,715 \$ 19,199,929 \$ 41,255,266 \$ 155,425,414 \$ 11,935,971 \$ 13,321,253 \$ 248,805,549 2009 2008 8,920,936 20,312,260 41,861,054 162,197,402 18,101,564 13,910,184 265,303,400 2010 2009 9,249,698 20,544,560 41,736,459 161,779,404 18,803,344 13,870,003 265,983,468 2011 2010 9,310,540 19,795,607 37,953,268 148,860,984 18,910,655 13,752,694 248,583,748 2012 2011 9,346,948 20,111,115 38,191,930 150,274,322 19,197,219 13,901,594 251,023,128 2013 2012 9,559,563 21,597,467 43,100,124 165,736,613 19,880,682 14,279,092 274,153,542 2014 2013 9,667,300 21,552,277 42,899,924 165,736,613 25,956,088 14,279,092 280,091,295 2015 2014 9,952,186 23,002,324 54,881,207 171,956,770 27,107,682 14,792,577 301,692,745 2015 2016 10,995,171 23,464,321 56,775,623 179,965,377 28,837,880 15,689,081 315,727,453

11,478,848

24,406,360

59.677.412

City Direct Rates

2017

2016

CITY OF WESLACO, TEXAS COMPUTATION OF DIRECT AND OVERLAPPING DEBT AS OF SEPTEMBER 30, 2017 TABLE IX

	GROSS DEBT Less SINKING FUND	ESTIMATED % DEBT APPLICABLE TO CITY OF WESLACO	CITY OF WESLACO SHARE OF DEBT
City of Weslaco, Texas	\$ 18,837,731	100.00%	\$ 18,837,731
Total Direct Debt	18,837,731		18,837,731
Weslaco Ind School Dist	73,810,000	72.28%	53,349,868
Hidalgo County	211,290,000	5.55%	11,726,595
Hidalgo Co Drainage Dist #1	129,300,000	5.82%	7,525,260
South Texas College	152,495,000	5.08%	7,746,746
Total overlapping debt	566,895,000		80,348,469

Total direct and overlapping debt: \$ 99,186,200

Percent of Assessed Valuation: 5.72%

Direct Overlapping Debt per Capita: \$ 2,513

POPULATION: 39,474
ASSESSED VALUATION \$ 1,733,526,557

Legal Debt Margin Calculation to Fiscal Year 2017

Assessed Value	\$ 1,733,526,557	
Debt Limit (10% of assessed value)	173,352,656	
Debt applicable to limit:		
General obligation bonds	18,836,255	
Less: Amount set aside		
for repayment of general		
obligation debt	(540,114)	
Total net debt applicable to limit	18,296,141	
Legal debt margin	155,056,515	

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$	110,057,628 \$	127,480,023 \$	133,153,378 \$	141,124,613 \$	141,124,613 \$ 142,173,949 \$ 139,051,427 \$	139,051,427 \$	159,911,825 \$	159,911,825 \$ 151,195,149 \$ 166,102,626 \$	166,102,626 \$	173,352,656
Total net debt applicable to limit		27,092,739	25,851,763	24,605,645	24,605,645	21,684,025 26,487,380	26,487,380	24,605,645	23,040,965	19,704,803	18,296,141
Legal debt margin	Ş	\$ 82,964,889 \$ 101,628,260 \$	101,628,260 \$	108,547,733 \$	116,518,968 \$	120,489,924 \$	108,547,733 \$ 116,518,968 \$ 120,489,924 \$ 112,564,047 \$ 135,306,180 \$ 128,154,184 \$ 146,397,823 \$ 155,056,515	135,306,180 \$	128,154,184 \$	146,397,823 \$	155,056,515
Total net debt applicable to the limit	mit										
as a percentage of debt limit		24.62%	20.28%	18.48%	17.44%	15.25%	19.05%	15.39%	15.24%	11.86%	10.55%

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 PLEDGED-REVENUE COVERAGE LAST TEN FISCAL YEARS TABLE XI

Fiscal	Utility Service	Less:	Plus: CIP Fee (1)	Net	Debt S	ervice	Coverage
Year	Charges	Operating Expenses	Non- Operating	Available	Principal	Interest	Coverage
2008	7,726,172	6,696,352	631,599	1,661,419	300,000	169,785	3.54
2009	8,073,294	6,824,120	645,067	1,894,241	315,000	157,635	4.01
2010	7,846,367	5,990,804	621,306	2,476,869	340,000	130,870	5.26
2011	8,789,754	6,094,985	621,415	3,316,184	542,298	64,930	5.46
2012	10,354,040	5,846,464	680,865	5,188,441	472,092	112,753	8.87
2013	11,475,677	6,655,622	684,808	5,504,863	480,224	97,652	9.53
2014	10,649,451	7,330,737	727,055	4,045,768	492,312	82,233	7.04
2015	11,372,511	6,702,152	703,986	5,374,345	532,148	65,993	8.99
2016	10,504,921	7,162,537	649,682	3,992,065	545,981	48,918	6.71
2017	11,207,113	8,364,535	689,843	3,532,421	560,500	31,398	5.97

⁽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 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 \$21,720,000. This issue is a surplus Revenue Certificate of Obligation and does not meet the requirements to be included in the computation for pledged revenue coverage. If considered in the computation, the coverage would be 0.70.

Governmental Activities

Fiscal	General Obligation	Certificate		Bond	Notes	Debt Service Restricted		Percentage of Actual Taxable	Per
Year	Bonds	of Obligation	Capital Leases	Premiums	Payable	Net Assets	Net Bonded Debt	Value of Property	Capita
2008	\$ 2,531,200	\$ 24,566,872	\$ -	\$ -	\$ -	\$ 292,944	\$ 26,805,128	2.32%	\$ 835.26
2009	1,913,600	24,229,568	-	-	-	109,200	26,033,968	1.94%	780.54
2010	1,276,800	23,755,396	-	-	-	384,590	24,647,606	1.76%	710.29
2011	620,800	23,223,916	-	-	-	603,258	23,241,458	1.65%	651.57
2012	419,200	21,776,008	-	413,195	-	921,187	21,687,216	1.53%	588.59
2013	208,000	26,443,550	-	610,724	-	949,798	26,312,476	1.80%	709.37
2014	-	24,894,102	1,693,177	563,767	-	996,317	26,154,729	1.75%	695.59
2015	2,006,250	21,110,000	1,947,164	516,809	-	798,285	24,781,938	1.67%	627.80
2016	1,532,231	19,285,000	2,099,678	1,171,661	-	540,114	23,548,456	1.42%	588.23
2017	1,037,731	17,800,000	2,983,316	1,000,740	431,333	146,217	23,106,903	1.33%	577.20

Business-Type Activities

Fiscal	General Obligation	Certificate	Revenue		Bond	Debt Service Restricted		Percentage of Actual Taxable	Per
Year	Bonds	of Obligation	Bonds	Tax Notes	Premiums	Net Assets	Net Bonded Debt	Value of Property	Capita
2008	\$ 1,423,800	\$ 3,775,000	23238128	\$ -	\$ -	\$ 292,944	\$ 4,905,856	0.43%	\$ 152.87
2009	1,076,400	3,460,000	23065432	-	-	109,200	4,427,200	0.33%	132.73
2010	718,200	3,135,000	22724604	-	-	384,590	3,468,610	0.25%	99.96
2011	1,300,284	2,845,000	21290000	-	-	603,258	3,542,026	0.25%	99.30
2012	1,089,792	2,470,000	45215000	8,500,000	1,366,793	921,187	2,638,605	0.19%	71.61
2013	870,768	2,090,000	44790000	8,040,000	1,366,793	949,798	2,010,970	0.14%	54.21
2014	768,456	1,700,000	44325000	7,735,000	1,800,466	996,317	1,472,139	0.10%	39.15
2015	529,308	19,230,000	34700000	6,545,000	1,699,141	798,285	18,961,023	1.28%	480.34
2016	404,029	49,260,000	870000	4,810,000	4,734,806	540,114	49,123,915	2.96%	1,227.09
2017	273,745	48,090,000	440000	2,620,000	6,909,104	146,217	48,217,528	2.78%	1,204.44

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

CALENDAR YEAR

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
:		•		•	•	•				
Agriculture, Forestry, Fishing, Hunting	\$ 1,060 \$	\$ -	10 \$	\$ -	\$ -	· ·	,	3,207	\$ 481 \$	
Construction	1,282,144	1,085,666	835,222	998,716	1,547,374	2,839,442	4,144,701	3,219,615	4,096,068	4,826,488
Manufacturing	5,211,076	5,366,141	2,568,436	2,301,576	1,043,977	944,415	1,374,389	2,222,116	2,378,251	2,445,955
Wholesale Trade	10,173,988	15,516,848	9,022,657	8,358,327	10,052,972	12,488,875	12,138,082	11,505,002	10,535,297	19,201,140
Retail trade	221,207,383	239,908,678	251,829,708	275,128,934	296,818,500	317,956,827	321,405,175	331,306,451	321,305,069	309,212,380
Transportation and warehousing	1,357,532	1,557,971	205,606	1,417,200	1,311,262	1,637,871	303,218	276,655	•	281,022
Information	6,747,785	6,441,066	7,063,176	6,916,201	7,440,719	9,086,834	13,229,751	13,421,501	12,686,024	12,326,179
Finance and insurance	1,770,635	1,928,421	1,966,880	2,172,227	2,096,979	1,999,036	2,177,332	2,641,731	1,607,030	2,651,045
Real estate, rental and leasing	30,452,578	24,776,580	11,531,735	3,062,869	2,730,662	2,783,960	2,881,418	2,356,502	2,654,053	5,278,955
Professional, scientific and technical	892,992	997,224	799,762	891,767	1,136,202	1,072,369	838,393	989,140	1,137,739	1,018,210
Administration, support, waste										
management, and remediation	7,496,343	6,010,391	3,434,638	1,730,296	3,592,463	6,176,976	5,830,822	5,368,529	2,194,032	1,768,350
Educational Services	14,756	14,608	27,003	17,608	38,083	57,033	60,791	166,539	94,791	350,578
Health care and social assistance	357,884	365,439	305,582	696,535	512,033	560,036	560,511	691,519	1,256,497	941,118
Arts, entertainment, and recreation	771,049	649,832	610,900	780,044	1,774,225	1,692,620	1,952,878	2,581,663	3,673,234	3,377,805
Accomodation and food service	59,744,975	63,712,076	66,500,272	70,735,449	76,342,659	82,835,766	86,549,881	96,841,186	109,219,280	111,418,585
Other Services	8,322,955	7,015,451	8,371,356	8,923,286	9,623,843	10,287,220	10,073,577	10,221,189	10,775,234	11,543,232
Other	14,532	19,758	24,022	16,125	19,346	15,201	17,086	19,870	22,000	6,560
Total	355,819,667 \$ 375,366,150	\$ 375,366,150 \$	\$ 596,962 \$	384,147,160 \$	416,081,299 \$	452,434,481 \$	463,538,005	\$ 483,832,415	\$ 483,635,080 \$	486,647,602
City Direct Sales Tax	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Texas State Comptroller https://mycpa.cpa.state.tx.us/allocation/QtrSalesReportByResults

CITY OF WESLACO, TEXAS
SALES TAX REVENUE PAYERS BY INDUSTRY
CALENDAR YEARS 2016 AND 2007
TABLE XIV

2016 2007

	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Agriculture, Forestry, Fishing, Hunting	1	0.08%	0	0.00%	5	0.52%	21	0.00%
Construction	74	5.96%	96,530	0.99%	40	4.19%	25,642	0.36%
Manufacturing	51	4.11%	48,919	0.50%	29	3.04%	104,222	1.46%
Wholesale Trade	74	5.96%	384,023	3.95%	38	3.98%	203,480	2.86%
Retail trade	535	43.08%	6,184,248	63.54%	430	45.07%	4,424,148	62.17%
Transportation and warehousing	4	0.32%	5,620	0.06%	6	0.63%	27,151	0.38%
Information	22	1.77%	246,524	2.53%	18	1.89%	134,956	1.90%
Finance and insurance	18	1.45%	53,021	0.54%	19	1.99%	35,413	0.50%
Real estate, rental and leasing	17	1.37%	105,579	1.08%	13	1.36%	609,052	8.56%
Professional, scientific and technical	45	3.62%	20,364	0.21%	36	3.77%	17,860	0.25%
Administration, support, waste								
management, and remediation	54	4.35%	35,367	0.36%	51	5.35%	149,927	2.11%
Educational Services	7	0.56%	7,012	0.07%	6	0.63%	295	0.00%
Health care and social assistance	12	0.97%	18,822	0.19%	11	1.15%	7,158	0.10%
Arts, entertainment, and recreation	15	1.21%	67,556	0.69%	9	0.94%	15,421	0.22%
Accomodation and food service	189	15.22%	2,228,372	22.90%	124	13.00%	1,194,899	16.79%
Other Services	117	9.42%	230,865	2.37%	111	11.64%	166,459	2.34%
Other	7	0.56%	131	0.00%	8	0.84%	291	0.00%
Total	1,242	100.00%	9,732,953	100.00%	954	100.00%	7,116,395	100.00%

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

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

FISCAL YEAR	CITY DIRECT RATE	STATE RATE	TOTAL TAX RATE
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%
2014	2.00%	6.25%	8.25%
2015	2.00%	6.25%	8.25%
2016	2.00%	6.25%	8.25%
2017	2.00%	6.25%	8.25%

CITY OF WESLACO, TEXAS MISCELLANEOUS STATISTICAL FACTS SEPTEMBER 30, 2017 TABLE XVI

Date of Incorporation: Date of Adoption of City Cha Form of Government: Area:	arter:	_	1919 December 14, 1927 Single Member Distri 14.72 Square Miles	ict	
Miles of Street:				City:	
Graded		1.65		Number of City Employees	317
Paved		223		Number of Street Lights	1600
Miles of Sewers:				Municipal Water Plant:	
Storm		96	1	Number of Connections:	10,675
Sanitary		213		Miles of Water Mains	129.6
Building Permits:				Average Daily:	Gallons
Permits Issued		2039		Consumption	5,232,000
Estimated Cost	\$	58,919,796		Daily Plant Capacity	8,000,000
Fire Protection:				Water Sold for Year	1,430,876,700
Number of Stations		3			
Number of Employees		71		Population:	
Number of Volunteers		0		1940 Census	6,883
				1950 Census	7,487
Police Protection				1960 Census	15,649
Number of Sub-station		1		1970 Census	15,313
Number of Stations		1		1980 Census	19,331
Number of Employees		95		1990 Census	25,608
				2000 Census	26,935
Recreation				2010 Census	35,670
Parks-Number of Acres		171.97			
Skateboard Parks		1		Number of Hospitals	1
Tennis Courts		6	1	233 Beds	
Golf Courses		2			
Swimming Pools		2		Airports	1
Parks		7		•	

Education:

Mid Valley Christian School,

San Martin De Porres Catholic School

Valley Grande Adventist Academy

First Christian Academy

Horizon Montessori II

Technology Education Charter High school

South Texas College

South Texas Vo-Tech

Valley Grande Institude for Academic Studies

Weslaco ISD (Student Population 17,917)

High School3Alternative Schools2Middle Schools4Elementary Schools11

Other Independent School Districts: IDEA Public Schools, Grades PreK-12 South Texas ISD, Grades 9-12

Source:

City of Weslaco Finance Department www.weslacoedc.com Weslaco ISD

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

CALENDAR YEAR	POPULATION	PERSONAL INCOME	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
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	9.9%
2011	35,670	530,698,260	14,878	11.3%
2012	36,846	570,744,540	15,490	11.4%
2013	37,093	579,466,846	15,622	10.2%
2014	37,601	589,433,276	15,676	8.2%
2015	39,474	612,754,902	15,523	10.0%
2016	40,033	687,726,907	17,179	9.7%

Source: www.census.gov

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

	Fiscal Year									
Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Building permits issued	2,361	2,499	2,088	1,964	1,946	1,935	1,998	2,001	2,039	2,099
Building inspections conducted	5,055	5,264	4,054	3,625	3,488	3,260	3,985	4,670	4,991	5,066
Police		·	•	•	·	•	•	•	•	·
Physical Arrests-Adults	2,266	2,646	1,733	2,624	2,619	2,747	2,308	2,572	2,531	2,693
Physical Arrests-Juveniles	366	464	674	620	639	385	474	306	274	352
Fire										
Emergency responses	7,235	7,387	6,994	7,044	7,190	6,947	7,203	8,115	8,057	7,985
Library										
Volumes in collection	51,968	63,006	58,246	58,814	67,800	66,368	69,903	72,514	76,787	80,723
Total volumes borrowed	76,057	57,412	57,252	60,876	64,790	46,606	53,185	53,416	52,469	49,769
Water										
New connections	267	221	140	133	133	126	74	121	168	281
Average daily consumption										
(thousands of gallons)	5,666	5,667	5,765	6,010	6,010	5,289	4,804	5,262	5,809	5,232
Peak daily consumption										
(thousands of gallons)	8,086	8,307	7,685	8,860	-	6,806	7,953	6,174	6,740	5,145
Wastewater										
Average daily wastewater treatment										
(thousands of gallons)	2,080	3,835	4,669	4,133	-	4,917	3,793	3,680	3,680	4,100
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	2	1	1	1	1	1	1	1	1
Patrol Units	77	79	75	26	70	56	59	59	59	60
Fire Stations	3	3	3	3	3	3	3	3	3	3
Other public works										
Street (miles)	97.54	97.54	97.54	97.54	97.54	223.00	223.00	223.00	223.00	223.00
Streetlights	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Parks & Recreation										
Acreage	153.53	153.53	153.53	153.53	153.53	171.97	171.97	171.97	171.97	171.97
Playgrounds	11	11	11	11	11	16	16	16	16	16
Golf courses	1	1	1	1	1	2	2	2	2	2
Water										
Water main (miles)	126.00	126.00	126.00	126.0	126.0	128.0	129.6	129.6	129.6	129.6
Fire hydrants	-	-	-	-	-	-	1,670	1,670	1,670	1,670
Storage capacity										
(thousands of gallons)	7,900	7,900	2,385	7,900	7,900	2,385	6,385	6,385	6,385	6,385
Wastewater										
Sanitary sewer (miles)	118.01	118.01	118.01	118.01	118.01	213.00	213.31	213.31	213.31	213.31
Storm Sewer (miles)	50.94	50.94	50.94	50.94	50.94	96.00	96.39	96.39	96.39	96.39
Treatment capacity										
(thousands of gallons)	5,500	5,500	7,250	7,250	7,250	7,250	8,250	8,250	8,250	8,250

CITY OF WESLACO, TEXAS TOP TEN PRINCIPAL EMPLOYERS CALENDAR YEAR 2016 AND 2007 TABLE XIX

2016 2007

EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Weslaco ISD	2,400	1	37.07%	2,817	1	43.99%
Knapp Medical Center	888	2	13.71%	1,000	2	15.62%
South Texas College	500	3	7.72%	214	8	3.34%
IDEA Academy	500	4	7.72%	-	-	-
Border Patrol	450	5	6.95%	-	-	-
Wal-Mart	394	6	6.08%	260	7	4.06%
Woodcrafters	365	7	5.64%	592	3	9.24%
HEB (3 Locations)	350	8	5.41%	407	4	6.36%
Payne Auto Group	325	9	5.02%	389	5	6.07%
City of Weslaco	303	10	4.68%	351	6	5.48%
International Wood	-	-	-	206	9	3.22%
Foremost Paving	-	-	-	168	10	2.62%
Total	6,475		100.00%	6,404		100.00%

Source: Municipal Advisory County of Texas

https://mactexas.com/lssuerAccess/Report/TopTenEmployers/101824

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

Full - time Equivalent Employees as of September 30

FUNCTION	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	54	54	54	38	31	36	40	53	49	51
Legislative	7	7	7	7	7	7	7	7	7	7
Other	47	47	47	31	24	29	33	46	42	44
Public Safety	197	181	181	141	132	140	136	152	162	167
Public Works	29	29	29	25	37	22	42	45	45	44
Health & Welfare	3	3	3	2	1	2	2	3	3	3
Culture & Recreation	39	39	39	3	3	2	7	12	12	12
Refuse Collection	17	17	17	4	3	3	1	1	1	2
Library	19	19.5	20	12	11	17	16	16	16	15
Water	24	19	19	23	22	31	22	23	17	15
Wastewater	8	10	10	0	0	14	11	12	3	4
Airport	4	4	4	4	4	3	3	3	3	4
Museum	2	2	2	0	0	0	0	0	0	0
Total	396	378	378	252	244	270	280	320	311	317

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Weslaco, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise City of Weslaco, Texas' basic financial statements, and have issued our report thereon dated April 18, 2018. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component unit, as described in our report on the City of Weslaco, Texas' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Weslaco, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Weslaco, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Weslaco, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2017-001.

City of Weslaco, Texas' Response to Findings

Can, Rigge & Ingram, L.L.C.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harlingen, Texas April 18, 2018

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for The Major Federal Program

We have audited City of Weslaco, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Weslaco, Texas' major federal programs for the year ended September 30, 2017. 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.

The City of Weslaco, Texas' basic financial statements include the operations of the Weslaco Economic Development Corporation, which received \$44,457 in federal awards which is not included in the City of Weslaco, Texas' schedule of expenditures of federal awards during the year ended September 30, 2017. Our audit, described below, did not include the operations of the Weslaco Economic Development Corporation because the organization engaged other auditors to perform an audit of compliance.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Weslaco, Texas' compliance.

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Opinion on Each Major Federal Program

In our opinion, 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, 2017.

Report on Internal Control over Compliance

Management of 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 City of Weslaco, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harlingen, Texas April 18, 2018

Can, Rigge & Ingram, L.L.C.

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Section I - Summary of Auditors' Results

Financial Statements Unmodified Type of auditors' report issued: Internal control over financial reporting: * Material weakness(es) identified? ___ yes <u>X</u> no * Significant deficiencies identified that are not considered to be material weakness(es)? X none reported __ yes Noncompliance material to financial statements noted? X no __ yes Federal Awards Internal control over major programs: * Material weakness(es) identified? ____ yes <u>X</u> no * Significant deficiencies identified that are not considered to be material weakness(es)? X none reported _ yes Type of auditors' report issued on compliance for major programs: Unmodified Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance __ yes X no Identification of major programs: CFDA Number(s) Name of Federal Program or Cluster 20.106 Airport Improvement Grant Dollar threshold used to distinguish between Type A and Type B programs: \$750,000 _X___ yes Auditee qualified as low-risk auditee? ___ no

Section II – Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Significant Deficiencies in Internal Control

None reported

Section II – Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards- Continued

B. Compliance Findings Schedule Reference Number: (2017-001) **Expenditures in excess of budget appropriations** Condition Found: As indicated in the notes to the City's financial statements, we noted instances in which the City's budget had been exceed on multiple functional levels. Criteria: City ordinance requires budget amendments to be made prior to exceeding a major functional category. We noted a negative variance of \$308,910 in public safety, \$156,915 Context: in Economic Development and \$298,589 in Debt Service: Principal functional expenditure categories. Cause: Lack of proper budgeting techniques or timely action by administration to amend the budget appropriately. Effect: The City incurs expenditures that are not budgeted in advance by the City Commission. Recommendation: Budget versus actual comparison should continue to be made on a monthly basis, and control over expenditures should include a review of available budget amounts prior to approval of purchase

orders for the expenditure of funds.

page 185.

Management agrees with the findings. See corrective action plan on

Views:

Section III – Federal Award Findings and Questioned Costs

None reported.

City of Weslaco, Texas Schedule of Findings and Questioned Costs Corrective Action Plan

PROGRAM DESCRIPTION

CORRECTIVE ACTION PLAN

Reference Number: (2017-001)

Expenditures in excess of budget appropriations

Corrective Action Plan:

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

In the new fiscal year a mid-year evaluation will be performed of all accounts and unbudgeted items and amendments will be prepared accordingly.

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

PROGRAM

STATUS OF PRIOR YEAR'S FINDINGS/COMPLIANCE

Reference Number: (2016-001)

Expenditures in excess of budget appropriations

Corrective Action Plan:

The City formally amended the budget several times during the year due to several supplements needed for expenditures that were not budgeted. However, the final budget amendments were insufficient to provide for the functional variances. See current year finding (2017-001).

City of Weslaco, Texas Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2017 (1)	(2)	(3)	(4)	(5)
FEDERAL GRANTOR/	Federal	Pass-through	Provided	(3)
PASS-THROUGH GRANTOR/	CFDA	Entity Identifying	to	Federal
PROGRAM OR CLUSTER TITLE	Number	Number	Subrecipients	Expenditures
U.S. Department of Justice				
Law Enforcement Assistance FBI Advanced Police Training	16.300		_	14,424
Public Safety Partnership and Community Policing Grants	16.710		_	93,260
Recovery Act- Assistance to Rural Law Enforcement to Combat Crime and				
Competitive Grant Program	16.810		_	15,209
NICS Act Record Improvement Program	16.813		-	10,180
Equitable Sharing Program	16.922		-	49,882
Total U.S. Department of Justice				182,955
U.S. Department of Transportation				
Passed through Texas Department of Transportation				
Airport Improvement Program	20.106	CSJ 1121WESLA	-	287,825
Airport Improvement Program	20.106	CSJ 1421WESLA	-	109,153
Airport Improvement Program	20.106	CSJ 1621WESLA	-	1,524,003
Total passed through Texas Department of Transportation				1,920,981
Passed through Lower Rio Grande Valley Development Council				
* Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Tx-16-X028-00	-	137,239
Total passed through Lower Rio Grande Valley Development Council				137,239
Total U.S. Department of Transportation				2,058,220
U.S. General Services Administration				
Passed through the Texas Facilities Commission/Federal Surplus Program				
Donation of Federal Surplus Personal Property	39.003	15550	-	5,772
Total passed through Texas Facilities Commission/Federal Surplus Program				5,772
Total U.S. General Services Administration				5,772
U.S. Department of Homeland Security				
Passed through Texas Department of Emergency Management				
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	PA ID 215-77272-00	-	105,720
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4245-PW-094	-	54,175
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4245-PW-060	-	6,600
Total passed through Texas Department of Emergency Management				166,501
Passed through Office of the Governor	o=			
Homeland Security Grant Program	97.067	3173401	-	98,72
Homeland Security Grant Program	97.067	3173402		3,375
Homeland Security Grant Program	97.067	2968201	-	67,133
Total passed through Office of the Governor				169,23
Total U.S. Department of Homeland Security				335,734
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 2,582,680

^{*} Clustered Programs

The accompanying notes are an integral part of this schedule

City of Weslaco, Texas Notes on Accounting Policies for Federal Awards

NOTE 1- GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of City of Weslaco, Texas, for the year ended September 30, 2017. The information in this schedule is presented in accordance with the Uniform Guidance, Audits of State, Local Governments, and Non-Profit Organizations. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing Board and is either 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.

In accordance with Governmental Accounting Standards Board requirements, the City has reviewed other entities and activities for possible inclusion in the reporting entity and determined that there are none; however, federal financial assistance passed through other governmental agencies is included on the schedule.

The City does not utilize the de minimus 10% indirect cost rate. Indirect costs, where applicable, are negotiated with the agency providing the grant award to the City.

NOTE 2- MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The federal grant funds were accounted for in the Special Revenue Funds and within the General Fund. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With the Governmental Fund type measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

NOTE 3- SUB- RECEIPIENTS

During the year ended September 30, 2017, the City had no sub-recipients.

City of Weslaco, Texas Notes on Accounting Policies for Federal Awards

NOTE 4- FEDERAL LOANS AND LOAN GUARANTEES

During the year ended September 30, 2017, the City had no outstanding federal loans payable or loan guarantees.

NOTE 5- FEDERALLY FUNDED INSURANCE

During the year ended September 30, 2017, the City had no federally funded insurance.

NOTE 6- NONCASH AWARDS

During the year ended September 30, 2017, the City received \$49,882 in non-cash federal awards for the Equitable Sharing Program and \$5,771 in non-cash federal awards for the Donation of Federal Surplus Personal Property program.