CITY OF WESLACO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2018

Issued by:

Mike Perez, City Manager

Sonia Flores, Interim Finance Director

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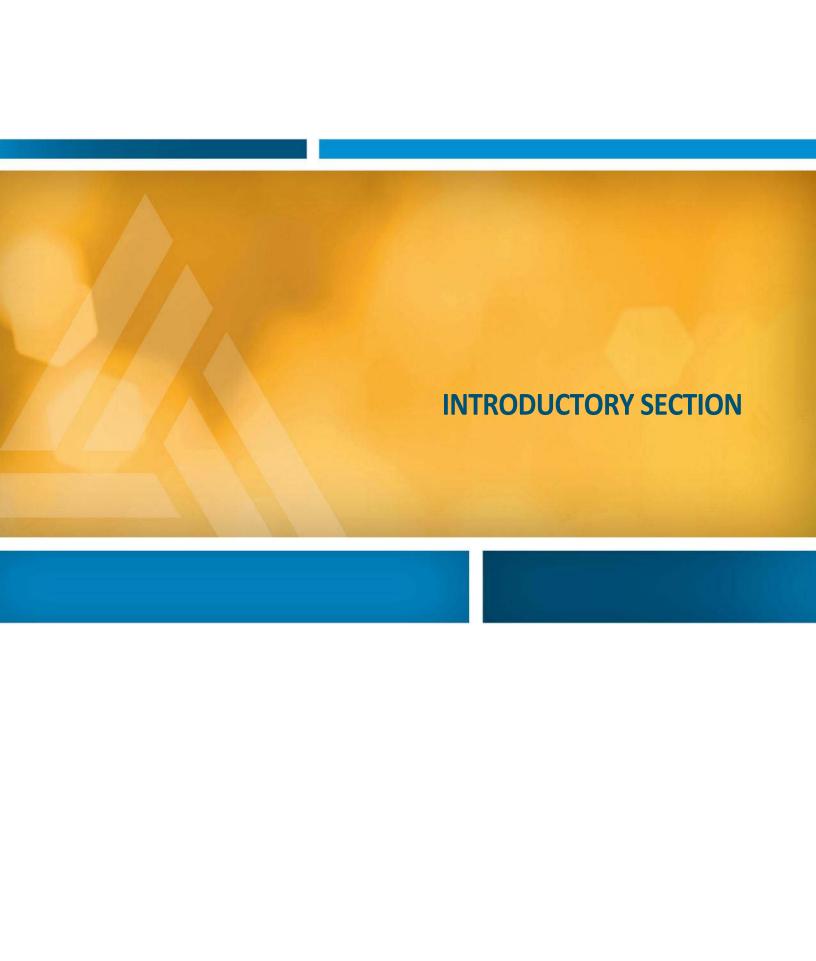
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City of Weslaco, Texas City Officials

Mayor David Suarez

Mayor Pro-tem Greg Kerr

Commissioners Leo Munoz

Jose JP Rodriguez Letty Lopez Josh Pedraza

City Manager Mike Perez

Interim Finance Director Sonia Flores

City Secretary Myra Ayala

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 Vacant

Human Resources Director Veronica Ramirez

Information Technology Leo Gonzales

Parks and Recreation Director Omar Rodriguez

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 6

Mike R. Perez, City Manager

June 18, 2019

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, 2018, 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, 2018. 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 40,358. The City is authorized to levy a property tax on both real and personal properties located within its boundaries.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager during the budget process. The City Manager uses these requests to initiate a proposed budget. The City Manager then presents this proposed budget to the Commission for review. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th, the end of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g. police). Department directors may, with City Manager's approval, make transfers of appropriations within their departments. Transfers of appropriations between departments, however, require the approval of the City Commission. Budget-to-Actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 91 as part of the required supplementary information. For governmental and proprietary funds, other than the general fund, with appropriated annual budgets, this comparison is presented within the other supplementary section of this report beginning on page 106.

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 2018, 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 25% of total General Fund Revenues. The goal is to maintain at least 25% at all times. The unrestricted fund balance at September 30, 2018, exceeded the goal, and excess funds were transferred to the Capital Improvement Project Fund, as planned. This fund, now going into its fourth 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 2018 tax year. Further decreases are not planned at this time to allow for the goal of self-funding infrastructure improvements through the CIP Fund.

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

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

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

Acknowledgements

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

Respectfully submitted,

Mike R. Perez City Manager Sonia Flores Interim Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

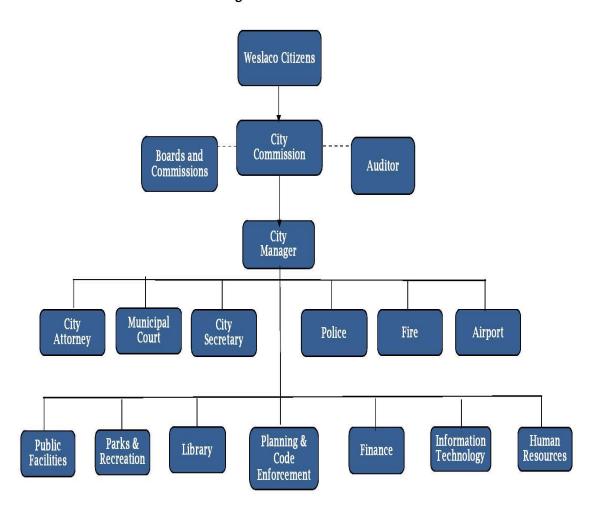
City of Weslaco Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2017

Chuitophe P. Morrill
Executive Director/CEO

City of Weslaco Organizational Chart







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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weslaco, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Weslaco, Texas' basic financial statements as listed in the table of contents. We did not audit the financial statements of the Weslaco Economic Development Corporation, which is the only aggregate discretely presented component unit and represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2018, 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.

Adoption of New Accounting Pronouncement

As described in Note 22to the financial statements, the City of Weslaco, Texas adopted Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which resulted in a cumulative effect of change in accounting principle of (\$6,656,196) and (\$50,035) to the September 30, 2017 net position for governmental activities and business-type activities, respectively. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 15 through 23 and 91 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Weslaco, Texas' basic financial statements. The introductory section, other supplementary information, supplemental statements and schedules, bonded debt requirements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The other supplementary information, supplemental statements and schedules, and bonded debt requirements, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, supplemental statements and schedules, and bonded debt requirements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2019 on our consideration of the City of Weslaco, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Weslaco, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Weslaco, Texas' internal control over financial reporting and compliance.

Harlingen, Texas June 14, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Weslaco, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Weslaco for the fiscal year ended September 30, 2018. 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 \$680,120 as a result of this year's operations. Net position from governmental activities decreased \$178,860, while net position from business-type activities increased \$858,980. This reflects a modest 0.7% increase to total net position.

- Governmental Activities Revenues and Expenses Compared to Last Year Total revenues increased about \$1.7M from last year, with sales tax showing a moderate increase of \$426,926 or 4.8%. Property tax revenues increased by \$386,781 and franchise tax revenues increased by \$35,458. Expenses decreased \$59,302 from last year.
- Business-Type Activities Revenues and Expenses Compared to Last Year- Total revenues saw a decrease of \$1.2M 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 \$112,436. Expenses decreased about 2.1% or \$227,452 in water and wastewater services, while solid waste expenses saw an increase of about 13% or \$517,868 which was mostly due to the June 2018 flooding experience by the City. Expenses from airport services rose slightly with an increase of \$75,004, or 8.8%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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 Fund, which is the only reported major fund. Data from the other six 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 2018, 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 \$67,136,305 at the close of the most recent fiscal year.

On September 30, 2018, the City had an outstanding bonds balance of \$65,181,260, excluding \$3,005,000 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 wastewater treatment plant repairs.

At the end of the current fiscal year, the City of Weslaco reported negative balance of unrestricted net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Table 1, below illustrates a comparative summary of the City's statement of net position at September 30, 2018 and 2017.

Table 1
City of Weslaco, Texas- Net Position

	Primary Government									
		Governme	enta	l Activities		Business-ty	pe A	Activities		
										Total
				Restated				Restated	Total	Restated
		2018		2017		2018		2017	2018	2017
Current assets	\$	18,978,492	\$	16,442,125	\$	7,304,277	\$	7,702,223	\$ 26,282,769	\$ 24,144,348
Capital assets, net		52,114,832		52,086,654		102,028,743		97,406,001	154,143,575	149,492,655
Total assets		71,093,324		68,528,779		109,333,020		105,108,224	180,426,344	173,637,003
Deferred outflows of resources- deferred charge		229,310		254,789		2,132,679		2,309,996	2,361,989	2,564,785
Deferred outflows of resources- pensions		1,358,330		3,066,052		116,531		265,113	1,474,861	3,331,165
Deferred outflows of resources- OPEB		57,888		12,713		5,178		1,137	63,066	13,850
Total deferred outflows of resources		1,645,528		3,333,554		2,254,388		2,576,246	3,899,916	5,909,800
Total assets and deferred outflows										
of resources	\$	72,738,852	\$	71,862,333	\$	111,587,408	\$	107,684,470	\$ 184,326,260	\$ 179,546,803
Current liabilities	\$	3,564,421	\$	2,523,398	\$	2,197,035	\$	1,546,052	\$ 5,761,456	\$ 4,069,450
Non-current liabilities										
Due within one year		2,774,385		3,222,741		2,696,284		3,208,956	5,470,669	6,431,697
Due in more than one year		27,196,985		25,609,993		59,794,305		56,798,137	86,991,290	82,408,130
Municipal net pension liability		4,898,934		6,530,080		713,839		859,739	5,612,773	7,389,819
Firemen's net pension liability		4,275,408		4,702,051		-		-	4,275,408	4,702,051
OPEB liability- TMRS Supplemental death		663,944		572,100		59,388		51,172	723,332	623,272
OPEB liability- reitree health care		5,843,047		6,096,809		-		-	5,843,047	6,096,809
Total liabilities		49,217,124		49,257,172		65,460,851		62,464,056	114,677,975	111,721,228
Deferred inflows of resources- pensions		1,931,303		1,276,282		140,271		93,108	2,071,574	1,369,390
Deferred inflows of resources- OPEB		440,406		-		-		-	440,406	
Total deferred inflows of resources		2,371,709		1,276,282		140,271		93,108	2,511,980	1,369,390
Net position										
Net investment in capital assets		28,246,600		26,444,251		46,083,251		42,819,736	74,329,851	69,263,987
Restricted		1,052,578		952,339		1,025,206		1,020,601	2,077,784	1,972,940
Unrestricted		(8,149,159)		(6,067,711)		(1,122,171)		1,286,969	(9,271,330)	(4,780,742)
Total net position		21,150,019		21,328,879		45,986,286		45,127,306	67,136,305	\$ 66,456,185
Total liabilities, deferred inflows										
of resources and net position	\$	72,738,852	\$	71,862,333	\$	111,587,408	\$	107,684,470	\$ 184,326,260	\$ 179,546,803

Governmental Activities

The property tax levy increased by \$333,197 (2.9%) from the prior year due mostly to increases in valuation or new improvements added to the rolls. The tax rate remained the same at \$0.6667 per \$100 for the 2017 tax year levy. 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.

Total sales taxes of the City amounted to \$12,475,296 for the year which is an increase of \$569,235 or 4.8% 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 \$648,763 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 Government

	Governmen	ntal Activities	Business-ty	pe Activities		Total	
	Restated				Total	Restated	Percent
	2018	2017	2018	2017	2018	2017	2018
Program Revenues:							
Charges for services	\$ 3,468,172	\$ 3,630,645	\$ 17,607,495	\$ 17,495,059	\$ 21,075,667	\$ 21,125,704	44.02%
Operating grants and contributions	648,763	585,580	-	-	648,763	585,580	1.35%
Capital grants and contributions	446,200	137,739	1,001,408	2,325,711	1,447,608	2,463,450	3.02%
General Revenues:							
Property taxes	12,002,082	11,615,301	-	-	12,002,082	11,615,301	25.07%
Non-property taxes	11,648,286	11,264,580	-	-	11,648,286	11,264,580	24.33%
Unrestricted investment earnings	191,883	103,608	7,672	2,044	199,555	105,652	0.42%
Other income	858,322	398,841	-	-	858,322	398,841	1.79%
Total revenue	29,263,708	27,736,294	18,616,575	19,822,814	47,880,283	47,559,108	100.00%
Expenses							
General government	6,439,519	7,877,473	-	-	6,439,519	7,877,473	13.64%
Public safety	15,315,946	15,375,565	-	-	15,315,946	15,375,565	32.45%
Emergency medical services	151,728	144,283	-	-	151,728	144,283	0.32%
Public works	6,299,328	5,129,113	-	-	6,299,328	5,129,113	13.35%
Culture and recreation	2,367,348	2,197,967	-	-	2,367,348	2,197,967	5.02%
Interest on long term debt	919,744	828,514	-	-	919,744	828,514	1.95%
Water and sewer services	-	-	10,412,234	10,639,686	10,412,234	10,639,686	22.06%
Solid waste services	-	-	4,368,411	3,850,543	4,368,411	3,850,543	9.26%
Airport	-	-	925,905	850,901	925,905	850,901	1.96%
Total expenses	31,493,613	31,552,915	15,706,550	15,341,130	47,200,163	46,894,045	100.00%
Increase in net position before							
Transfers and special items	(2,229,905)	(3,816,621)	2,910,025	4,481,684	680,120	665,063	
Transfers	2,051,045	3,236,311	(2,051,045)	(3,236,311)	-	-	
Change in net position	(178,860)	(580,310)	858,980	1,245,373	680,120	665,063	
Net position- beginning	21,328,879	21,909,189	45,127,306	43,881,933	66,456,185	65,791,122	
Net postion- ending	\$ 21,150,019	\$ 21,328,879	\$ 45,986,286	\$ 45,127,306	\$ 67,136,305	\$ 66,456,185	

Business-Type Activities

Business-type activities continue to account for about 68.7% 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 increased by \$1,641,586 from current year operations. Operating revenues increased by \$781,315 and operating expenses increased by \$404,146. Transfers to other funds also increased by \$4,235,127 to make the current payments on long-term debt

The net position of the Solid Waste Fund decreased \$398,383 from current year operations. Operating revenues increased by \$50,677 and operating expenses increased by \$517,868. Transfers to other funds (to the Capital Improvements Program Fund) remained consistent with prior year.

The net position of the Airport Fund decreased by \$384,223, due mostly to an increase in other services and charges. The Airport Fund receives revenues from fuel sales, hangar rentals, and grants. Any shortfalls are subsidized by the General Fund. Short of grant and subsidies from the General Fund, the Airport would have experienced an operating loss of \$710,475. Improvements and ongoing construction continue to have an effect at the Airport, yet the City will continue striving with a new business plan.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As the end of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$14,875,590. Approximately 43% of this total amount, or \$6,353,316 constitutes unassigned fund balance, which is available for spending at the government's discretion. This represents 18.7% of operating expenditures. The remainder of fund balance is nonspendable, restricted, or assigned to indicate that it is not available for new spending because it has already been assigned for a specific purpose or restricted for debt or future capital projects.

The General Fund is the chief operating fund of the City of Weslaco. At the end of the current fiscal year, the general fund's unassigned fund balance was \$6,353,316. 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 23.3% of the total General Fund expenditures, while total fund balance represents 34.5% 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 kept the tax rate the same at \$0.6667 for the 2017 tax year levy. In addition, sales tax revenues increased by 4.8% from prior year.

The debt service fund has a total fund balance of \$400,508, all of which is restricted for the repayment of debt service. The scheduled tax supported debt service payments for fiscal year 2018 was \$2,549,474, including interest paid of \$664,150.

Proprietary Funds

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

Unrestricted net position of the Water and Wastewater Fund at the end of the year amounted to (\$2,436,605), which was a decrease of \$1,832,389 from last year. Operating revenues increased by \$781,315 and operating expenses increased by \$404,146. The end result was operating income increased by \$377,169 compared to last year.

The unrestricted net position of the Solid Waste Fund amounted to \$1,877,639 at the end of the year, a decrease of \$465,453 from the prior year. Operating revenue saw a small increase of \$50,677 from last year, while operating expenses increased by \$517,868. It should be noted that the decrease in net position of \$398,383 was affected by transfers of \$1,125,000 to other funds.

The unrestricted net position for the Airport Fund amounted to \$(563,205). 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 original budgeted revenue of \$24,416,477 represented a 2% increase over the previous year's budgeted amount. The 2018 budget was amended to recognize additional projected revenue, for a final revenue budget of \$25,215,875. Taxes represent about 82% of total General Fund budgeted revenue.

The original adopted General Fund expenditures were \$25,129,307. However, circumstances arose which required the expenditure of additional funds that were not foreseen prior to the commencement of the fiscal year. Each year the City performs a mid-year review of the budget. If it is determined that funds are available, certain amendments are proposed to the City Commission for their review and approval. These amendments increased the General Fund's appropriations by \$2,672,701, to \$27,802,008 of expenditures and were mostly to cover the cost associated with the major flooding that occurred in the City in June of 2018.

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, 2018, amounts to \$154,143,575 (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 3.1%.

Table 3
City of Weslaco- Capital Assets
Primary Government

	Government	al Activities	Business-typ	Total				
	2018	2017	2018	2017		2018		2017
Land, water and service rights	\$ 4,640,165	\$ 4,582,912	\$ 2,551,870	\$ 2,551,870	\$	7,192,035	\$	7,134,782
Infrastucture	7,629,307	7,629,307	-	-		7,629,307		7,629,307
Buildings and improvements	18,494,359	18,392,579	1,679,646	1,679,646		20,174,005		20,072,225
Equipment	12,975,323	12,585,454	7,599,160	8,637,618		20,574,483		21,223,072
Improvements	45,056,274	44,533,434	77,302,566	76,867,879		122,358,840		121,401,313
Capital leases	5,915,820	5,003,092	-	-		5,915,820		5,003,092
Construction in progress	1,557,737	77,502	56,599,375	49,393,623		58,157,112		49,471,125
Totals at historical cost	96,268,985	92,804,280	145,732,617	139,130,636		242,001,602		231,934,916
Accumulated depreciation	(44,154,153)	(40,717,626)	(43,703,874)	(41,724,635)		(87,858,027)		(82,442,261)
Total capital assets, net	\$ 52,114,832	\$ 52,086,654	\$ 102,028,743	\$ 97,406,001	\$	154,143,575	\$	149,492,655

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 \$65,181,260, excluding \$3,005,000 in the component unit. Total bonded debt is comprised of debt backed by the full faith and credit of the government.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The employment rate for the City of Weslaco has remained at 92.7%, as compared to 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 2017 tax year, or fiscal year ending September 30, 2018. 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 2018-2019 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 2018-2019 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, 2018

September 30, 2018				
	Governmental	Business-Type		Component
	Activities	Activities	Total	Unit
Assets				
Cash and cash equivalents	\$ 5,392,397	\$ 3,039	\$ 5,395,436	\$ 3,708,963
Cash and cash equivalents- restricted	542,349	3,744,942	4,287,291	576,336
Investments	5,683,769	-	5,683,769	-
Investments, restricted	-	778,428	778,428	695,256
Receivables, net	3,894,343	2,984,213	6,878,556	623,922
Internal balances	500,929	(500,929)	-	-
Notes receivables	-	-	-	2,472,247
Prepaid bond insurance costs	73,355	44,098	117,453	-
Assets held for sale	2,874,000	-	2,874,000	-
Other prepaid items	3,367	-	3,367	-
Inventories	13,983	250,486	264,469	-
Capital assets not being depreciated	13,827,209	59,151,245	72,978,454	3,263,884
Capital assets, net of depreciation	38,287,623	42,877,498	81,165,121	1,817,297
Total assets	71,093,324	109,333,020	180,426,344	13,157,905
Deferred Outflows of Resources				
Deferred charge on refunding	229,310	2,132,679	2,361,989	-
Deferred outflows related to pensions	1,358,330	116,531	1,474,861	-
Deferred outflows related to OPEB	57,888	5,178	63,066	-
Total Deferred Outflows of Resources	1,645,528	2,254,388	3,899,916	-
Total Assets and Deferred Outflows of				
Resources	\$ 72,738,852	\$ 111,587,408	\$ 184,326,260	\$ 13,157,905
Liabilities		4		
Accounts payable	\$ 1,945,038	\$ 1,795,973	\$ 3,741,011	\$ 201,370
Accrued expenses	1,490,883	401,062	1,891,945	19,768
Unearned revenue	128,500	-	128,500	-
Non-current liabilities:	2 774 205	2 505 204	F 470 660	747 400
Due within one year	2,774,385	2,696,284	5,470,669	717,423
Due in more than one year	27,196,985	59,794,305	86,991,290	2,315,000
Municipal net pension liability	4,898,934	713,839	5,612,773	-
Firemen's net pension liability	4,275,408	-	4,275,408	-
OPEB liability- TMRS SDB	663,944	59,388	723,332	-
OPEB liability- retiree health care	5,843,047	-	5,843,047	-
Total Liabilities	49,217,124	65,460,851	114,677,975	3,253,561
Deferred Inflows of Resources				
Deferred inflows related to pensions	1,931,303	140,271	2,071,574	-
Deferred inflows related to OPEB	440,406	-	440,406	
Total Deferred Inflows of Resources	2,371,709	140,271	2,511,980	-
Not Position				
Net Position Net investment in capital assets	28,246,600	46,083,251	74,329,851	4,438,758
Restricted for:	20,240,000	40,065,251	74,323,031	4,430,730
Debt service	400,508	993,899	1,394,407	695,256
Special revenue funds	652,070	223,022	652,070	093,230
•	032,070	31,307	31,307	576,336
Capital projects	-	31,30/	31,307	
Project development Unrestricted	- (8,149,159)	- \	- (0 271 220\	60,000
Total Net Position	21,150,019	(1,122,171) 45,986,286	(9,271,330) 67,136,305	4,133,994 9,904,344
	,	-,,-30	- ,===,===	- / / /
Total Liabilities, Deferred Inflows of	A 70.700.000	A 444 F07 :00	404 226 222	A 42.457.005
Resources, and Net Position	\$ 72,738,852	\$ 111,587,408	\$ 184,326,260	\$ 13,157,905

City of Weslaco, Texas Statement of Activities

For the fiscal year ended September 30, 2018

			Prog	ram Revenues		
			(Operating	Ca	pital Grants
		Charge for	(Grants and		and
Functions/programs	Expenses	Services	Co	ontributions	Cc	ntributions
Primary Government						
Governmental activities:						
General government	\$ 6,439,519	\$ 959,157	\$	-	\$	225,000
Public safety	15,315,946	978,002		648,763		-
Emergency medical services	151,728	1,487,343		-		-
Public works	6,299,328	-		-		20,000
Culture and recreation	2,367,348	43,670		-		201,200
Interest on long-term debt	919,744	-		-		-
Total governmental activities	31,493,613	3,468,172		648,763		446,200
Business-type activities:						
Water and Wastewater services	10,412,234	12,297,037		-		925,156
Solid waste services	4,368,411	5,095,028		-		-
Airport	925,905	215,430		-		76,252
Total business-type activities	15,706,550	17,607,495		-		1,001,408
Total primary government	\$ 47,200,163	\$ 21,075,667	\$	648,763	\$	1,447,608
Component Unit:						
General government and administration	\$ 171,184	\$ -	\$	-	\$	-
Property management	496,753	219,355		1,151,202		-
Promotion and development	263,949	-		33,468		-
Development services	825,898	-		-		-
Interest on long-term debt	121,355	-		-		-
Total componen unit	\$ 1,879,139	\$ 219,355	\$	1,184,670	\$	-

General Revenues:

Taxes:

Ad valorem

Sales

Occupancy

Franchise and other

Investment earnings

Gain (loss) on sale/retirement

of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year 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

			Government		t i osition		
G	overnmental	Busir	ness-type			Co	omponent
	Activities	Ac	tivities		Total		Unit
\$	(5,255,362)	\$	_	\$	(5,255,362)	\$	_
Ţ	(13,689,181)	Y	_	Y	(13,689,181)	Y	_
	1,335,615		_		1,335,615		_
	(6,279,328)		_		(6,279,328)		_
	(2,122,478)		_		(2,122,478)		_
	(919,744)		_		(919,744)		_
_	(26,930,478)				(26,930,478)		-
	(-,,				(-,,		
			2 000 050		2 900 050		
	-	4	2,809,959		2,809,959		-
	-		726,617 (634,223)		726,617 (634,223)		-
		-	2,902,353		2,902,353		
		4	-,502,555		2,302,333		
	(26,930,478)	2	2,902,353		(24,028,125)		-
\$	_	\$	-	\$	-	\$	(171,184)
•	_	•	_	-	_	,	873,804
							(230,481)
	_		-		_		
	-		-		-		(825,898)
	-		-		-		(121,355) (475,114)
	12,002,082		-		12,002,082		-
	9,356,472		-		9,356,472		3,118,824
	365,473		-		365,473		-
	1,926,341		-		1,926,341		-
	191,883		7,672		199,555		128,871
	-		-		_		78,183
	858,322		_		858,322		48,825
	2,051,045	(2	2,051,045)		-		-
_	26,751,618		2,043,373)		24,708,245		3,374,703
	(178,860)		858,980		680,120		2,899,589
	27,985,075	45	5,177,341		73,162,416		7,004,755
	(6,656,196)	-	(50,035)		(6,706,231)		-
	21,328,879	45	5,127,306		66,456,185		7,004,755
\$	21,150,019	\$ 45	5,986,286	\$	67,136,305	\$	9,904,344

City of Weslaco, Texas Governmental Funds Balance Sheet

September 30, 2018

September 30, 2018					
			Other		Total
	General	Go	overnmental	G	overnmental
	Fund		Funds		Funds
Assets					
Cash and cash equivalents	\$ 1,629,337	\$	3,763,060	\$	5,392,397
Cash and cash equivalents- restricted	542,349		-		542,349
Investments	3,493,849		2,189,920		5,683,769
Receivables (net of allowance for uncollectibles):			, ,		, ,
Ad valorem taxes	771,888		260,073		1,031,961
Sales taxes	1,007,565		-		1,007,565
Ambulance fees	1,278,080		_		1,278,080
Other	412,333		164,404		576,737
Due from other funds	925,158		23,118		948,276
Assets held for sale	2,874,000		-		2,874,000
Prepaid items	3,367		_		3,367
Inventories	13,983				13,983
inventories	13,565				13,363
Total Assets	\$ 12,951,909	\$	6,400,575	\$	19,352,484
Liabilities					
Accounts payable	\$ 1,196,175	\$	748,863	\$	1,945,038
Accrued salaries and payroll taxes	246,952		-		246,952
Other liabilities	800,739		-		800,739
Due to other funds	197,078		-		197,078
Payable from restricted assets	363,239		-		363,239
Unearned revenue	128,500		-		128,500
Total Liabilities	2,932,683		748,863		3,681,546
Deferred Inflows of Resources					
Unavailable revenue- ad valorem taxes	595,450		199,898		795,348
Total Deferred Inflows of Resources	595,450		199,898		795,348
Fund Balances					
Nonspendable	17,350		-		17,350
Restricted	179,110		2,408,585		2,587,695
Assigned	2,874,000		3,043,229		5,917,229
Unassigned	 6,353,316		-		6,353,316
Total Fund Balances	9,423,776		5,451,814		14,875,590
Total Linkillaina Dafauer J. Flance of					
Resources and Fund Balances	\$ 12,951,909	\$	6,400,575	\$	19,352,484
Total Liabilities, Deferred Inflows of	\$	\$		\$	

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

September 30, 2018

September 30, 2018	G	overnmental Activities
Total fund balance-governmental funds	\$	14,875,590
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.		795,348
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 \$91,200,462 net of accumulated depreciation totaling \$(39,715,924). Not included in this amount are internal service fund assets of \$630,294.		51,484,538
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.		(79,953)
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		73,355
Deferred outflows of resources related to amounts deferred on refundings of long-term debt are not reported in the governmental funds.		229,310
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.		275,906
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 \$104,119 of the internal service fund are not included.		(29,867,251)
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 (\$4,898,934), a deferred resource outflows in the amount of \$1,018,273, and a deferred		
resource inflow in the amount of ($$1,367,645$). This resulted in an increase/(decrease) in net position by ($$5,248,306$)		(5,248,306)
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 (\$4,275,408), a deferred resource outflows in the amount of \$340,059 and a deferred resource inflow in the amount of (\$563,660). This resulted in an increase/(decrease) in not position by (\$4,498,000)		(4,400,000)
in net position by (\$4,499,009) Included in the noncurrent assets/(liabilities) is the recognition of the City's total OPEB liability required by GASB 75 in the amount of (\$6,506,991), a deferred resource outflow in the amount of \$57,888, and a deferred resource inflow in the amount of		(4,499,009)
(\$440,406). This resulted in an increase/(decrease) in net position by (\$6,889,509)		(6,889,509)
Net position of governmental activities	\$	21,150,019

 $\label{the:continuous} \textit{The notes to the financial statements are an integral part of this statement}$

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

For the Fiscal Year Ended September 30, 2018

roi the riscui real Ended September 50, 2018			Other		Total
	General	Go	vernmental	G	overnmental
	Fund		Funds		Funds
Revenues					
Property taxes	\$ 9,367,781	\$	2,763,472	\$	12,131,253
Nonproperty taxes	11,282,813		365,473		11,648,286
Fees and charges	2,051,705		-		2,051,705
Fines and forfeitures	696,728		-		696,728
Licenses and permits	719,740		-		719,740
Intergovernmental	873,763		20,000		893,763
Investment income	151,590		40,293		191,883
Miscellaneous	858,321		201,200		1,059,521
Total Revenues	26,002,441		3,390,438		29,392,879
Expenditures					
General government	6,049,070		-		6,049,070
Public safety	14,937,706		553,041		15,490,747
Public works	3,459,303		2,206,140		5,665,443
Culture and recreation	1,490,434		877,610		2,368,044
Economic development	576,780		, -		576,780
Debt service:	,				•
Principal	794,556		2,299,888		3,094,444
Interest and fees	10,515		745,118		755,633
Total Expenditures	27,318,364		6,681,797		34,000,161
Excess (deficiency) of revenues					
over expenditures	(1,315,923)		(3,291,359)		(4,607,282)
Other financing sources (uses):					
Issuance of debt	4,043,974		462,728		4,506,702
Sale of capital assets	92,117		-		92,117
Transfers in	2,402,974		2,662,195		5,065,169
Transfers out	(3,329,170)		-		(3,329,170)
Total other financing sources (uses)	3,209,895		3,124,923		6,334,818
Net change in fund balances	1,893,972		(166,436)		1,727,536
Fund balances at beginning of year	7,529,804		5,618,250		13,148,054
Fund balances at end of year	\$ 9,423,776	\$	5,451,814	\$	14,875,590

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 Septem	nber 30, 2018
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	vernmental Activities
Net change in fund balances-total governmental funds	\$ 1,727,536
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 (\$2,994,348) exceeded capital outlay \$3,556,822 in the current period.	562,474
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.	(92,117)
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.	(299,685)
Issuance of debt related to capital leases and chapter 380 obligations are recorded as other financing sources in the governmental funds while they are recorded as long term debt in the statement of net position.	(4,506,702)
The change in accrued interest on long-term debt provides decreases in long-term liabilities in the statement of net position.	7,836
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 the net effect of these differences in the treatment of long-term debt and related items.	127,738
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.	(129,171)
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.	3,094,444
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.	(132,946)
GASB Statement No 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/17 caused the change in ending net position to increase in the amount of \$639,594. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$529,718). The City's reported TMRS net pension expense had to be recorded. The net pension expense increased/(decreased) the change in net position by (\$667,152). The result of these changes is to increase/(decrease) the change in net position by (\$557,276).	(557,276)
The City's reported Firemen's net pension expense had to be recorded. The net pension expense decreased the change in net position by (\$252,322)	252,322
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/17 caused the change in the ending net position to increase in the amount of \$12,491. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year exepnse. This caused a decrease in the change in net position totaling (\$12,713). The City's reported TMRS OPEB expense had to be recorded. The net OPEB expense increased/(decreased) the change in net position by (\$46,447). In addition to this the City's reported Firemen Retiree Health Care OPEB expense had to be recorded. The net OPEB expense (decreased) the change in net position by (\$186,644). The result of these changes is to increase/(decrease) the change in net position by (\$233,313)	(233,313)

City of Weslaco, Texas Proprietary Funds Statement of Net Position

September 30, 2018

			_			Go	overnmental
Business-Type Activities							Activities
	Water and Wastewater Fund		Solid Waste Fund	Airport Fund	Totals		Internal Service Fund
Assets							
Current Assets							
Cash and cash equivalents	\$ 3,039	\$	_	\$ -	\$ 3,039	\$	-
Cash and cash equivalents- restricted	3,713,635		_	31,307	3,744,942	•	_
Investments- restricted	778,428		_	-	778,428		-
Receivables,	•				•		
net of allowances for uncollectibles	2,185,510		770,621	28,082	2,984,213		-
Due from other funds	-		2,000,000	-	2,000,000		-
Inventories	219,132		-	31,354	250,486		-
Prepaid items	44,098		-	-	44,098		-
Total current assets	6,943,842		2,770,621	90,743	9,805,206		-
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	5,267,275		1,720,388	611,497	7,599,160		4,997,658
Improvements	-		-	-	-		70,864
Infrastructure	68,219,701		64,461	9,018,404	77,302,566		-
Construction-in-progress	52,082,567		-	4,516,808	56,599,375		-
Total non-current assets	126,597,042		2,874,877	16,260,698	145,732,617		5,068,522
Accumulated depreciation	(36,533,315		(2,295,632)	(4,874,927)	(43,703,874)		(4,438,228
Total non-current assets, net	90,063,727		579,245	11,385,771	102,028,743		630,294
Total assets	97,007,569		3,349,866	11,476,514	111,833,949		630,294
Deferred outflows of resources							
Deferred outflows of resources Deferred outflows related to pensions	95,663		2,766	18,102	116,531		_
Deferred outflows related to OPEB	3,974		170	1,034	5,178		_
Deferred charge on refunding	2,132,679		-	-	2,132,679		-
Total deferred outflows of resources	2,232,316		2,936	19,136	2,254,388		
Total assets and deferred outflows							
of resources	\$ 99,239,885	\$	3,352,802	\$ 11,495,650	\$ 114,088,337	\$	630,294

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

September 30, 2018

	Business-Type Activities								vernmental Activities
	Wate and Wastew Fund	ater	Solid Waste Fund		Airpoi Fund			Totals	 Internal Service Fund
Liabilities									
Current Liabilities:									
Accounts payable	\$ 1,38	5,213	\$ 404,7	732	\$ 6	,028	\$	1,795,973	\$ -
Accrued salaries and other liabilities	11	5,758		-	8	,402		124,160	-
Due to other funds	2,00	8,008	45,6	620	447	,301		2,500,929	250,269
Current portion of long term debt	2,69	6,284		-		-		2,696,284	-
Accrued interest on bonds	27	6,902		-		-		276,902	 -
Total current liabilities	6,48	2,165	450,3	352	461	.,731		7,394,248	250,269
Noncurrent liabilities:									
Compensated absences	8	5,407	7,3	104	53	,654		146,165	-
Customer deposits	1,10	7,398		-	3	,594		1,110,992	-
Revenue bonds payable,									
net of unamortized premiums	51,96	1,951		-		-		51,961,951	-
Capital lease payable	6,15	4,472		-		-		6,154,472	104,119
Note payable		-		-		-		-	-
Landfill closure		-	420,7	725		-		420,725	-
Net pension liability	61	5,345	11,9	923	86	,571		713,839	-
OPEB liability	4	5,576	1,9	953	11	,859		59,388	-
Total noncurrent liabilities	59,97	0,149	441,7	705	155	,678		60,567,532	 104,119
Total liabilities	66,45	2,314	892,0	057	617	,409		67,961,780	354,388
Deferred inflows of resources									
Deferred inflows related to pensions	11	2,042	3,8	861	24	,368		140,271	 -
Total deferred inflows of resources	11	2,042	3,8	861	24	,368		140,271	-
Net Position									
Net investment in capital assets	34,11	8,235	579,2	245	11,385	,771		46,083,251	526,175
Restricted for:									
Revenue bond retirement	99	3,899		-		-		993,899	-
Construction		-		-		,307		31,307	-
Unrestricted Total net position	(2,43 32,67	6,605) 5 529	1,877,6 2,456,8		(563 10,853	3,205)		(1,122,171) 45,986,286	 (250,269 275,906
ισται πετ μοσιτίστι	32,07	J,J <u>2</u> J	2,430,0	504	10,033	,013		73,300,200	 273,300
Total liabilities, deferred inflows of resources, and net position	\$ 99,23	9,885	\$ 3,352,8	802	\$ 11,495	5,650	\$ 1	14,088,337	\$ 630,294

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

For the Fiscal Year Ended September 30, 2018

			Business Ty	pe A	ctivities			ernmental Activities
	Wa	ater						
	a	nd	Solid					
		ewater	Waste		Airport		Inte	ernal Service
	Fu	ınd	Fund		Fund	Total		Fund
Operating Revenues:								
Water services	\$ 6,	759,015	\$ -	\$	-	\$ 6,759,015	\$	-
Sewer services	4,8	392,650	-		-	4,892,650		-
Charges for services		-	5,095,028		213,089	5,308,117		-
Miscellaneous	(645,372	-		2,341	647,713		1,600
Total operating revenues	12,	297,037	5,095,028		215,430	17,607,495		1,600
Operating Expenses:								
Personal services		900,903	78,041		237,192	1,216,136		-
Other services and charges	2,3	390,963	119,992		201,641	2,712,596		-
Supplies		247,202	4,767		153,394	405,363		-
Contractual services		576,397	4,148,695		-	6,825,092		-
Depreciation	2,0	525,251	16,916		333,678	2,975,845		442,178
Total operating expenses	8,8	840,716	4,368,411		925,905	14,135,032		442,178
Operating income (loss)	3,4	456,321	726,617		(710,475)	3,472,463		(440,578
Non-operating revenues (expenses)								
Investment income		7,672	-		-	7,672		-
Interest expense	(1,	571,518)	-		-	(1,571,518)		(7,414
Total non-operating revenues (expenses)	(1,	563,846)	-		-	(1,563,846)		(7,414
Income (loss) before transfers and capital contributions	1,8	892,475	726,617		(710,475)	1,908,617		(447,992
Transfers in (out) and capital contributions								
Capital Improvement fees	(584,998	-		-	684,998		-
Capital grants	:	240,158	-		76,252	316,410		-
Transfers in	5,4	419,643	-		250,000	5,669,643		315,046
Transfers out	(6,	595,688)	(1,125,000)		-	(7,720,688)		-
Total transfers and capital contributions	(2	250,889)	(1,125,000)		326,252	(1,049,637)		315,046
Change in net position	1,0	641,586	(398,383)		(384,223)	858,980		(132,946
Net position- beginning	31,0	072,341	2,856,913		11,248,087	45,177,341		408,852
Prior period adjustment		(38,398)	(1,646)		(9,991)	(50,035)		-
Net position- beginning, as adjusted	31,0	033,943	2,855,267		11,238,096	45,127,306		408,852
Net position- ending	\$ 32,0	575,529	\$ 2,456,884	\$	10,853,873	\$ 45,986,286	\$	275,906

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

City of Weslaco, Texas Proprietary Funds Statement of Cash Flows

For the Fiscal Year Ended September 30, 2018

				Business Typ	oe A	ctivities				ernmental Activities
		Water								
		and		Solid						
	٧	Vastewater		Waste		Airport			Inte	ernal Service
		Fund		Fund		Fund		Total		Fund
Cash flows from operating activities										
Cash received from customers	Ś	12,255,418	\$	5,000,161	\$	220,547	\$	17,476,126	\$	103,518
Payments to suppliers	Ψ.	(4,727,400)	Ψ.	(4,188,648)	7	(264,075)	Ψ.	(9,180,123)	Ψ.	-
Payments to employees		(670,640)		(78,378)		(222,071)		(971,089)		_
Net cash provided (used) by		(0,0,0.0)		(70,070)		(222)071)		(372)0037		
operating activities		6,857,378		733,135		(265,599)		7,324,914		103,518
		-, ,-		,		(,,		,- ,-		,-
Cash flows from noncapital financing activities										
Transfers from other funds		5,419,643				250,000		5,669,643		315,046
Transfers to other funds		(6,595,688)		(1,125,000)				(7,720,688)		-
Net cash provided (used) by								,		
noncapital financing activities		(1,176,045)		(1,125,000)		250,000		(2,051,045)		315,046
Cash flows from capital and related financing activities										
Purchase of capital assets		(1,056,302)		(83,986)		(37,418)		(1,177,706)		-
Interest paid on bonds		(2,422,348)		-		-		(2,422,348)		-
Interest paid on notes		-		-		-		-		(7,414)
Retirement of notes		-		-		-		-		(411,150
Retirement of bonds		(2,847,245)		-		-		(2,847,245)		-
Landfill closure costs		-		(47,632)		-		(47,632)		-
Capital grants		-		-		50,000		50,000		
Capital improvement fees		684,998		-		-		684,998		-
Net cash provided (used) by capital		•								
and related financing activites		(5,640,897)		(131,618)		12,582		(5,759,933)		(418,564)
Cash flow from investing activities:										
Interest on cash and investments		7,672		-		-		7,672		-
Purchase of capital assets		(273,761)						(273,761)		
Net cash provided (used) by investing										
activities		(266,089)		-		-		(266,089)		-
Net increase (decrease) in cash and cash equivalents		(225,653)		(523,483)		(3,017)		(752,153)		_
Cash and cash equivalents, beginning of year		3,942,327		523,483		34,324		4,500,134		-
Cash and cash equivalents, end of year	\$	3,716,674	\$	-	\$	31,307	\$	3,747,981	\$	-
Reconciliation of operating income										
to net cash provided (used) by operating activities										
Operating income (loss)	\$	3,456,321	\$	726,617	\$	(710,475)	\$	3,472,463	\$	(440,578)
Adjustments to reconcile income (loss)										
from operations to net cash from operating activities:										
Depreciation		2,625,251		16,916		333,678		2,975,845		442,178
(Increase) decrease in accounts receivables		(85,713)		(94,867)		1,523		(179,057)		-
(Increase) decrease in inventories		(56,273)		-		-		(56,273)		-
(Increase) decrease in prepaids		19,714		-		-		19,714		-
(Increase) decrease in deferred outflows related to pensions		288,241		4,754		28,863		321,858		-
Decrease (increase) in accounts payable		623,953		35,073		537		659,563		-
Decrease (increase) in accrued expenses		12,950		-		2,148		15,098		-
Decrease (increase) in due to other funds		(232)		44,979		90,423		135,170		101,918
Decrease (increase) in customer deposits		44,094		-		3,594		47,688		-
Decrease (increase) in compensated absences		(1,460)		2,641		2,185		3,366		-
Decrease (increase) in net pension liability		(111,967)		(4,799)		(29,134)		(145,900)		-
Decrease (increase) in OPEB liability		6,305		270		1,641		8,216		-
Decrease (increase) in deferred inflows		36,194		1,551		9,418		47,163		
Total adjustments		3,401,057		6,518		444,876		3,852,451		544,096
Net cash provided (used) by operations	\$	6,857,378	\$	733,135	\$	(265,599)	\$	7,324,914	\$	103,518
Supplemental disclosure of noncash activities										
Contributed capital assets from Txdot	\$	240,158	\$	-	\$	26,252	\$	266,410	\$	-

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

September 30, 2018

September 30, 2018		Pension Trust fund		e-purpose rust fund
	R	Firemen's Relief and Retirement		
Assets				
Cash	\$	6,646	\$	251,805
Investments, at fair value:				
Certificates of deposit		-		241,393
Equities		8,530,660		-
Corporate bonds		1,284,908		-
Money market mutual funds		398,137		-
Municipal bonds		1,356,827		-
Total Assets	\$	11,577,178	\$	493,198
Liabilities				
Accounts payable	\$		\$	93
Total Liabilities		-		93
Net Position				
Net position restricted for pensions				
and other purposes		11,577,178		493,105
Total Net Position		11,577,178		493,105
Total Liabilities and Net Position	\$	11,577,178	\$	493,198

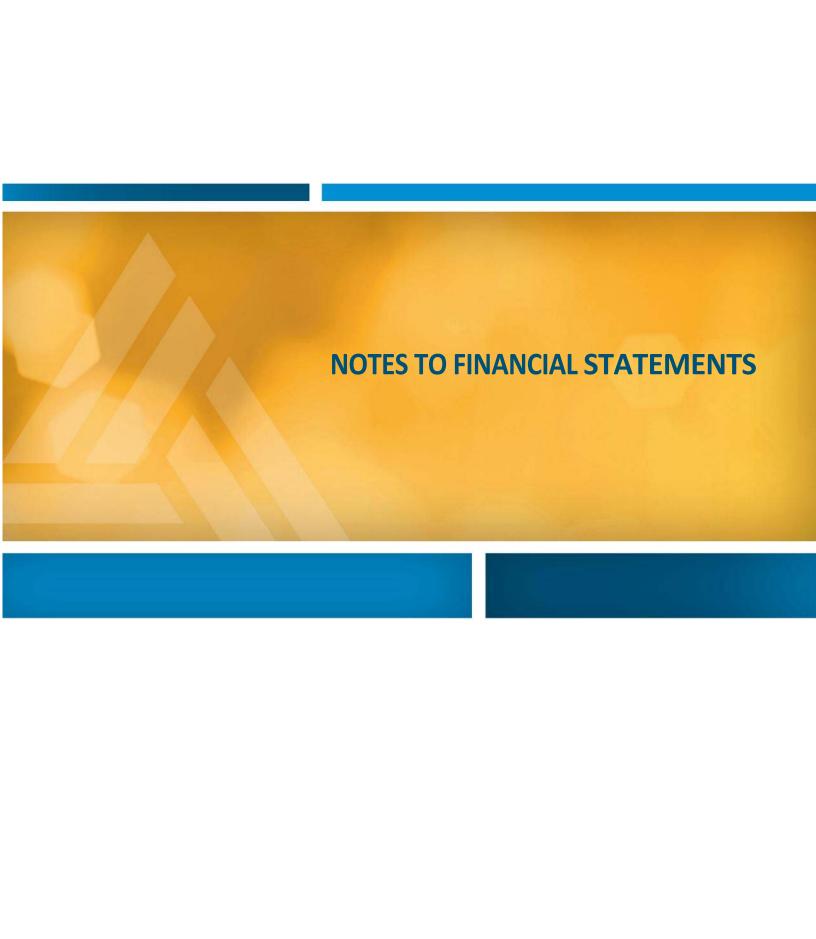
The notes to the financial statements are an integral part of this statement

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

For the Fiscal Year Ended September 30, 2018

· · · · · · · · · · · · · · · · · · ·	Pension	Private-purpose				
	Trust fund	Trust fund				
	Firemen's					
	Relief and	Marion Booth				
	Retirement	Endowment Fund				
Additions						
Contributions	A 546.556					
Employer contributions	\$ 516,556	\$ -				
Plan member contributions	509,963	-				
Total contributions	1,026,519	-				
Investment income						
Net appreciation in fair value of investments	764,219	-				
Interest and dividends	226,375	7,391				
Total investment income	990,594	7,391				
Less investment expense	(62,417)					
Net investment income (loss)	928,177	7,391				
Total additions	1,954,696	7,391				
Deductions						
Benefits paid	633,540	-				
Refunds of contributions	130,640	-				
Administrative expenses	42,719	6,519				
Total deductions	806,899	6,519				
Net change in fiduciary net position	1,147,797	872				
Net position, beginning of year	10,429,381	492,233				
Net position, end of year	\$ 11,577,178	\$ 493,105				

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



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*.

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.

Applying these standards to other entities and activities for possible inclusion in the reporting entity, the City has determined that the Weslaco Economic Development Corporation (EDC) meets these requirements and, therefore is included as a discretely presented component unit. The purpose of the EDC is to promote economic development within the City. The City has the ability to impose its will, and has a financial benefit and financial accountability over the EDC. A copy of the EDC's financial statements can be obtained by contacting the Weslaco Economic Development Corporation at 275 S. Kansas, Weslaco, Texas 78596.

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 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 corporations 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 corporations 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 Fund as the only major governmental fund.

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

The 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).

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. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB they provide. Statement 75 requires governments of all types to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 85, Omnibus 2017. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86. Certain Debt Extinguishment Issues. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transaction in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the purpose of extinguishing debt. This Statement also amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an in substance defeasance, regardless of how the cash and other monetary assets were acquired. Finally, this Statement establishes an additional disclosure requirement related to debt that is defeased in substance, regardless of how the cash and other monetary assets were acquired. The City has determined that this statement does not impact the City.

Recently Issued Accounting Pronouncements

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items

Expenditures made to third party vendors for goods and services that will benefit periods beyond September 30, 2018 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 and consist of expendable supplies, fuel, and City infrastructure repair parts and replacement items. 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

Transfers are used to 1) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds, and 2) move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them.

Capital Assets

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Other Post-Employment Benefits (OPEB)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, other deferred charges, and OPEB amounts as further described in Note 13.

In 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 pensions as further described in Note 13.

Fund Balance Policies

In accordance with Section 1800: Classification and Terminology of the GASB Codification, 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 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 No 72 "Fair Value Measurement and Application". Consistent with GASB Statement No 72, the City categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the City's Firemen's Relief and Retirement Fund Investments a detail of the fair value hierarchy of investments held by the City are disclosed in Note 3 to the financial statements.

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, 2017 have been reclassified to conform with the presentation of the financial statements for the fiscal year ended September 30, 2018.

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, 2018. 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 fund level. During the year, several supplementary appropriations were necessary.

Expenditures over Appropriations

At September 30, 2018, expenditures exceeded appropriations by the following amounts:

General Government	(\$112,773)
Public Safety	(\$369,151)
Culture and Recreation	(\$17,441)
Economic Development	(\$16,780)

General Government – certain utility expenditures were under budgeted for City operations.

Public Safety – overtime expenditures were higher than projected and emergency management costs associated with June flooding were not budgeted.

Culture and Recreation – certain utility expenditures were under budgeted for City operations.

Economic Development – Sales were better than expected this year, so the rebate on sales tax was 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, 2018. At year-end, the respective bank balance totaled \$10,300,858. 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 \$17,500,000. The collateral was held at third party banks (safekeeping banks) in the City's name under a joint safekeeping agreement between various banks and the City.

Investments

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

Deposits and investment with investment maturities, including accrued interest, as of September 30, 2018 are as follows:

	I	nvestment Ma	Greater			
		Value	1 or less	than 1 year		
Primary Government						
TexPool	\$	6,462,197	\$ 6,462,197	\$	-	
Component Unit						
Certificates of Deposit	\$	695,256	\$ 695,256	\$	-	

A reconcilement of cash and investments follows:

			Prim	ary Governmen	it			
	Go	vernmental	Bu	siness-type		C	Component	
		Activities		Activities		Total		Unit
Cash and cash equivalents	\$	5,392,397	\$	3,039		5,395,436	\$	3,708,963
Restricted cash		542,349		3,744,942		4,287,291		576,336
Total cash and cash equivalents		5,934,746		3,747,981		9,682,727		4,285,299
Investments:								
TexPool		5,683,769		-		5,683,769		-
TexPool - Restricted		-		778,428		778,428		-
Certificates of deposit		-		-		-		695,256
Total investments		5,683,769		778,428		6,462,197	_	695,256
Total cash and investments	\$	11,618,515	\$	4,526,409	\$	16,144,924	\$	4,980,555

See Note 6 for components of cash and investment 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, 2018, 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 restrictions 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, 2018. The composition of these investments is as follows:

	Fair Value
Equities	\$ 8,530,660
Fixed income	
Money market mutual funds	398,137
Municipal bonds	1,356,827
Corporate bonds	1,284,908
Total fixed income	3,039,872
Total investments	\$ 11,570,532

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	\$ 9,980,398
Level 2 inputs are signficant other observable inputs	1,590,134
Total investments	\$ 11,570,532

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

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, 2018, consist of the following:

			ļ	Prim	ary Governme	nt							
		G	Governmental	l				Busines	s-type				
	General Fund	Go	Other vernmental Funds		Total		Water and Solid Airport Wastewater Waste Fund		Total	Total Primary Government	Co	mponent Unit	
Ad valorem taxes	\$ 1,197,364	\$	417,391	\$	1,614,755	\$	-	\$ -	\$ -	\$ -	\$ 1,614,755	\$	-
Sales taxes	1,007,565		-		1,007,565		-	-	-	-	1,007,565		-
Customer charges	40,766		-		40,766		3,478,239	1,352,989	28,082	4,859,310	4,900,076		-
Hotel/Motel taxes	-		139,807		139,807		-	-	-	-	139,807		-
Ambulance fees	5,121,882		-		5,121,882		-	-	-	-	5,121,882		-
Grants receivable	-		-		-		-	-	-	-	-		360,903
Other	422,870		24,597		447,467		-	-	-	-	447,467		263,019
Gross receivables	7,790,447		581,795		8,372,242		3,478,239	1,352,989	28,082	4,859,310	13,231,552		623,922
Less allowance for uncollectibles	(4,320,581)		(157,318)		(4,477,899)		(1,292,729)	(582,368)	-	(1,875,097)	(6,352,996)		-
Net total receivables	\$ 3,469,866	\$	424,477	\$	3,894,343	\$	2,185,510	\$ 770,621	\$ 28,082	\$ 2,984,213	\$ 6,878,556	\$	623,922

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 credit incentives up to the amounts of the loans and sometimes beyond the initial loans. The credits vary by individual entities. The credits involve construction of buildings, leasing of existing properties at the industrial park, employing local residents and the purchase of goods and services from merchants in the local area. All notes receivable carry incentives to the extent of the note receivable balance.

The following is a summary of notes receivable payable to the EDC at September 30, 2018:

Loan to CIL Properties	\$ 115,924
Loan to CIL Cold Shipping	244,450
Loan to Trinity Development	120,224
Promissory note from LRGVDC (Building Sale)	1,328,919
Promissory note from SDI Weslaco Holdings, Inc.	662,730
Total notes receivable	\$ 2,472,247

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 \$235,476 under the 380 Agreement.

Notes with Economic Incentives

The economic incentive portion of the notes receivable balances have been recognized as expenditures in current year operations, as well as the long-term note receivable advance. As the entities earn their incentives, the note balances will be reduced accordingly, with an equal offset to unavailable revenue. That is to control compliance with the agreements. The long-term note receivable principal payments are recognized as revenues, with equal off-set to unavailable revenue. Note balances had equal unavailable revenue at September 30, 2018.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 is as follows:

	Beginning Balance				Retirements	Ending Balance
Governmental Activities						
Capital assets not being depreciated						
Land	\$	4,582,912 \$	149,370 \$	-	\$ (92,117) \$	4,640,165
380 Agreements Infrastructure		7,629,307	-	-	-	7,629,307
Construction-in-progress		77,502	1,557,737	(77,502)	-	1,557,737
Total capital assets, not being depreciated		12,289,721	1,707,107	(77,502)	(92,117)	13,827,209
Capital assets being depreciated						
Buildings		18,392,579	101,780	-	-	18,494,359
Equipment		12,585,454	389,869	-	-	12,975,323
Improvements		44,533,434	445,338	77,502	-	45,056,274
Capital Leases		5,003,092	912,728	-	-	5,915,820
		80,514,559	1,849,715	77,502	-	82,441,776
Less accumulated depreciation for:						
Buildings		7,380,937	459,814	-	-	7,840,751
Equipment		7,974,266	790,919	-	-	8,765,185
Improvements		23,880,722	1,458,207	-	-	25,338,929
Capital Leases		1,481,701	727,587	-	-	2,209,288
Total accumulated depreciation		40,717,626	3,436,527	-	-	44,154,153
			(4.505.040)			
Total capital assets being depreciated, net		39,796,933	(1,586,812)	77,502	-	38,287,623
Governmental activities, capital assets, net	\$	52,086,654 \$	120,295 \$	-	\$ (92,117) \$	52,114,832

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

Governmental activities	
General Government	\$ 781,869
Public Safety	557,973
Emergency Medical Services	151,728
Public Works	1,466,236
Culture and Recreation	478,721
	\$ 3,436,527

NOTE 5: CAPITAL ASSETS (Continued)

	Beginning				Transfers/				Ending	
	Balance		Additions F		Reclassification		Retirements		Balance	
Business-type Activities:										
Capital assets not being depreciated										
Land	\$ 2,551,870	\$	-	\$	-	\$	-	\$	2,551,870	
Construction in progress	49,393,623	7	,205,752		-		-		56,599,375	
Total capital assets not being depreciated	51,945,493	7	,205,752		-		-		59,151,245	
Capital assets being depreciated										
Buildings	1,679,646		-		-		-		1,679,646	
Equipment	8,637,618		277,141		-	(1,315,599)		7,599,160	
Improvements	76,867,879		434,687		-		-		77,302,566	
Total capital assets being depreciated	87,185,143		711,828		-	(1,315,599)		86,581,372	
Less accumulated depreciation for:										
Building	1,329,571		20,417		-		-		1,349,988	
Equipment	7,429,244		220,908		-		(996,606)		6,653,546	
Improvements	32,965,820	2	,734,520		-		-		35,700,340	
Total accumulated depreciation	41,724,635	2	,975,845		-		(996,606)		43,703,874	
Total capital assets being depreciated, net	45,460,508	(2	,264,017)		-		(318,993)		42,877,498	
Business-type activities capital assets, net	\$ 97,406,001	\$ 4	,941,735	\$	-	\$	(318,993)	\$	102,028,743	

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

Business-type activities:	
Water and Wastewater	\$ 2,625,251
Solid Waste	16,916
Airport	333,678
Total depreciation expense- Business-type activities	\$ 2,975,845

	Beginning			Т	ransfers/			Ending	
	Balance		Additions	Reclassification		Retirements		Balance	
Component Unit:									
Capital assets not being depreciated									
Land	\$ 19,709	\$	-	\$	-	\$	-	\$ 19,709	
Construction in progress	96,486		3,147,689		-		-	3,244,175	
Total capital assets not being depreciated	116,195		3,147,689		-		-	3,263,884	
Capital assets being depreciated									
Buildings	2,181,286		-		-		-	2,181,286	
Machinery and equipment	174,745		-		-		-	174,745	
Total capital assets being depreciated	2,356,031		-		-		-	2,356,031	
Less accumulated depreciation	473,646		65,088		-		-	538,734	
Total capital assets being depreciated, net	1,882,385		(65,088)		-		-	1,817,297	
Business-type activities capital assets, net	\$ 1,998,580	\$	3,082,601	\$	-	\$	-	\$ 5,081,181	

Depreciation of \$65,088 was charged to general government functions.

NOTE 6: LONG-TERM DEBT

Business-Type Activities Bonded Debt

Business-type activities bonded debt as of September 30, 2018 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%	\$ 138,853
\$24,335,000 Tax and Revenue Certificate of Obligation, Series 2012, dated January 15, 2012, due in annual installments varying from \$1,345,000 to \$2,305,000 through February 15, 2032, bearing interest rates of 4.00% - 5.00%.	3,720,000
\$9,075,000 Tax and Revenue Certificate of Obligation, Series 2014, dated March 1, 2014, due in annual installments varying from \$75,000 to \$1,355,000 through February 15, 2034, bearing interest rates of 4.50%.	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 \$2,285,000 through February 15, 2027, bearing interest rates of 4.00%-5.00%.	19,545,000
Total Business-Type Activities Bonded Debt	\$48,228,853

Business-Type Activities Capital Leases

Business-type activities capital lease debt as of September 30, 2018 is as follows:

\$7,446,877 Frost Municipal lease agreement dated December 1, 2017. The terms of the

capital lease include annual payments of \$606,289 beginning January 2019. The lease was used to fund building lighting, HVAC upgrades, and replacing traffic light signals. A portion	
of this lease and annual payments are recorded in the City's Governmental Activities.	\$ 6,501,903
	_
Total Business-Type Activities Capital Lease Debt	\$ 6,501, 903

Governmental Activities Bonded Debt

Governmental activities bonded debt as of September 30, 2018 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 at 3.1%	\$ 527,407
\$11,915,000 Limited Tax Refunding Bonds, Series 2012, Dated August 15, 2013, due in annual installments varying from \$980,000 to \$1,470,000 through February 15, 2023, bearing interest rates of 2.00% - 3.00%.	6.710.000

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% - 5.00%.	\$ 6,245,000
\$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%.	3,470,000
Total Governmental Activities Bonded Debt	\$16,952,407
Governmental Activities Capital Leases	
Governmental activities capital lease debt as of September 30, 2018 is as follows:	
\$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.	\$104,119
\$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.	112,892
\$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.	136,665
\$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.	425,639
\$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.	76,962
\$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.	467,100
\$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.	546,283
\$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.	176,966

\$ 395,458

\$ 395,458

NOTE 6: LONG-TERM DEBT (Continued)

and superior title.

<u>Total Governmental Activities Note Payable Debt</u>

\$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.	\$ 49,113
\$7,446,877 Frost Municipal lease agreement dated December 1, 2017. The terms of the capital lease include annual payments of \$606,289 beginning January 2019. The lease was used to fund building lighting, HVAC upgrades, and replacing traffic light signals. A portion of this lease and annual payments are recorded in the City's Water and Wastewater fund.	944,974
\$225,000 City National Capital Finance lease agreement dated December 8, 2017. The terms of the capital lease include annual payments of \$25,602 beginning December 2018. The lease was used to purchase public safety equipment.	225,000
\$87,728 City National Capital Finance lease agreement dated February 28, 2018. The terms of the capital lease include annual payments of \$19,074 beginning February 2019. The lease was used to purchase a vehicle.	87,728
\$450,000 City National Capital Finance lease agreement dated April 7, 2018. The terms of the capital lease include annual payments of \$98,035 beginning April 2019. The lease was used to purchase police vehicles.	450,000
\$150,000 City National Capital Finance lease agreement dated June 8, 2018. The terms of the capital lease include annual payments of \$31,847 beginning June 2018. The lease was used to purchase an ambulance.	118,153
Total Governmental Activities Capital Lease Debt	\$3,921,594
Governmental Activities Note Payable	
Governmental activities Note Payable debt as of September 30, 2018 is as follows:	
A note dated December 9, 2016 and payable to Carlos J. Garza, Christiaan Van Der Graaff and Ysabella Van Der Graaff for \$456,707. The terms of the note include principal and	

interest payments of \$5,421 beginning January 9, 2017, continuing monthly thereafter until December 9, 2021, when the entire balance, including principal and interest will be due and payable. The interest rate is a fixed 7.00%. The note is secured by a vendor's lien

NOTE 6: LONG-TERM DEBT (Continued)

Component Unit Bonded Debt

Component Unit bonded debt as of September 30, 2018 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%.

\$ 615,000

\$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%.

970,000

\$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%.

1,420,000

Total Revenue Bonds

\$3,005,000

Component Unit Note Payable

Component Unit Note Payable debt as of September 30, 2018 is as follows:

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.

27,423

Total Component Unit Revenue Bonds and Notes Payable

\$3,032,423

Transactions for the year ended September 30, 2018 are summarized as follows:

	Balance October 1			Additions Deletions			Balance September 30		Due Within One Year	
								•		
Governmental Activities:										
General Obligation Bonds	\$	1,037,731	\$	-	\$	510,324	\$	527,407	\$	527,407
Certificates of Obligation		17,800,000		-		1,375,000		16,425,000		1,415,000
Capital Leases		2,983,316		1,857,702		919,424		3,921,594		793,610
Bond Premium		1,000,740		-		162,156		838,584		-
380 Agreement Infrastructure		2,820,616		2,649,000		664,970		4,804,646		-
Notes Payable		431,333		-		35,875		395,458		38,368
Compensated Absences		2,758,998		1,295,097		995,414		3,058,681		-
Municipal net pension liability		6,530,080		-		1,631,146		4,898,934		-
Firemen's net pension liability		4,702,051		-		426,643		4,275,408		-
OPEB liabilities		6,668,909		91,844		253,762		6,506,991		-
Total Governmental Activities		46,733,774		5,893,643		6,974,714		45,652,703		2,774,385
Business-Type Activities: General Obligation Bonds Revenue Bonds Payable Certificate of Obligation Bond Premium Tax Notes Capital Leases Compensated Absences Customer deposits Landfil Closure Municipal net pension liability OPEB liability Total Business-Type Activities	\$	273,529 440,000 48,090,000 6,909,104 2,620,000 - 142,799 1,063,304 468,357 859,739 51,172 60,918,004	\$	6,501,903 57,468 47,688 - - 8,216	\$	134,676 440,000 - 827,153 2,620,000 - 54,102 - 47,632 145,900 - 4,269,463	\$	138,853 - 48,090,000 6,081,951 - 6,501,903 146,165 1,110,992 420,725 713,839 59,388 63,263,816	\$	138,853 - 2,210,000 - - 347,431 - - - - - 2,696,284
	_		_		_		_		_	
Total Primary Government	\$	107,651,778	\$	12,508,918	\$	11,244,177	\$	108,916,519	\$	5,470,669
Component Unit:										
Revenue Bonds	\$	3,680,000	\$	-	\$	675,000	\$	3,005,000	\$	690,000
Notes Payable		242,491		-		215,068		27,423		27,423
Total Component Unit	\$	3,922,491	\$	-	\$	890,068	\$	3,032,423	\$	717,423

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, 2018.

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, 2018.

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, 2018.

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, 2018 amounted to \$49,780,000.

Bonds Authorized and Unissued

At September 30, 2018, the City had no General Obligations Bonds and Revenue Bonds which were authorized and unissued.

NOTE 6: LONG-TERM DEBT (Continued)

The following table summarizes the restricted cash and investments as of September 30, 2018:

	Gov	vernmental	Bu	siness-Type		Primary	Со	mponent
	P	Activities		Activities	G	overnment		Unit
Restricted cash:								
Cash restricted for construction	\$	-	\$	1,670,906	\$	1,670,906	\$	576,336
Cash restricted from PEG fee collection		363,238		-		363,238		-
Cash restricted for bond retirement		-		457,787		457,787		-
Cash restricted from customer utility deposits		-		1,110,992		1,110,992		-
Cash in escrow		179,111		505,257		684,368		-
Total restricted cash	\$	542,349	\$	3,744,942	\$	4,287,291	\$	576,336
Restricted investments:								
Restricted for construction	\$	-	\$	242,315	\$	242,315	\$	-
Restricted for bond retirement		-		536,113		536,113		-
Restricted for bond reserve		-		-		-		695,256
Total restricted investments	\$	-	\$	778,428	\$	778,428	\$	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							
Year Ending September 30,		Principal		Interest	Tota	al Requirements		Principal		Interest	Re	Total quirements						
2019	\$	527,407	\$	8,155	\$	535,562	\$	138,853		2,152	\$	141,005						
Total	\$	527,407	\$	8,155	\$	535,562	\$	138,853	\$	2,152	\$	141,005						

Certificates of Obligations

	Go	overi	nmental Activi	ties		Business-Type Activities							
					Total						Total		
Year Ending September 30,	Principal		Interest	R	equirements		Principal		Interest	Re	equirements		
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	5,790,000		1,434,850		7,224,850		3,230,000		1,710,826		4,940,826		
2024-2028	2,480,000		519,550		2,999,550		17,920,000		6,107,930		24,027,930		
2029-2033	570,000		28,500		598,500		14,450,000		2,254,378		16,704,378		
2034-2038	-		-		-		1,355,000		67,750		1,422,750		
Total	\$ 16,425,000	\$	4,030,534	\$	20,455,534	\$	48,090,000	\$	18,273,160	\$	66,363,160		

NOTE 6: LONG-TERM DEBT (Continued)

Notes Payable

Gover	nmenta	Activities

Year Ending September 30,	Principal	Interest	Total
2019	\$ 38,368	\$ 26,685	\$ 65,053
2020	41,038	24,014	65,052
2021	43,902	21,150	65,052
2022	272,150	3,232	275,382
Total	\$ 395,458	\$ 75,081	\$ 470,539

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

	Revenu	е Во	nds	Notes I	Paya	ble	
Year Ending September 30,	Principal		Interest	Principal		Interest	Total
2019	\$ 690,000	\$	89,566	\$ 27,423	\$	42	\$ 807,031
2020	720,000		65,139	-		-	785,139
2021	740,000		39,847	-		-	779,847
2022	420,000		20,390	-		-	440,390
2023	435,000		6,875	-		-	441,875
Total	\$ 3,005,000	\$	221,817	\$ 27,423	\$	42	\$ 3,254,282

The following is a schedule of the future minimum lease payments under capital leases as of September 30, 2018:

Capital Leases

				Go	verr	nmental Activitie	:S			
	Fros	st Municipal	Fro	ost Muncipal	ŀ	Kansas State	Fro	st Muncipal	Fro	st Muncipal
Year Ending September 30,		Lease		Lease		Bank Lease		Lease		Lease
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		-		-		-		60,288		-
2024-2028		-		-		-		180,864		-
2029-2033		-		-		-		-		-
Total minimum lease payments Less the amount representing		104,641		115,223		139,937		482,304		79,674
Interest		(522)		(2,331)		(3,272)		(56,665)		(2,712)
Present value of net minimum										
lease payments	\$	104,119	\$	112,892	\$	136,665	Ş	425,639	\$	76,962

NOTE 6: LONG-TERM DEBT (Continued)

	Governmental Activities												
Year Ending September 30,	Lease		Fro	st Municipal Lease	Fro	ost Municipal Lease	Fro	st Municipal Lease	Fro	st Municipal Lease			
2019	\$	162,593	\$	13,153	\$	47,041	\$	76,883	\$	76,935			
2020		162,593		13,153		47,041		76,883		76,935			
2021		162,593		13,153		47,041		76,883		76,935			
2022		-		13,153		47,041		76,883		76,935			
2023		-		-		-		76,883		76,935			
2024-2028		-		-		-		230,649		384,675			
2029-2033		-		-		-		-		384,675			
Total minimum lease payments Less the amount representing		487,779		52,612		188,164		615,064		1,154,025			
Interest		(20,679)		(3,499)		(11,198)		(68,781)		(209,051)			
Present value of net minimum lease payments	\$	467,100	\$	49,113	\$	176,966	\$	546,283	\$	944,974			

	Governmental Activities											
		y National tal Finance		y National ital Finance		ity National pital Finance		ity National pital Finance	_	Total		
Year Ending September 30,	•	Lease		Lease		Lease		Lease	Re	quirements		
2019	\$	25,602	\$	19,074	\$	98,035	\$	31,847	\$	895,032		
2020		25,602		19,074		98,035		31,847		767,345		
2021		25,602		19,074		98,035		31,847		611,451		
2022		25,602		19,074		98,035		31,847		448,858		
2023		25,602		19,074		98,035		-		356,817		
2024-2028		128,010		-		-		-		924,198		
2029-2033		-		-		-		-		384,675		
Total minimum lease payments Less the amount representing		256,020		95,370		490,175		127,388		4,388,376		
Interest		(31,020)		(7,642)		(40,175)		(9,235)		(466,782)		
Present value of net minimum lease payments	\$	225,000	\$	87,728	\$	450,000	\$	118,153	\$	3,921,594		

Business-Type Activ	ities	
	Ci	ity National
	Ca	pital Finance
Year Ending September 30,		Lease
2019	\$	529,354
2020		529,354
2021		529,354
2022		529,354
2023		529,354
2024-2028		2,646,770
2029-2033		2,646,770
Total minimum lease payments Less the amount representing		7,940,310
Interest		(1,438,407)
Present value of net minimum		
lease payments	\$	6,501,903

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, 2018 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.

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, 2018, were 96.28% of the tax levy.

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

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

Inter-fund balances at September 30, 2018 consisted of the following individual fund receivables and payables:

Receivable Fund			_								
			,	Water and							
			٧	/astewater	:	Solid Waste	Airport		Internal		
	Ge	neral Fund		Fund		Fund	Fund	Sei	rvice Fund		Total
General Fund	\$	173,960	\$	8,008	\$	45,620	\$ 447,301	\$	250,269	\$	925,158
Solid Waste Fund		-		2,000,000		-	-		-		2,000,000
Other Governmental Funds		23,118		-		-	-		-		23,118
	\$	197,078	\$	2,008,008	\$	45,620	\$ 447,301	\$	250,269	\$	2,948,276

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

NOTE 9: TRANSFERS

Transfers at September 30, 2018 consisted of the following:

				Tr	ansf	fer in Funds					
				Other		Water and					
			Go	Governmental		Wastewater					
Transfer Out Funds	Ge	eneral Fund		Funds		Fund	Airport Fund		Service Fund		Total
General Fund	\$	1,160,000	\$	1,604,124	\$	-	\$	250,000	\$	315,046	\$ 3,329,170
Water and Wastewater Fund		1,117,974		58,071		5,419,643		-		-	6,595,688
Solid Waste Fund		125,000		1,000,000		-		-		-	1,125,000
	\$	2,402,974	\$	2,662,195	\$	5,419,643	\$	250,000	\$	315,046	\$ 11,049,858

Transfers to the capital improvement fund and firemen's equipment replacement fund were made in accordance with ordinances to fund City projects and replace old equipment. In addition, there was a transfer out of the general fund to supplement the airport fund for expenditures in excess of revenues. There was a transfer from the general fund to 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 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with TMRS act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.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 benefits are calculated as if the sum of the employee's contributions, with interest, and the city-financing monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms

At the December 31, 2017 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	149
Active employees	<u>234</u>
	<u>537</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 7.32% and 7.99% in calendar 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$817,077 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 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 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment of younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvement subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to 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 2014 valuation.

After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected 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.

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 their 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:

		Long-term Expected Real
Asset Class	Target Allecation	Rate of Return
Asset Class	<u>Target Allocation</u>	<u>(Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0</u> %	7.75%
Total	<u>100.0</u> %	

Discount Rate

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

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, 2018 is as follows:

	Increase (Decrease)			
	(a)	(a) (b)		
	Total Pension	Plan Fiduciary	Net Pension	
	Liability	Net Position	Liability (Asset)	
Balance at December 31, 2016	\$ 41,766,813	\$ 34,376,994	\$ 7,389,819	
Changes for the year				
Service cost	1,511,814	=	1,511,814	
Interest	2,805,747	-	2,805,747	
Difference Between expected/actual experience	93,970	-	93,970	
Contributions- employer	-	741,999	(741,999	
Contributions- employee	-	710,237	(710,237	
Net investment income	-	4,762,284	(4,762,284	
Benefit payments, including refunds of				
employee contributions	(1,912,199)	(1,912,199)	-	
Administrative expenses	-	(24,692)	24,692	
Other charges	-	(1,251)	1,251	
Net changes	2,499,332	4,276,378	(1,777,046	
Balance at December 31, 2017	\$ 44,266,145	\$ 38,653,372	\$ 5,612,773	

Net pension liability amounts are allocated between the governmental activities and business-type activities in the statement of net position by \$4,898,934 and \$713,839, 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%	Increase in
	in Discount	in Discount Discount Rate		count Rate
	Rate (5.75%)	(6.75%)		(7.75%)
City's net pension liability	\$ 11,922,313	\$ 5,612,773	\$	444,536

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, 2018 the City recognized pension expense in the amount of \$1,411,617. At September 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred		
	0	utflows of	Def	erred Inflows
	F	Resources	of	Resources
Differences between expected and actual economic experience				
(net of current year amortization)	\$	270,087	\$	567,551
Changes in actuarial assumptions		225,123		-
Differences between expected and actual investment earnings				
(net of current year amortization)		-		940,363
Contributions subsequent to measurement date		639,594		-
Total	\$	1,134,804	\$	1,507,914

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 as well as total deferred outflows/inflows of resources from other pension and OPEB liabilities.

\$639,594 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, 2019. 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
2019	\$ 125,421
2020	(184,508)
2021	(465,248)
2022	(488,369)

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.

NOTE 10: PENSION PLAN - TMRS (Continued)

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

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

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	33
Current employees	<u>66</u>
Total	99

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.

NOTE 11: FIREMEN'S PENSION PLAN (Continued)

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.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

Net Pension Liability

The City's Net Pension Liability (NPL) for the Firemen's Fund was measured as of September 30, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of September 30, 2018.

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, 2018 Entry age - normal 14.1 years, closed market value

7.25% Graded by service 2.5%

NOTE 11: FIREMEN'S PENSION PLAN (Continued)

There were no changes in actuarial assumptions or benefits 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, 2018 are summarized in the following table:

	Long-term
	Expected Real
	Rate of Return
Asset Class	<u>(Arithmetic)</u>
Equity	6.0%
Fixed Income	4.0%
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 periods of benefit payments to determine the total pension liability.

Schedule of Changes in Net Pension Liability

The change in net pension liability for the Firemen's Fund for the fiscal year ended September 30, 2018 is as follows:

	Increase (Decrease)			
	(a)	(b)		(a)-(b)
	Total Pension	Plan Fiduci	ary	Net Pension
	Liability	Net Position	on	Liability (Asset)
Balance at September 30, 2017	\$ 15,131,432	\$ 10,429,	381	\$ 4,702,051
Changes for the year				
Service cost	497,258		-	497,258
Interest	1,087,522		-	1,087,522
Difference Between expected/actual experience	(99,445)		-	(99,445)
Changes of assumptions	-		-	-
Contributions- employer	-	516,	557	(516,557)
Contributions- employee	-	509,	963	(509,963)
Net investment income	-	928,	177	(928,177)
Benefit payments, including refunds of				
employee contributions	(764,180)	(764,	180)	-
Administrative expenses	-	(42,	719)	42,719
Net changes	721,155	1,147,	798	(426,643)
Balance at September 30, 2018	\$ 15,852,587	\$ 11,577,	179 :	\$ 4,275,408

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	\$ 6,740,269	\$ 4,275,408	\$ 2,269,110	

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

For the year ended September 30, 2018 the city recognized pension expense in the amount of \$264,235. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Oi	Deferred utflows of esources	 erred Inflows Resources
Differences between expected and actual economic experience			
(net of current year amortization)	\$	340,057	\$ 89,298
Changes in actuarial assumptions		-	160,211
Differences between expected and actual investment earnings			
(net of current year amortization)		-	314,151
Total	\$	340,057	\$ 563,660

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

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

Fiscal Year Ending September 30,	City
2019	(89,349)
2020	(89,349)
2021	(59,138)
2022	(18,355)
2023	14,490
Thereafter	18,098

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS

A. TMRS Supplemental Death Benefit

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

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

inactive employees or beneficiaries currently receiving benefits	124
Inactive employees entitled to but not yet receiving benefits	34
Active employees	<u>234</u>
	392

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Contributions

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

Employees for the City of Weslaco were required to contribute 0.06% of their annual gross earnings during the fiscal year. The contribution rates for the City of Weslaco were 0.18% and 0.17% in calendar year 2017 and 2018, respectively. The City's contributions to the SDBF for the year ended September 30, 2018 were \$17,971, and were equal to the required contributions.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date: 12/31/2017 Inflation 2.50%

Salary Increases 3.50% to 10.50%, including inflation

Discount rate* 3.31% Retirees' share of benefit-related costs \$-0-

Administrative expenses All administrative expenses are paid through the Pension

Trust and accounted for under reporting requirements

under GASB Statement No. 68.

Mortality rates- service retirees 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.

Mortality rates- disabled retirees RP2000 Combined Mortality Table with Blue Collar

Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future

mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period of December 31, 2010 to December 31, 2014.

Total OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

^{*}the discount rate was based on the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2017.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

		Increase		
		(Decrea	se)	
		Total OPEB		
	Lia	bility	(a)	
Balance at December 31, 2016	\$	62	3,272	
Changes for the year:				
Service cost		2	2,262	
Interest		2	3,866	
Changes of assumptions		60,004		
Benefit payments, including refunds of				
employee contributions		(6,072)	
Net changes		10	0,060	
Balance at December 31, 2017	\$	72	3,332	

Total OPEB liability amounts are allocated between the governmental activities and business-type activities in the statement of net position by \$663,944 and \$59,388, respectively.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower (2.31%) or 1 percentage point higher (4.31%) than the current rate.

	1%	1% Decrease				6 Increase in	
	in	in Discount Discount			Rate Discount		
	Rat	e (2.31%)		(3.31%)		(4.31%)	
City's total OPEB liability	\$	878,711	\$	723,332	\$	603,889	

OPEB Expense and Deferred Outflows of Resources Related to OPEBs

For the year ended September 30, 2018 the City recognized combined OPEB expense in the amount of \$56,673. At September 30, 2018 the City reported deferred outflows of resources related to OPEB from the following sources:

	D	Deferred			
	Outflows of				
	Re	sources			
Changes in actuarial assumptions	\$	49,458			
Contributions subsequent to the measurement date		13,608			
Total	\$	63,066			

Deferred outflows of resources related to the total OPEB liability related to the supplemental death benefit are allocated between the governmental activities and business-type activities in the statement of net position. Please see Note 13 for the allocation of deferred outflows of resources related to OPEB as well as total deferred outflows/inflows of resources from other OPEB liabilities.

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (Continued)

The \$13,608 which are reported as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	City
2019	\$ 10,545
2020	10,545
2021	10,545
2022	10,545
2023	7,278

B. Firefighter Retiree Health Care

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

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

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

Employees covered by benefit terms

At the September 30, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

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

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy and Annual Firefighter Retiree Health Care Plan Cost

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

Actuarial assumptions:

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date: September 30, 2018

Methods and Assumptions

Actuarial Cost Method Individual Entry-Age Normal Discount Rate 3.83% as of September 30, 2018

Inflation 2.50%

Salary Increases 3.25% per annum for wage inflation. 5.16% grading down to 0.00% per

annum for longevity and promotion based on years of service

Mortality Rates RP-2014 Generational Mortality tables projected back to 2006 with

Scale MP-2014 and forward with generational life expectancy improvement using Scale MP-2018. Separate rates for employees and

retirees. Separate rates for males and females.

Health Care Trend Rates 8.50% for 2017 decreasing by 0.25% per year until the ultimate rate of

4.50% is reached in 2033.

Retirement Rates 50% for those retiring between age 55-59; 100% for those retiring at

age 60. No participation after retiree reaches eligibility age for

Medicare.

Other Information:

Notes: The discount rate changed from 3.50% as of October 1, 2017 to 3.83%

as of September 30, 2018.

Discount Rate: For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.83% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 3.50% as of the prior measurement date.

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

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The City's Total OPEB Liability related to the Firefighter Retiree Health Care OPEB was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

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

	Increase
	(Decrease)
	Total OPEB
	Liability (a)
Balance at September 30, 2017	\$ 6,096,809
Changes for the year:	
Service cost	2,884
Interest	213,311
Changes of assumptions	(464,873)
Contributions - employer	(5,084)
Net changes	(253,762)
Balance at Decembere 31, 2017	\$ 5,843,047

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

Sensitivity of Total OPEB Liability to the Discount Rate Assumption: Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.83%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease	1% Decrease			
	in Discount	Discount Rate	Discount Rate		
	Rate (2.83%)	Rate (2.83%) (3.83%)			
City's total OPEB liability	\$ 7,389,067	\$ 5,843,047	\$ 4,659,030		

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

	1% Decrease	Current	1% Increase
	(7.25% Discount (8.25%		(9.25%
	decreasing to	decreasing to	decreasing to
	3.50%)	3.50%) 4.50%)	
City's total OPEB liability	\$ 4,665,471	\$ 5,843,047	\$ 7,345,500

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

For the year ended September 30, 2018, the City recognized a pension expense of \$191,728. At September 30, 2018, the City reported deferred inflows of resources related to Firefighter Retiree Health Care OPEB from the following sources:

	Deferred Inflows of Resources		
Changes in actuarial assumptions	\$	440,406	

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

Fiscal Year Ending September 30,		City			
2019	\$	(24,467)			
2020		(24,467)			
2021		(24,467)			
2022		(24,467)			
2023		(24,467)			
Thereafter		(318,071)			

NOTE 13: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

	Governmental Activities		Business-type Activities		Total Primary Government	
Deferred outflows of resources:						
Pensions:						
Deferred outflows related to TMRS pension	\$	1,018,273	\$	116,531	\$	1,134,804
Deferred outflows related to Firemen's pension		340,057		-		340,057
Total deferred outflows related to pensions		1,358,330		116,531		1,474,861
OPEB:						
Deferred outflows related to TMRS Supplemental						
Death Benefit OPEB		57,888		5,178		63,066
Other:						
Deferred outflows related to deferred charge on refunding		229,310		2,132,679		2,361,989
Total deferred outflows of resources	\$	1,645,528	\$	2,254,388	\$	3,899,916

In addition to deferred outflows of resources the governmental activities reported \$128,500 in unearned revenue related to deposits received on park dedication fees.

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

	 vernmental Activities	siness-type Activities	Total Primary Government	
Deferred inflows of resources:				
Pensions:				
Deferred inflows related to TMRS pension	\$ 1,367,643	\$ 140,271	\$	1,507,914
Deferred inflows related to Firemen's pension	563,660	-		563,660
Total deferred inflows related to pensions	1,931,303	140,271		2,071,574
OPEB:				
Deferred outflows related to Firefighter Retiree Health				
Care OPEB	440,406	-		440,406
Total deferred outflows of resources	\$ 2,371,709	\$ 140,271	\$	2,511,980

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, 2018 as follows:

			Total						
		General Fund		Debt Service Fund		Governmental Funds		omponent	
								Unit	
Deferred inflows of resources:									
Unavailable revenues- property taxes	\$	595,450	\$	199,898	\$	795,348	\$	-	
Unavailalbe revenues- notes receivable		-		-		-		2,472,247	
	\$	595,450	\$	199,898	\$	795,348	\$	2,472,247	

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 state rules and requires that all closure and post-closure costs be recognized during the operating life of the landfill. The City's landfill is currently inactive.

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

Approximately twenty-five percent of the landfill capacity has been used to date. Based on the current capacity used, \$420,725 was estimated as a closure and post-closure cost. This includes cost related to the transfer station, underground petroleum storage tanks, and landfill closure and post-closure costs. The landfill has been closed and post-closure costs liability is estimated at \$420,725. 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, 2018. 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, 2018, the City had ongoing commitments related to the following:

					F	Remaining
Project	Original Amount			Expensed	Commitment	
Governmental Activities:						
Fire House Station	\$	-	\$	83,577	\$	(83,577)
Business-Type Activities:						
Urban County/CDBG Water Projects	\$	1,119,639	\$	776,767	\$	342,872
Water Treatment Plant Expansion		48,040,534		44,008,040		4,032,494
Water line Improvements		404,744		243,396		161,348
Pleasantview Sewer line project		323,149		323,149		-
Airport Runway Extension (WESLA 1121)		1,081,375		680,155		401,220
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		2,513,687		293,213
Total	\$	54,675,743	\$	48,968,247	\$	5,707,496

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 Current			
Incentives	Co	mmitment	Year		Year		Balance Due	
Mayan- (Kahn's Grill)	\$	150,000	\$	125,000	\$	25,000	\$	-
Wal-Mart Neighborhood		900,000		400,000		-		500,000
Payne Auto Group (Ford)		275,000		190,000		55,000		30,000
BPMP (Chick-Fil-A/Blue Wave)		500,000		200,000		100,000		200,000
R 5 Eateries (Bar B Cutie)		160,000		-		120,000		40,000
Tower Theater		60,000		-		6,950		53,050
Claudia Hernandez-Project Smile		75,000		-		-		75,000
City of Weslaco (Sports Complex)		500,000		-		-		500,000
Rio Prevision Machine (Project Knob)		68,778		-		-		68,778
Total Monetary Incentives	\$	2,688,778	\$	915,000	\$	306,950	\$ 1,	466,828

Subsequent year balances of \$1,556,828 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, 2018 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	_			
Agreement	To	Total Payments		Prior Years	Current Year			Balance
SDI Weslaco Holdings, LLC	\$	3,300,000	\$	1,886,907	\$	337,843	\$	1,075,250
HEB Grocery Company, LP		3,530,000		2,137,030		312,574		1,080,396
Lowe's Home Center, Inc.		222,870		208,317		14,553		-
* Tri-Gen University Apartments		-		-		=		2,649,000
	\$	7,052,870	\$	4,232,254	\$	664,970	\$	4,804,646

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

Sales Tax Rebate Agreements

In addition to the Chapter 380 Agreements, the City also offered sales rebates as additional incentives to the developer and retail establishments, locating within the SDI development project. These rebates are not recorded as a liability or commitment, as the individual amounts are not known until the sales taxes are collected. The total rebates have been set at \$10,500,000. These are to be reimbursed over ten years, beginning April 1, 2011. Total reimbursed sales tax proceeds to date is \$4,651,088, of which \$576,780 is current proceeds reimbursed. Total rebates balance owed is \$5,848,912.

NOTE 20: 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.

				Other				
	General		G	overnmental			C	omponent
		Fund	Funds			Total		Unit
Nonspendable:								
Inventories	\$	13,983	\$	-	\$	13,983	\$	-
Prepaid items		3,367		-		3,367		-
Nonspendable total		17,350		-		17,350		-
Restricted for:								
Street improvements and other capital								
projects		179,110		1,356,007		1,535,117		576,336
Tourism		-		637,706		637,706		-
Library activities		-		14,364		14,364		-
Project development		-		-		-		60,000
Debt Service		-		400,508		400,508		695,256
Restricted total		179,110		2,408,585		2,587,695		1,331,592
Assigned:								
Assigned for capital projects		-		3,043,229		3,043,229		-
Assigned for chapter 380 agreement		2,874,000		-		2,874,000		-
Total assigned		2,874,000		3,043,229		5,917,229		-
Unassigned		6,353,316		-		6,353,316		4,064,437
Total Fund Balance	\$	9,423,776	\$	5,451,814	\$ 1	.4,875,590	\$	5,396,029

NOTE 21: 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	\$ 52,114,832	\$	102,028,743	\$	5,081,181	
Less related liabilities	(23,029,648)		(54,383,325)		(642,423)	
Less unamortized bond premium	(838,584)		(6,082,018)			
Plus deferred charge on refunding	-		2,132,679			
Plus unexpended bond proceeds	-		2,387,172		-	
Net investment in capital assets	28,246,600		46,083,251		4,438,758	
Restricted net position consists of the following:						
Debt service	400,508		993,899		695,256	
Tourism	637,706		-		-	
Library activities	14,364		-		-	
Capital projects	-		31,307		576,336	
Project development	-		-		60,000	
Restricted net position	1,052,578		1,025,206		1,331,592	
Unrestricted net position	(8,149,159)		(1,122,171)		4,133,994	
Total net position	\$ 21,150,019	\$	45,986,286	\$	9,904,344	

NOTE 22: PRIOR PERIOD ADJUSTMENT

During the fiscal year 2018, the City adopted GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. A restatement of beginning net position was required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources for contributions made after the measurement date of the beginning net OPEB liability and the beginning of the City's fiscal year. Beginning net position as of October 1, 2017 has been restated for the implementation of GASB Statement No. 75 by (\$6,656,196) and (\$50,035) for the governmental activities and business-type activities, respectively. The prior period adjustment resulted in a restated beginning net position balance of \$21,328,879 and \$45,127,306 for the governmental activities and business-type activities, respectively.



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, 2018

		Buc	lget			Variance With		
		Original	.800	Final	Actual	Final Bud		
Revenues		- 0 -		-				
Taxes:								
Property taxes	\$	9,640,577	\$	9,640,577	\$ 9,367,781	\$	(272,796)	
Nonproperty taxes		10,898,086		10,922,086	11,282,813		360,727	
Fees and charges		1,851,494		1,881,494	2,051,705		170,211	
Fines and forfeitures		771,365		785,865	696,728		(89,137)	
Licenses and permits		569,847		569,847	719,740		149,893	
Intergovernmental		495,528		537,696	873,763		336,067	
Investment income		70,000		70,000	151,590		81,590	
Miscellaneous		119,580		808,310	858,321		50,011	
Total Revenues		24,416,477		25,215,875	26,002,441		786,566	
Expenditures								
Current:								
General government		5,057,890		5,936,297	6,049,070		(112,773)	
Public safety		14,078,590		14,568,555	14,937,706		(369,151)	
Public works		3,311,982		4,405,061	3,459,303		945,758	
Culture and recreation		1,386,743		1,472,993	1,490,434		(17,441)	
Economic development		435,000		560,000	576,780		(16,780)	
Debt service:								
Principal		831,079		831,079	794,556		36,523	
Interest and fees		28,023		28,023	10,515		17,508	
Total Expenditures		25,129,307		27,802,008	27,318,364		483,644	
Deficiency of revenues over								
expenditures		(712,830)		(2,586,133)	(1,315,923)		1,270,210	
Other financing sources (uses):								
Proceeds from sale of assets		51,500		51,500	92,117		40,617	
Issuance of debt		450,000		1,394,974	4,043,974		2,649,000	
Transfers in		2,784,233		2,909,233	2,402,974		(506,259)	
Transfers out		(2,570,046)		(3,195,046)	(3,329,170)		(134,124)	
Total other financing sources (uses)		715,687		1,160,661	3,209,895		2,049,234	
Net change in fund balances	\$	2,857	¢	(1,425,472)	1,893,972	\$	3,319,444	
net change in fund palances	ڔ	2,037	ڔ	(1,423,472)	1,093,372	<u>ې</u>	3,313,444	
Fund balances at beginning of year, as adjuste	ed				7,529,804			
Fund balances at end of year					\$ 9,423,776			

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

For the Plan Years Ended December 31,	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 1,511,814	\$ 1,414,112	\$ 1,184,809	\$ 1,162,103
Interest (on the total pension liability)	2,805,747	2,738,324	2,603,802	2,504,972
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	93,970	(1,124,865)	734,282	(303,648)
Changes of assumptions	-	-	828,135	-
Benefit payments, including refunds of				
employee contributions	(1,912,199)	(2,242,933)	(1,947,228)	(1,978,636)
Net change in total pension liability	2,499,332	784,638	3,403,800	1,384,791
Total pension liability – beginning	41,766,813	40,982,175	37,578,375	36,193,584
Total pension liability – ending (a)	\$ 44,266,145	\$ 41,766,813	\$ 40,982,175	\$ 37,578,375
Plan Fiduciary Net Position	ć 741 000	¢ 572.220	ć FC1 2CF	ć F42 202
Contributions – employer	\$ 741,999	\$ 572,328		\$ 542,202
Contributions – employee	710,237 4,762,284	662,199	611,176	591,732
Net investment income Benefit payments, including refunds of	4,762,284	2,240,914	50,055	1,882,469
employee contributions	(1,912,199)	(2,242,933)	(1,947,228)	(1,978,636)
Administrative expense	(24,692)	(2,242,933)	(30,493)	(1,978,630)
Other	(1,251)	(1,365)	(1,506)	(1,616)
Net change in plan fiduciary net position	4,276,378	1,205,825	(756,631)	1,016,494
Net change in plan hoddary het position	4,270,376	1,205,625	(750,051)	1,010,494
Plan fiduciary net position – beginning	34,376,994	33,171,169	33,927,800	32,911,306
Plan fiduciary net position – ending (b)	\$ 38,653,372	\$ 34,376,994	\$ 33,171,169	\$ 33,927,800
Net Pension Liability – Ending (a) – (b)	\$ 5,612,773	\$ 7,389,819	\$ 7,811,006	\$ 3,650,575
	T = 7, = = 7, 1 G	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, -,,
Plan fiduciary net position as a percentage				
of total pension liability	87.32%	82.31%	80.94%	90.29%
•				
Covered payroll	\$10,119,236	\$ 9,452,621	\$ 8,731,090	\$ 8,453,317
Net pension liability as a percentage				
of covered payroll	55.47%	78.18%	89.46%	43.19%

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

City of Weslaco, Texas Schedule of Changes in Net Pension Liability and Related Ratios- Firemen's Pension

Total Pension Liability Service cost \$ 497,258 \$ 463,644 \$ 421,208 \$ 398,097 Interest (on the total pension liability) 1,087,522 995,631 848,579 845,051 Changes of benefit terms - 445,218 427,638 - Difference between expected and actual experience (99,445) - 479,811 - Changes of assumptions - - (226,052) - Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Net change in total pension liability – beginning 15,131,432 13,775,101 12,469,213 12,059,988 Total pension liability – beginning 15,852,587 \$ 15,131,432 \$ 13,775,101 \$ 12,469,213 Plan Fiduciary Net Position Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee \$ 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198)
Interest (on the total pension liability)
Changes of benefit terms - 445,218 427,638 - Difference between expected and actual experience (99,445) - 479,811 - Changes of assumptions - - (226,052) - Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Net change in total pension liability 721,155 1,356,331 1,305,888 409,225 Total pension liability – beginning 15,131,432 13,775,101 12,469,213 12,059,988 Plan Fiduciary Net Position 516,557 \$ 15,131,432 \$ 13,775,101 \$ 12,469,213 Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee \$ 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252)
Difference between expected and actual experience (99,445) - 479,811 - Changes of assumptions - - (226,052) - Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Net change in total pension liability – beginning 15,131,432 13,775,101 12,469,213 12,059,988 Total pension liability – beginning 15,131,432 13,775,101 12,469,213 12,059,988 Total pension liability – ending (a) \$ 15,852,587 \$ 15,131,432 \$ 13,775,101 \$ 12,469,213 Plan Fiduciary Net Position Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190)
Difference between expected and actual experience (99,445) - 479,811 - Changes of assumptions - - (226,052) - Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Net change in total pension liability 721,155 1,356,331 1,305,888 409,225 Total pension liability – beginning 15,131,432 13,775,101 12,469,213 12,059,988 Total pension liability – ending (a) \$ 15,852,587 \$ 15,131,432 \$ 13,775,101 \$ 12,469,213 Plan Fiduciary Net Position Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other
Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Net change in total pension liability 721,155 1,356,331 1,305,888 409,225 Total pension liability – beginning 15,131,432 13,775,101 12,469,213 12,059,988 Plan Fiduciary Net Position \$15,852,587 \$15,131,432 \$13,775,101 \$12,469,213 Contributions – employer \$516,557 \$483,771 \$440,112 \$394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - - - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
employee contributions (764,180) (548,162) (645,296) (833,923) Net change in total pension liability 721,155 1,356,331 1,305,888 409,225 Total pension liability – beginning 15,131,432 13,775,101 12,469,213 12,059,988 Plan Fiduciary Net Position Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - - - - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
Net change in total pension liability 721,155 1,356,331 1,305,888 409,225 Total pension liability – beginning 15,131,432 13,775,101 12,469,213 12,059,988 Plan Fiduciary Net Position Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - - - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
Total pension liability – beginning 15,131,432 13,775,101 12,469,213 12,059,988 Plan Fiduciary Net Position Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - - - - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
Plan Fiduciary Net Position \$ 15,852,587 \$ 15,131,432 \$ 13,775,101 \$ 12,469,213 Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other -
Plan Fiduciary Net Position \$ 15,852,587 \$ 15,131,432 \$ 13,775,101 \$ 12,469,213 Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other -
Plan Fiduciary Net Position Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - - - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
Plan Fiduciary Net Position Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - - - - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086) (263,086)
Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
Contributions – employer \$ 516,557 \$ 483,771 \$ 440,112 \$ 394,360 Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - - - - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
Contributions – employee 509,963 476,078 425,463 388,865 Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - <td< td=""></td<>
Net investment income 928,177 882,963 755,912 (127,198) Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - - - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
Benefit payments, including refunds of employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - - - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
employee contributions (764,180) (548,162) (645,296) (833,923) Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - - - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
Administrative expense (42,719) (51,417) (45,252) (85,190) Other - - - - - Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
Other -
Net change in plan fiduciary net position 1,147,798 1,243,233 930,939 (263,086)
Plan fiduciary net position – beginning 10,429,381 9,186,148 8,255,209 8,518,295
10,425,301 5,100,140 0,235,205 0,310,255
Plan fiduciary net position – ending (b) \$ 11,577,179 \$ 10,429,381 \$ 9,186,148 \$ 8,255,209
Net Pension Liability – Ending (a) – (b) \$ 4,275,408 \$ 4,702,051 \$ 4,588,953 \$ 4,214,004
Plan fiduciary net position as a percentage
of total pension liability 73.03% 68.93% 66.69% 66.20%
A
Covered payroll \$ 4,249,692 \$ 3,967,317 \$ 3,545,525 \$ 3,119,208
Net pension liability as a percentage
of covered payroll 100.61% 118.52% 129.43% 135.10%

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

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

For the years ended September 30,		2018	2017	2016	2015
Primary Government- Texas Municipal Re	tiren	nent System			,
Actuarial determined contribution	\$	817,077	\$ 714,301	\$ 613,090	\$ 562,443
Contributions in relation to actuarially					
determined contribution		(817,077)	(714,301)	(613,090)	(562,443)
Contribution deficiency (excess)		-	-	-	<u>-</u>
Covered payroll	\$	10,428,523	\$ 9,900,449	\$ 9,710,623	\$ 8,538,660
Contributions as a percentage of covered payroll		7.84%	7.21%	6.31%	6.59%
For the years ended September 30,		2018	2017	2016	2015
Primary Government- Firemen's Pension					
Actuarial determined contribution	\$	516,557	\$ 476,078	\$ 425,463	\$ 379,251
Contributions in relation to actuarially determined contribution		(516,557)	(483,771)	(440,112)	(394,360)
determined contribution		(310,337)	(403,771)	(440,112)	(334,300)
Contribution deficiency (excess)		-	(7,693)	(14,649)	(15,109)
Covered payroll	\$	4,249,692	\$ 3,967,317	\$ 3,545,525	\$ 3,119,208
Contributions as a percentage of covered payroll		12.16%	12.00%	12.00%	12.16%

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

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

For the Plan Year ended December 30,		2017	
Total OPEB Liability			
Service cost	\$	22,262	
Interest (on the total OPEB liability)		23,866	
Changes of benefit terms		-	
Difference between expected and actual experience		-	
Change of assumputions		60,004	
Benefit payments, including refunds of employee contributions		(6,072)	
Net Change in Total OPEB Liability		100,060	
Total OPEB Liability - Beginning		623,272	
Total OPEB Liability - Ending (a)	\$	723,332	
Covered Employee Payroll	\$10,119,236		
Total OPEB Liability as a Percentage of Covered Employee Payroll		7.15%	

Notes to Schedule:

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

City of Weslaco, Texas Schedule of Changes in Total OPEB Liability and Related Ratios Firefighter Retiree Health Care Plan

For the Plan Year ended September 30,	2018
Total OPEB Liability	
Service cost	\$ 2,884
Interest (on the total OPEB liability)	213,311
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumputions	(464,873)
Benefit payments, including refunds of employee contributions	(5,084)
Net Change in Total OPEB Liability	 (253,762)
Total OPEB Liability - Beginning	6,096,809
Total OPEB Liability - Ending (a)	\$ 5,843,047
Covered Employee Payroll	\$ 4,125,704
Total OPEB Liability as a Percentage of Covered Employee Payroll	141.63%

Notes to Schedule:

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

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

Texas Municipal Retirement System Pension Plan

Valuation Date: Actuarially determined contribution rates are calculated as December

31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period 28 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 totals within a fund must be approved by the City Commission. Therefore, the legal level of budgetary responsibility is the fund 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 Commission 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 Commission.

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

Expenditures over Appropriations

At September 30, 2018, expenditures exceeded appropriations by the following amounts:

General Government	(\$112,773)
Public Safety	(\$369,151)
Culture and Recreation	(\$17,441)
Economic Development	(\$16,780)

General Government – certain utility expenditures were under budgeted for City operations.

Public Safety – overtime expenditures and were higher than projected and emergency management costs associated with June flooding were not budgeted.

Culture and Recreation – certain utility expenditures were under budgeted for City operations.

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



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

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

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

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, 2018

		Special Rev	enue	Funds			Capit	al Projects Fu	nd						
										2013					
							Fire	Department	Ce	ertificate of					Total
		Hotel/				Capital	E	quipment	(Obligation			Debt	1	Non Major
		Motel		Library	Im	provement	Re	placement	Co	onstruction			Service	Go	vernmenta
		Tax		Fund		Fund		Fund		Fund	Total		Fund		Funds
Assets															
Cash and cash equivalents	\$	500,840	Ś	14,364	Ś	841,541	Ś	367,927	Ś	1,761,349	\$ 3,486,021	Ś	277,039	Ś	3,763,060
Investments	Ş	300,640	Ą	14,304	Ş	1,894,312	Ş	307,327	Ş	255,432	2,149,744	Ş	40,176	Ş	2,189,920
Receivables (net of allowance for uncollectibles):		-		-		1,034,312		-		233,432	2,149,744		40,170		2,103,320
Ad valorem taxes										_	_		260,073		260,073
Other		120.007		-		-		-							
		139,807		-		-		-		24,597	164,404		-		164,404
Due from other funds		-		-		-		-		-	-		23,118		23,118
Total Assets	\$	640,647	\$	14,364	\$	2,735,853	\$	367,927	\$	2,041,378	\$ 5,800,169	\$	600,406	\$	6,400,575
Liabilities															
Accounts payable	\$	2,941	\$	-	\$	60,551	\$	-	\$	685,371	\$ 748,863	\$	-	\$	748,863
Total Liabilities		2,941		-		60,551		-		685,371	748,863		-		748,863
Deferred Inflows of Resources															
Unavailable revenue- ad valorem taxes		-		-		-		-		-	-		199,898		199,898
Total Deferred Inflows of Resources		-		-		-		-		-	-		199,898		199,898
Fund Balances															
Restricted		637,706		14,364				-		1,356,007	2,008,077		400,508		2,408,585
Assigned		<u>-</u>		<u>-</u>		2,675,302		367,927		-	3,043,229		-		3,043,229
Total Fund Balance		637,706		14,364		2,675,302		367,927		1,356,007	5,051,306		400,508		5,451,814
Total Liabilities, Deferred Inflows of Resources															
and Fund Balances	Ś	640,647	\$	14,364	ċ	2,735,853	\$	367,927	Ś	2,041,378	\$ 5,800,169	Ś	600,406	Ś	6,400,575

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

	Special Reve	nue F	unds	(apit	al Projects Fund	ds			
	Hotel/ Motel Tax		Library Fund	Capital Improvement Fund		e Department Equipment Replacement Fund	2013 Certificate of Obligation Construction Fund	Total	Debt Service Fund	Total Non Major Governmenta Funds
Revenues										
Property taxes Nonproperty taxes Intergovernmental	\$ - 365,473 -	\$	- - -	\$ - 20,000	\$	- - -	\$ - - -	\$ - 365,473 20,000	\$ 2,763,472 - -	\$ 2,763,472 365,473 20,000
Investment income	-		-	-		-	-	-	40,293	40,293
Miscellaneous	-		-	201,200		-	-	201,200	-	201,200
Total Revenue	365,473		-	221,200		-	-	586,673	2,803,765	3,390,438
Expenditures										
Public safety	=		-	87,316		465,725	-	553,041	-	553,041
Public works	-		-	679,901		-	1,526,239	2,206,140	-	2,206,140
Culture and recreation Debt service:	301,967		-	575,643		-	-	877,610	-	877,610
Principal	-		-	185,342		229,222	-	414,564	1,885,324	2,299,888
Interest and fees	-		-	41,141		39,827	-	80,968	664,150	745,118
Total Expenditures	301,967		-	1,569,343		734,774	1,526,239	4,132,323	2,549,474	6,681,797
Excess (deficiency) of revenues over expenditures	63,506		-	(1,348,143)		(734,774)	(1,526,239)	(3,545,650)	254,291	(3,291,359)
Other financing sources (uses)										
Issuance of debt	-		-	-		462,728	-	462,728	-	462,728
Transfers in	-		-	2,358,071		304,124	-	2,662,195	-	2,662,195
Total other financing sources (uses)	-		-	2,358,071		766,852	-	3,124,923	-	3,124,923
Net change in fund balances	63,506		-	1,009,928		32,078	(1,526,239)	(420,727)	254,291	(166,436
Fund balances- beginning of year	574,200		14,364	1,665,374		335,849	2,882,246	5,472,033	146,217	5,618,250
Fund balances at end of year	\$ 637,706	\$	14,364	\$ 2,675,302	\$	367,927	\$ 1,356,007	\$ 5,051,306	\$ 400,508	5,451,814

City of Weslaco, Texas General Fund Comparative Balance Sheets

September 30,	2018			2017
Assets				
Cash and cash equivalents	\$	1,629,337	\$	3,195,428
Cash and cash equivalents- restricted		542,349		304,684
Investments		3,493,849		2,937,062
Receivables (net of allowance for uncollectibles)				
Ad valorem taxes		771,888		933,382
Sales taxes		1,007,565		892,390
Ambulance fees		1,278,080		1,135,716
Other		412,333		640,361
Due from other funds		925,158		514,110
Assets held for sale		2,874,000		-
Prepaid items		3,367		7,273
Inventories		13,983		11,035
Inventories		13,363		11,033
Total Assets	\$	12,951,909	\$	10,571,441
Liabilities				
Accounts payable	\$	1,196,175	\$	878,276
Accrued salaries and payroll taxes	Ą		۶	
• •		246,952		304,477
Other liabilities		800,739		758,193
Due to to other funds		197,078		24,846
Payable from restricted assets		363,239		304,684
Unearned revenue		128,500		64,200
Total Liabilities		2,932,683		2,334,676
Deferred Inflows of Resources				
Unavailable revenue- ad valorem taxes		595,450		706,961
		,		
Total Deferred Inflows of Resources		595,450		706,961
Fund Balances				
Nonspendable		17,350		18,308
Restricted		179,110		10,500
Assigned		2,874,000		
Unassigned		6,353,316		7,511,496
Onassigned		0,333,310		7,311,490
Total Fund Balances		9,423,776		7,529,804
Total Liabilities, Deferred Inflows of				
Resources and Fund Balances	\$	12,951,909	\$	10,571,441
Mesources and Fund Dalances		14,331,303	ې	10,3/1,441

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

For the Fiscal Years Ended September 30,	2018	2017
Revenues		
Property taxes	\$ 9,367,781	\$ 9,715,180
Nonproperty taxes	11,282,813	10,820,429
Fees and charges	2,051,705	2,003,126
Fines and forfeitures	696,728	752,327
Licenses and permits	719,740	664,177
Intergovernmental	873,763	585,580
Investment income	151,590	75,012
Miscellaneous	858,321	314,862
Total Revenues	26,002,441	24,930,693
Expenditures		
General government	6,049,070	6,395,390
Public safety	14,937,706	13,600,308
Public works	3,459,303	2,454,826
Culture and recreation	1,490,434	1,454,613
Economic development	576,780	581,915
Debt service:		
Principal	794,556	1,026,719
Interest and fees	10,515	10,972
Total Expenditures	27,318,364	25,524,743
Excess (deficiency) of revenues		
over expenditures	(1,315,923)	(594,050)
Other financing sources (uses):		
Sale of capital assets	92,117	50,740
Issuance of debt	4,043,974	-
Transfers in	2,402,974	1,691,311
Transfers out	(3,329,170)	(1,699,768)
Total other financing sources (uses)	3,209,895	42,283
Net change in fund balances	1,893,972	(551,767)
Fund balances at beginning of year	7,529,804	8,081,571
Fund balances at end of year	\$ 9,423,776	\$ 7,529,804

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

September 30,	2018	2017		
Assets				
Cash and cash equivalents	\$ 500,840	\$	434,539	
Receivables (net of allowance for uncollectibles):				
Other	139,807		140,895	
Total assets	\$ 640,647	\$	575,434	
Liabilities				
Accounts payable	\$ 2,941	\$	1,234	
Total liabilities	2,941		1,234	
Fund balance				
Restricted	637,706		574,200	
Total fund balance	637,706		574,200	
Total liabilities and fund balance	\$ 640,647	\$	575,434	

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		
Revenues				
Nonproperty taxes	\$	365,473	\$	444,151
Miscellaneous		-		54
Total revenues		365,473		444,205
Expenditures				
Culture and recreation		301,967		276,439
Total expenditures		301,967		276,439
Net change in fund balances		63,506		167,766
Fund balances at beginning of year		574,200		406,434
Fund balances at end of year	\$	637,706	\$	574,200

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

				Variance
	Bud	dget		With
	Original	Final	Actual	Final Budget
Revenues				
Nonproperty taxes	\$ 410,000	\$ 410,000	\$ 365,473	\$ (44,527)
Expenditures				
Culture and recreation	333,500	333,500	301,967	31,533
Net change in fund balances	\$ 76,500	\$ 76,500	\$ 63,506	\$ (12,994)
Fund balances at beginning of year			574,200	
Fund balances at end of year			\$ 637,706	

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

September 30,	2018	2017		
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,		2017		
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,	2018	2017
Assets		
Cash and cash equivalents	\$ 1,761,349	\$ 2,825,708
Investments	255,432	53,085
Receivables (net of allowance for uncollectibles):		
Other	24,597	24,598
Total assets	\$ 2,041,378	\$ 2,903,391
Liabilities		
Accounts payable	\$ 685,371	\$ 21,145
Total liabilities	685,371	21,145
Fund balance		
Restricted	1,356,007	2,882,246
Total fund balances	1,356,007	2,882,246
Total liabilities and fund balance	\$ 2,041,378	\$ 2,903,391

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,	2018			2017		
Revenues						
Intergovernmental	\$	-	\$	-		
Total revenues		-		-		
Expenditures						
Public works		1,526,239		115,575		
Total expenditures		1,526,239		115,575		
Net change in fund balances		(1,526,239)		(115,575)		
Fund balances at beginning of year		2,882,246		2,997,821		
Fund balances at end of year	\$	1,356,007	\$	2,882,246		

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

September 30,	2018	2017		
Assets Cash and cash equivalents Investments	\$ 841,541 1,894,312	\$ 898,038 870,736		
Total assets	\$ 2,735,853	\$ 1,768,774		
Liabilities Accounts payable	\$ 60,551	\$ 103,400		
Total liabilities	60,551	103,400		
Fund balance				
Assigned	2,675,302	1,665,374		
Total fund balances	2,675,302	1,665,374		
Total liabilities and fund balance	\$ 2,735,853	\$ 1,768,774		

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,	2018	2017		
Revenues				
Intergovernmental revenue	\$ 20,000	\$ 137,739		
Miscellaneous revevnue	201,200	-		
Total Revenues	221,200	137,739		
Expenditures				
Public safety	87,316	1,647,456		
Public works	679,901	1,806,927		
Culture and recreation	575,643	405,782		
Debt service:				
Principal	185,342	188,717		
Interest and fees	41,141	23,415		
Total expenditures	1,569,343	4,072,297		
Excess (deficiency) of revenues				
over expenditures	(1,348,143)	(3,934,558)		
Other financing sources (uses):				
Proceeds from sale of assets	-	250,001		
Issuance of debt	-	1,235,866		
Transfers in	2,358,071	2,395,000		
Total other financing sources (uses)	2,358,071	3,880,867		
Net change in fund balances	1,009,928	(53,691)		
-	, .,.	, ,== ,		
Fund balances at beginning of year	1,665,374	1,719,065		
Fund balances at end of year	\$ 2,675,302	\$ 1,665,374		

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

		Design	d				\	/ariance With
		Original	dget	Final	Actual		Final Budg	
Revenues		Original		Tillai		Actual	111	iai buuget
Intergovernmental	\$	_	\$	_	\$	20,000	\$	20,000
Miscellaneous	Ţ	-	Ţ	225,000	Ţ	201,200	Y	(23,800)
				-,		- ,		(-//
Total Revenues		-		225,000		221,200		(3,800)
Expenditures								
Current:								
Public safety		200,000		200,000		87,316		112,684
Public works		1,107,000		1,107,000		679,901		427,099
Culture and recreation		400,000		637,000		575,643		61,357
Debt service:								
Principal		122,202		122,202		185,342		(63,140)
Interest and fees		41,141		41,141		41,141		-
Total Expenditures		1,870,343		2,107,343		1,569,343		538,000
~								
Deficiency of revenues over		(4.070.040)		(4.000.040)		(4.040.440)		504000
expenditures		(1,870,343)		(1,882,343)		(1,348,143)		534,200
Other financing sources (uses):								
Proceeds from sale of assets		2,800,000		2,800,000		-		(2,800,000)
Transfers in		1,800,000		1,800,000		2,358,071		558,071
Total other financing sources (uses)		4,600,000		4,600,000		2,358,071		(2,241,929)
Net change in fund balances	\$	2,729,657	\$	2,717,657		1,009,928	\$	(1,707,729)
Fund balances at beginning of year, as adjust	ted					1,665,374		
Fund balances at end of year					\$	2,675,302		

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

September 30,	2018			2017		
Assets	•	267.027	ć	225.040		
Cash and cash equivalents	\$	367,927	\$	335,849		
Total Assets	\$	367,927	\$	335,849		
Liabilities	\$	-	\$	-		
Fund Balance						
Assigned		367,927		335,849		
Total Liabilities and Fund Balance	\$	367,927	\$	335,849		

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,	2018			2017	
Revenues	\$	-	\$	-	
Expenditures					
Public safety		465,725		951,658	
Debt service:					
Principal		229,222		152,201	
Interest and fees		39,827		24,794	
Total Expenditures		734,774		1,128,653	
Excess (deficiency) of revenues					
over expenditures		(734,774)		(1,128,653)	
Other financing sources (uses):					
Transfers in		304,124		249,768	
Issuance of debt		462,728		949,108	
Total other financing sources (uses)		766,852		1,198,876	
Net change in fund balances		32,078		70,223	
Fund balances at beginning of year		335,849		265,626	
Fund balances at end of year	\$	367,927	\$	335,849	

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

roi the riscul Year Ended September 30, 2016		lget				ariance With
	Original		Final	Actual	Fin	al Budget
Revenues	\$ -	\$	-	\$ -	\$	-
Expenditures						
Current:						
Public safety	463,000		463,000	465,725		(2,725)
Debt service:						
Principal	269,147		269,147	229,222		39,925
Interest and fees	34,835		34,835	39,827		(4,992)
Total Expenditures	766,982		766,982	734,774		32,208
Deficiency of revenues over expenditures	(766,982)		(766,982)	(734,774)		32,208
Other financing sources (uses):	(100)302)		(700)302)	(731)771)		32,200
Capital lease proceeds	463,000		463,000	462,728		(272)
Transfers in	315,500		315,500	304,124		(11,376)
Total other financing sources (uses)	778,500		778,500	766,852		(11,648)
Net change in fund balance	\$ 11,518	\$	11,518	32,078	\$	20,560
Fund balance at beginning of year, as adjusted				335,849		
Fund balance at end of year				\$ 367,927		

City of Weslaco, Texas Debt Service Fund Comparative Balance Sheets

September 30,	2018	2017		
Assets				
Cash and cash equivalents	\$ 277,039	\$ 50,064		
Investments	40,176	941		
Receivables (net of allowance for uncollectibles)				
Ad valorem taxes	260,073	287,924		
Due from other funds	23,118	24,846		
Total assets	\$ 600,406	\$ 363,775		
Liabilities	\$ -	\$ -		
Total liabilities	-	-		
Deferred inflows of resources				
Unavailable revenue- ad valorem taxes	199,898	217,558		
Total deferred inflows of resources	199,898	217,558		
Fund balance				
Restricted	400,508	146,217		
Total liabilities, deferred inflows of				
resources and fund balances	\$ 600,406	\$ 363,775		

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

For the Fiscal Years Ended September 30,	2018	2017
Revenues		
Property taxes	\$ 2,763,472	\$ 1,930,656
Investment income	40,293	28,596
Total revenues	2,803,765	1,959,252
Expenditures		
Debt service:		
Principal	1,885,324	1,979,500
Interest and fees	664,150	723,649
Total expenditures	2,549,474	2,703,149
Excess (deficiency) of revenues over expenditures	254,291	(743,897)
Other financing sources (uses):		
Transfers in	-	350,000
Net change in fund balance	254,291	(393,897)
Fund balances at beginning of year	146,217	540,114
Fund balances at end of year	\$ 400,508	\$ 146,217

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

					٧	ariance
	Bu	dget				With
	Original		Final	Actual	Fin	ial Budget
Revenues						
Property taxes	\$ 2,718,500	\$	2,718,500	\$ 2,763,472	\$	44,972
Investment income	25,500		25,500	40,293		14,793
Total revenues	2,744,000		2,744,000	2,803,765		59,765
Expenditures						
Debt service:						
Principal	1,885,324		1,885,324	1,885,324		-
Interest and fees	663,895		663,895	664,150		(255)
Total expenditures	2,549,219		2,549,219	2,549,474		255
Net change in fund balance	\$ 194,781		194,781	\$ 254,291	\$	59,510
Fund balance at beginning of year				146,217		
Fund balance at end of year				\$ 400,508		

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

September 30,	<i>30,</i> 2018	
Assets		
Current assets		
Cash and cash equivalents	\$ 3,039	\$ 960,941
Cash and cash equivalents- restricted	3,713,635	2,981,386
Investments- restricted	778,428	504,667
Receivables,		
net of allowances for uncollectibles	2,185,510	2,099,797
Inventories	219,132	162,859
Prepaid items	44,098	63,812
Total current assets	6,943,842	6,773,462
Non-current assets		
Land	665,175	665,175
Buildings	362,324	362,324
Equipment	5,267,275	6,424,219
Infrastructure	68,219,701	67,785,014
Construction-in-progress	52,082,567	44,905,983
Total non-current assets	126,597,042	120,142,715
Accumulated depreciation	(36,533,315)	(34,904,668)
Total non-current assets, net	90,063,727	85,238,047
Total assets	97,007,569	92,011,509
Deferred outflows of resources		
Deferred outflows related to pensions	95,663	209,688
Deferred outflows related to OPEB	3,974	873
Deferred charge on refunding	2,132,679	2,309,996
Total deferred outflows of resources	2,232,316	2,520,557
Total assets and deferred outflows		
of resources	\$ 99,239,885	\$ 94,532,066

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

September 30,	2018	Restated 2017
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,385,213	\$ 761,260
Accrued salaries and other liabilities	115,758	102,808
Due to other funds	2,008,008	2,008,240
Current portion of long term debt	2,696,284	3,203,363
Accrued interest on bonds	276,902	300,580
Total current liabilities	6,482,165	6,376,251
Noncurrent liabilities:		
Compensated absences	85,407	78,180
Customer deposits	1,107,398	1,063,304
Capital lease payable	6,154,472	-
Revenue bonds payable,		
net of unamortized premiums	51,961,951	55,137,957
Net pension liability	615,345	727,312
OPEB liability	45,576	39,271
Total noncurrent liabilities	59,970,149	57,046,024
Total liabilities	66,452,314	63,422,275
Deferred inflows of resources		
Deferred inflows related to pensions	112,042	75,848
Net Position		
Net investment in capital assets	34,118,235	30,651,782
Restricted for:		
Revenue bond retirement	993,899	986,377
Unrestricted	(2,436,605)	(604,216)
Total net position	32,675,529	31,033,943
Total liabilities, deferred inflows		
of resources, and net position	\$ 99,239,885	\$ 94,532,066

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

For the Figure Vegre Finded Contember 20		2018		Restated 2017
For the Fiscal Years Ended September 30, Operating revenues:		2018		2017
Water services	\$	6,759,015	\$	6,473,327
Sewer services	7	4,892,650	Ţ	4,733,786
Miscellaneous		645,372		308,609
Miscellaneous		043,372		300,003
Total operating revenues		12,297,037		11,515,722
Operating expenses:				
Personal services		900,903		920,745
Other services and charges		2,390,963		2,205,858
Supplies		247,202		209,847
Contractual services		2,676,397		2,580,356
Depreciation		2,625,251		2,519,764
Total operating expenses		8,840,716		8,436,570
Operating income (loss)		3,456,321		3,079,152
Non-operating revenues (expenses)				
Investment income		7,672		2,044
Interest expense		(1,571,518)		(2,203,116)
<u>'</u>		, , ,		(, , , ,
Total non-operating revenues (expenses)		(1,563,846)		(2,201,072)
Income (loss) before transfers and capital contributions		1,892,475		878,080
Transfers in (out) and capital contributions				
Transfers in		5,419,643		-
Transfers out		(6,595,688)		(2,360,561)
Capital improvement fees		684,998		689,843
Capital grants		240,158		316,788
Total transfers and capital contributions		(250,889)		(1,353,930)
Change in net position		1,641,586		(475,850)
Net position- beginning		31,033,943		31,509,793
Net position- ending	\$	32,675,529	\$	31,033,943

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

For the Fiscal Years Ended September 30,	2018	2017
Cash flows from operating activities		
Cash received from customers	\$ 12,255,418	\$ 11,505,183
Payments to suppliers	(4,727,400)	(5,314,695)
Payments to employees	(670,640)	(2,439,327)
Net cash provided (used) by		
operating activities	6,857,378	3,751,161
Cash flows from noncapital financing		
activities		
Transfers from other funds	5,419,643	-
Transfers to other funds	(6,595,688)	(2,360,561)
Net cash provided (used) by		
noncapital financing activities	(1,176,045)	(2,360,561)
ash flows from capital and related financing activities		
Purchase of capital assets	(1,056,302)	(1,184,629
Refunding bonds issued	-	19,545,000
Premium on refunding bonds	-	3,667,740
Payment to refunded bond escrow agent	-	(20,615,000)
Interest paid on bonds	(2,422,348)	(4,032,324
Retirement of bonds	(2,847,245)	(2,497,637)
Capital improvement fees	684,998	689,843
Net cash provided (used) by capital	/F 640 907\	(4.427.007
and related financing activites	(5,640,897)	(4,427,007)
Cash flow from investing activities:		
Interest on cash and investments	7,672	2,044
Purchase of investments	(273,761)	(504,667)
Net cash provided (used) by investing activities	(266,089)	(502,623)
	, , ,	, , ,
Net increase (decrease) in cash and cash equivalents	(225,653)	(3,539,030)
Cash and cash equivalents, beginning of year	3,942,327	7,481,357
Cash and cash equivalents, end of year	\$ 3,716,674	\$ 3,942,327
Reconciliation of operating income to net cash provided (used) by operating activities		
	\$ 3,456,321	\$ 3,079,152
Operating income (loss)	3 3,430,321	\$ 3,079,132
Adjustments to reconcile income (loss)		
from operations to net cash from operating activities	2.625.251	2 510 764
Depreciation (Increase) decrease in accounts receivables	2,625,251	2,519,764
,	(85,713)	(52,901)
(Increase) decrease in inventories	(56,273)	83,508
(Increase) decrease in prepaids	19,714	241,755
(Increase) decrease in deferred outflows related to pensions	288,241	(1,489,948
Decrease (increase) in accounts payable	623,953	(644,628
Decrease (increase) in accrued expenses	12,950	(62,108
Decrease (increase) in due to other funds	(232)	731
Decrease (increase) in customer deposits	44,094	42,362
Decrease (increase) in compensated absences	(1,460)	12,005
Decrease (increase) in net pension liability	(111,967)	(26,538)
Decrease (increase) in OPEB liability	6,305	-
Decrease (increase) in deferred inflows	36,194	48,007
Total adjustments	3,401,057	672,009
Net cash provided (used) by operations	\$ 6,857,378	\$ 3,751,161
Sunnlemental disclosure of noncash activities		
Supplemental disclosure of noncash activities Contributed capital assets from Urban County	\$ 240,158	\$ 316,788
	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	

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

FOI THE FISCALTEAL ENGES SEPTEMBEL 30, 2018		Bud					Variance With			
	Original Final			Final	inal Actual			Final Budget		
Operating revenues:										
Water services	\$	6,950,200	\$	6,950,200	\$	6,759,015	\$	(191,185)		
Sewer services		5,634,725		5,634,725		4,892,650		(742,075)		
Miscellaneous		-		-		645,372		645,372		
Total operating revenues		12,584,925		12,584,925		12,297,037		(287,888)		
Operating expenses:										
Personal services		847,769		861,119		900,903		(39,784)		
Other services and charges		2,827,061		2,946,461		2,390,963		555,498		
Supplies		97,162		97,162		247,202		(150,040)		
Contractual services		2,657,768		2,657,768		2,676,397		(18,629)		
Depreciation		-		-		2,625,251		(2,625,251)		
Total operating expenses		6,429,760		6,562,510		8,840,716		(2,278,206)		
Operating income (loss)		6,155,165		6,022,415		3,456,321		2,566,094		
Non-operating revenues (expenses)										
Investment income		-		-		7,672		(7,672)		
Interest expense		(2,309,642)		-		(1,571,518)		(1,571,518)		
Total non-operating revenues (expenses)		(2,309,642)		-		(1,563,846)		(1,563,846)		
Income (loss) before transfers and capital contributions		3,845,523		6,022,415		1,892,475		(4,129,940)		
Transfers in (out) and capital contributions										
Transfers in		-		-		5,419,643		5,419,643		
Transfers (out)		(5,260,237)		(7,569,879)		(6,595,688)		974,191		
Capital improvement fees		-		-		684,998		(684,998)		
Capital grants		-		-		240,158		(240,158)		
Total transfers and capital contributions		(5,260,237)		(7,569,879)		(250,889)		7,318,990		
Change in net position	\$	(1,414,714)	\$	(1,547,464)		1,641,586	\$	3,189,050		
Net position- beginning						31,033,943				
Net position- ending					\$	32,675,529				

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

		Restated
September 30,	2018	2017
Assets		
Current assets	•	d 522.402
Cash and cash equivalents	\$ -	\$ 523,483
Receivables,	=== ===	675.754
net of allowances for uncollectibles	770,621	675,754
Due from other funds	2,000,000	2,000,000
Total current assets	2,770,621	3,199,237
Non-current assets		
Land	421,247	421,247
Buildings	668,781	668,781
Equipment	1,720,388	1,636,402
Infrastructure	64,461	64,461
T-t-lung comment cont-	2.074.077	
Total non-current assets	2,874,877	2,790,891
Accumulated depreciation	(2,295,632)	(2,278,716)
Total non-current assets, net	579,245	512,175
Total assets	3,349,866	3,711,412
	-,,	-, ,
Deferred outflows of resources		
Deferred outflows related to pensions	2,766	7,653
Deferred outflows related to OPEB	170	37
Total deferred outflows of resources	2,936	7,690
Total assets and deferred outflows		
of resources	\$ 3,352,802	\$ 3,719,102
Liabilities		
Current liabilities:		
Accounts payable	\$ 404,732	\$ 369,659
Due to other funds	45,620	641
Current portion of long term debt	-	446
Total current liabilities	450,352	370,746
	•	·
Noncurrent liabilities:		
Compensated absences	7,104	4,017
Landfill closure	420,725	468,357
Net pension liability	11,923	16,722
OPEB liability	1,953	1,683
Total noncurrent liabilities	441,705	490,779
Total liabilities	892,057	861,525
Deferred inflows of resources		
Deferred inflows related to pensions	3,861	2,310
·	•	·
Net position		
Net investment in capital assets	579,245	512,175
Unrestricted	1,877,639	2,343,092
Total net position	2,456,884	2,855,267
Total liabilities, deferred inflows	ć 3.3F3.003	ć 2.740.402
of resources, and net position	\$ 3,352,802	\$ 3,719,102

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

For the Fiscal Years Ended September 30,	2018	Restated 2017
Operating Revenues:		
Charges for services	\$ 5,095,028	\$ 4,970,426
Miscellaneous	-	73,925
Total operating revenues	5,095,028	5,044,351
Operating Expenses:		
Personal services	78,041	50,833
Other services and charges	119,992	42,251
Supplies	4,767	1,791
Contractual services	4,148,695	3,748,564
Depreciation	16,916	7,104
Total operating expenses	4,368,411	3,850,543
Operating income (loss)	726,617	1,193,808
Transfers in (out)		
Transfers out	(1,125,000)	(1,125,750)
Change in net position	(398,383)	68,058
Net position- beginning	2,855,267	2,787,209
Net position- ending	\$ 2,456,884	\$ 2,855,267

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

For the Fiscal Years Ended September 30,	2018	2017			
Cash flows from operating activities					
Cash received from customers	\$ 5,000,161	\$	5,035,177		
Payments to suppliers	(4,188,648)		(3,777,808)		
Payments to employees	(78,378)		(46,773)		
Net cash provided (used) by					
operating activities	733,135		1,210,596		
Cash flows from noncapital financing activities					
Transfers to other funds	(1,125,000)		(1,125,750)		
Net cash provided (used) by					
noncapital financing activities	(1,125,000)		(1,125,750)		
Cash flows from capital and related financing activities					
Purchase of capital assets	(83,986)		-		
Landfill closure costs	(47,632)		(67,721)		
Net cash provided (used) by capital					
and related financing activites	(131,618)		(67,721)		
Net increase (decrease) in cash and cash equivalents	(523,483)		17,125		
Cash and cash equivalents, beginning of year	523,483		506,358		
Cash and cash equivalents, end of year	\$ -	\$	523,483		
Reconciliation of operating income					
to net cash provided (used) by operating activities					
Operating income (loss)	\$ 726,617	\$	1,193,808		
Adjustments to reconcile income (loss)					
from operations to net cash from operating activities					
Depreciation	16,916		7,105		
(Increase) decrease in accounts receivables	(94,867)		(9,174)		
(Increase) decrease in deferred outflows related to pensions	4,754		2,167		
Increase (decrease) in accounts payable	35,073		12,541		
Increase (decrease) in due to other funds	44,979		89		
Increase (decrease) in compensated absences	2,641		3,139		
Increase (decrease) in net pension liability	(4,799)		(1,137)		
Increase (decrease) in OPEB liability	270		-		
Increase (decrease) in deferred inflows related to pensions	 1,551		2,058		
Total adjustments	6,518		16,788		
Net cash provided (used) by operations	\$ 733,135	\$	1,210,596		
i VIII ** *	 ,		, -,		

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

	Budget				Variance With	
	Original Final			Actual	Final Budget	
Operating revenues:						
Charges for services	\$ 5,047,500	\$	5,047,500	\$ 5,095,028	\$	47,528
Operating expenses:						
Personal services	81,705		81,705	78,041		3,664
Other services and charges	171,400		172,450	119,992		52,458
Supplies	6,500		5,450	4,767		683
Contractual services	3,620,000		3,620,000	4,148,695		(528,695)
Depreciation	-		-	16,916		(16,916)
Total operating expenses	3,879,605		3,879,605	4,368,411		(488,806)
Operating income (loss)	1,167,895		1,167,895	726,617		(441,278)
Transfers in (out)						
Transfers out	(1,125,000)		(1,125,000)	(1,125,000)		-
Total transfers	(1,125,000)		(1,125,000)	(1,125,000)		-
Change in net position	\$ 42,895	\$	42,895	(398,383)	\$	(441,278)
Net position- beginning				2,855,267		
Net position- ending				\$ 2,456,884		

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

September 30,	2018	Restated 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ -	\$ 100
Cash and cash equivalents- restricted	31,307	34,224
Receivables,		
net of allowances for uncollectibles	28,082	29,605
Inventories	31,354	31,354
Total current assets	90,743	95,283
Non-current assets		
Land	1,465,448	1,465,448
Buildings	648,541	648,541
Equipment	611,497	576,997
Infrastructure	9,018,404	9,018,404
Construction-in-progress	4,516,808	4,487,640
Total non-current assets	16,260,698	16,197,030
Accumulated depreciation	(4,874,927)	(4,541,251
Total non-current assets, net	11,385,771	11,655,779
Total assets		
Deferred outflows of resources	11,476,514	11,751,062
Deferred outflows related to pensions	19 102	47 772
Deferred outflows related to PEB	18,102	47,772 227
Total deferred outflows of resources	1,034 19,136	47,999
Total deferred outflows of resources	19,130	47,333
Total assets and deferred outflows of resources	\$ 11,495,650	\$ 11,799,061
Liabilities Current liabilities:		
Accounts payable	\$ 6,028	\$ 5,491
Accrued salaries and other liabilities	8,402	6,254
Due to other funds	447,301	356,878
Current portion of long term debt	-	5,147
Total current liabilities	461,731	373,770
Noncurrent liabilities:		
Compensated absences	53,654	46,322
Customer deposits	3,594	-
Net pension liability	86,571	115,705
OPEB liability	11,859	10,218
Total noncurrent liabilities	155,678	172,245
Total liabilities	617,409	546,015
Deferred inflows of resources		
Deferred inflows related to pensions Total deferred inflows of resources	24,368 24,368	14,950 14,950
Net Position	,530	1.,550
Net investment of capital assets	11,385,771	11,655,779
Restricted for:	,000,.71	,000,770
Construction	31,307	34,224
Unrestricted	(563,205)	(451,907
Total net position	10,853,873	11,238,096
	10,033,073	11,230,030
Total liabilities, deferred inflows of resources, and net position	\$ 11,495,650	\$ 11,799,061
2 cook. coo, and not position	Ų 11,433,630	7 11,755,001

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

For the Fiscal Years Ended September 30,		2018		Restated 2017
Operating revenues:		2010		2017
Charges for services	\$	213,089	\$	231,744
Miscellaneous	•	2,341	•	13,399
Total operating revenues		215,430		245,143
Operating expenses:				
Personal services		237,192		230,670
Other services and charges		201,641		140,881
Supplies		153,394		145,981
Depreciation		333,678		333,369
Total operating expenses		925,905		850,901
Operating income (loss)		(710,475)		(605,758)
Transfers in (out) and capital contributions				
Capital contributions		76,252		2,008,923
Transfers in		250,000		250,000
Total transfers and capital contributions		326,252		2,258,923
Change in net position		(384,223)		1,653,165
Net position- beginning		11,238,096		9,584,931
Net position- ending	\$	10,853,873	\$	11,238,096

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

For the Fiscal Years Ended September 30,		2018		2017
Cash flows from operating activities				
Cash received from customers	\$	220,547	\$	263,751
Payments to suppliers		(264,075)		(294,325)
Payments to employees		(222,071)		(199,252)
Net cash provided (used) by				
operating activities		(265,599)		(229,826)
Cash flows from noncapital financing activities				
Transfers from other funds		250,000		250,000
Net cash provided (used) by				
noncapital financing activities		250,000		250,000
Cash flows from capital and related financing activities				
Purchase of capital assets		(37,418)		(215,948)
Capital grants		50,000		
Net cash provided (used) by capital				
and related financing activites		12,582		(215,948)
Net increase (decrease) in cash and cash equivalents		(3,017)		(195,774)
Cash and cash equivalents, beginning of year		34,324		230,098
Cash and cash equivalents, end of year	\$	31,307	\$	34,324
	- T	,	-	5 1,5 = 1
Reconciliation of operating income				
to net cash provided (used) by operating activities				
Operating income (loss)	\$	(710,475)	\$	(605,758)
Adjustments to reconcile income (loss)		. , .		. , ,
from operations to net cash from operating activities				
Depreciation		333,678		333,369
(Increase) decrease in accounts receivables		1,523		18,608
(Increase) decrease in deferred outflows related to pensions		28,863		13,158
Increase (decrease) in accounts payable		537		(79,996)
Increase (decrease) in accrued expenses		2,148		2,565
Increase (decrease) in due to other funds		90,423		72,533
Increase (decrease) in customer deposits		3,594		-
Increase (decrease) in compensated absences		2,185		10,108
Increase (decrease) in net pension liability		(29,134)		(6,905)
Increase (decrease) in OPEB liability		1,641		-
Increase (decrease) in deferred inflows related to pensions		9,418		12,492
Total adjustments		444,876		375,932
Net cash provided (used) by operations	\$	(265,599)	\$	(229,826)
Supplemental disclosure of naneach activities				
Supplemental disclosure of noncash activities Contributed capital assets from TxDOT	\$	26,252	\$	2,008,923
Contributed cupital assets from TXDOT	Ą	20,232	Ş	2,000,323

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

		Budget				Variance With		
	(Original		Final		Actual	Final Budget	
Operating revenues:								
Charges for services	\$	265,046	\$	265,046	\$	213,089	\$	(51,957)
Miscellaneous		-		-		2,341		2,341
Total operating revenues		265,046		265,046		215,430		(49,616)
Operating expenses:								
Personal services		203,014		208,679		237,192		(28,513)
Other services and charges		224,114		270,733		201,641		69,092
Supplies		151,050		140,581		153,394		(12,813)
Depreciation		-		-		333,678		(333,678)
Total operating expenses		578,178		619,993		925,905		(305,912)
Operating income (loss)		(313,132)		(354,947)		(710,475)		(355,528)
Transfers in (out) and capital contributions								
Transfers in		255,000		255,000		250,000		(5,000)
Capital contributions		65,000		23,185		76,252		53,067
Total transfers and capital contributions		320,000		278,185		326,252		48,067
Change in net position	\$	6,868	\$	(76,762)		(384,223)	\$	(307,461)
Net position- beginning	·					11,238,096		
Net position- ending					\$	10,853,873		

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

September 30,		2018		2017		
Assets						
Current assets						
Cash and cash equivalents	\$	_	\$	_		
cash and cash equivalents	<u> </u>		<u> </u>			
Total current assets		-		-		
Non-current assets						
Equipment		4,997,658		4,997,658		
Improvements		70,864		70,864		
Total non-current assets		5,068,522		5,068,522		
Accumulated depreciation		(4,438,228)		(3,996,049)		
Total non-current assets, net		630,294		1,072,473		
		,		_,		
Total assets	\$	630,294	\$	1,072,473		
Liabilities						
Current liabilities:						
Due to other funds	\$	250,269	\$	148,351		
Current portion of long term debt	*	-	7	411,028		
Total current liabilities		250,269		559,379		
Noncurrent liabilities:						
Capital lease payable		104,119		104,242		
Total noncurrent liabilities		104,119		104,242		
Total liabilities		354,388		663,621		
Net Position						
Net investment in capital assets		526,175		557,203		
Unrestricted		(250,269)		(148,351)		
Total net position		275,906		408,852		
		·	<u> </u>			
Total liabilities and net position	\$	630,294	\$	1,072,473		

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

For the Fiscal Years Ended September 30,	2018	2017		
Operating Revenues				
Miscellaneous	\$ 1,600	\$ -		
Total operating revenues	1,600	-		
Operating Expenses:				
Depreciation	442,178	382,415		
Total operating expenses	442,178	382,415		
Operating income (loss)	(440,578)	(382,415)		
Non-operating revenues (expenses)				
Interest expense	(7,414)	(16,873)		
Income (loss) before transfers	(447,992)	(399,288)		
Transfers in (out)				
Transfers in	315,046	250,000		
Change in net position	(132,946)	(149,288)		
Net position- beginning	408,852	558,140		
Net position- ending	\$ 275,906	\$ 408,852		

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

For the Fiscal Years Ended September 30,	2018			2017		
Cash flows from operating activities						
Cash received from customers	\$	103,518	\$	-		
Net cash provided (used) by						
operating activities		103,518		-		
Cash flows from noncapital financing activities						
Transfers from other funds		315,046		250,000		
Net cash provided (used) by						
noncapital financing activities		315,046		250,000		
Cash flows from capital and related						
financing activities						
Retirement of notes		(411,150)		(253,340)		
Interest paid on notes		(7,414)		(16,873)		
Net cash provided (used) by capital						
and related financing activites		(418,564)		(270,213)		
Net increase (decrease) in cash and cash equivalents		-		(20,213)		
Cash and cash equivalents, beginning of year		-		20,213		
Cash and cash equivalents, end of year	\$	-	\$	-		
Reconciliation of operating income						
to net cash provided (used) by operating activities						
Operating income (loss)	\$	(440,578)	\$	(382,415)		
Adjustments to reconcile income (loss)						
from operations to net cash from operating activities						
Depreciation		442,178		382,415		
Increase (decrease) in due to other funds		101,918		-		
Total adjustments		544,096		382,415		
Net cash provided (used) by operations	\$	103,518	\$	-		

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

For the Fiscal Year Ended September 30, 2018

roi the riscal fear Ended September 30, 2018		Buc	dget			`	/ariance With
	(Original		Final	Actual	Fir	nal Budget
Operating revenues: Miscellaneous	\$	_	\$	_	\$ 1,600	\$	1,600
iviiscellalleous	>	-	Ş	-	\$ 1,600	Ş	1,600
Total operating revenues		-		-	1,600		1,600
Operating expenses:							
Depreciation		-		-	442,178		(442,178)
Total operating expenses		-		-	442,178		(442,178)
Operating income (loss)		-		-	(440,578)		(440,578)
Non-operating revenues (expenses)							
Interest expense		(7,414)		(7,414)	(7,414)		-
Total non-operating revenues (expenses)		(7,414)		(7,414)	(7,414)		-
Income (loss) before transfers		(7,414)		(7,414)	(447,992)		(440,578)
Transfers in (out)							
Transfers in		215,046		215,046	315,046		100,000
Total transfers		215,046		215,046	315,046		100,000
Change in net position	\$	207,632	\$	207,632	(132,946)	\$	(340,578)
Net position- beginning					408,852		
Net position- ending					\$ 275,906		

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

September 30,	2018		
Assets			
Cash	\$ 6,646	\$	250,112
Investments, at fair value:			
Equities	8,530,660		7,584,951
Corporate bonds	1,284,908		822,502
Money market mutual funds	398,137		215,897
Municipal bonds	1,356,827		1,555,919
Total assets	\$ 11,577,178	\$	10,429,381
Liabilities			
Accounts payable	\$ -	\$	
Total liabilities	-		-
Net position			
Net position restricted for pensions	11,577,178		10,429,381
Total net position	11,577,178		10,429,381
Total liabilities and net position	\$ 11,577,178	\$	10,429,381

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,	2018	2017
Additions		
Contributions		
Employer contributions	\$ 516,556	\$ 492,093
Plan member contributions	509,963	476,078
Total contributions	1,026,519	968,171
Investment income		
Net appreciation/(depreciation) in fair value of investments	764,219	735,176
Interest and dividends	226,375	200,263
Total investment income	990,594	935,439
Less investment expense	(62,417)	(57,539)
Net investment income (loss)	928,177	877,900
Total additions	1,954,696	1,846,071
Deductions		
Benefits paid	633,540	540,997
Refunds of contributions	130,640	7,166
Administrative expenses	42,719	54,675
Total deductions	806,899	602,838
Net change in fiduciary net position	1,147,797	1,243,233
Net position, beginning of year	10,429,381	9,186,148
Net position, end of year	\$ 11,577,178	\$ 10,429,381

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

September 30,	2018			2017	
Assets					
Cash and cash equivalents	\$	251,805	\$	12,239	
Investments		241,393		482,921	
Total assets	\$	493,198	\$	495,160	
Liabilities					
Accounts payable	\$	93	\$	2,927	
Total liabilities		93		2,927	
Net position					
Net position restricted for other purposes		493,105		492,233	
Total net position		493,105		492,233	
Total liabilities and net position	\$	493,198	\$	495,160	

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,	2018			2017	
Additions Interest income	\$	7,391	\$	5,130	
	<u> </u>	- 7,55 =	-		
Total additions		7,391	\$	5,130	
Deductions					
Administrative expenses		6,519		2,927	
Total deductions		6,519		2,927	
Net change in fiduciary net position		872		2,203	
Net Position, beginning of year		492,233		490,030	
Net position, end of year	\$	493,105	\$	492,233	

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

September 30,		2018		2017
Assets				
Cash and cash equivalents	\$	3,708,963	\$	4,275,962
Restricted assets:				
Cash and cash equivalents		576,336		889,969
Certificate of deposit		695,256		695,256
Accounts receivable		623,922		267,555
Assets held for resale		-		402,734
Long-term note receivables		2,472,247		2,518,550
Total Assets	\$	8,076,724	\$	9,050,026
Liabilities				
Accounts payable	\$	201,370	\$	97,195
Accrued salaries and payroll taxes	Ą	7,078	٦	8,554
Accided Salaries and payroli taxes		7,078		8,334
Total Liabilities		208,448		105,749
Deferred Inflows of Resources				
Unavailable revenue- non-current receivables		2,472,247		2,518,550
Total deferred inflows of resources		2,472,247		2,518,550
Fund Balances				
Restricted for:				
Debt service		695,256		695,256
Project development		60,000		60,000
Capital projects		576,336		889,969
Unassigned		4,064,437		4,780,502
Total Fund Balances		5,396,029		6,425,727
Total Liabilities, Deferred Inflows of				
Resources and Fund Balances	\$	8,076,724	\$	9,050,026

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

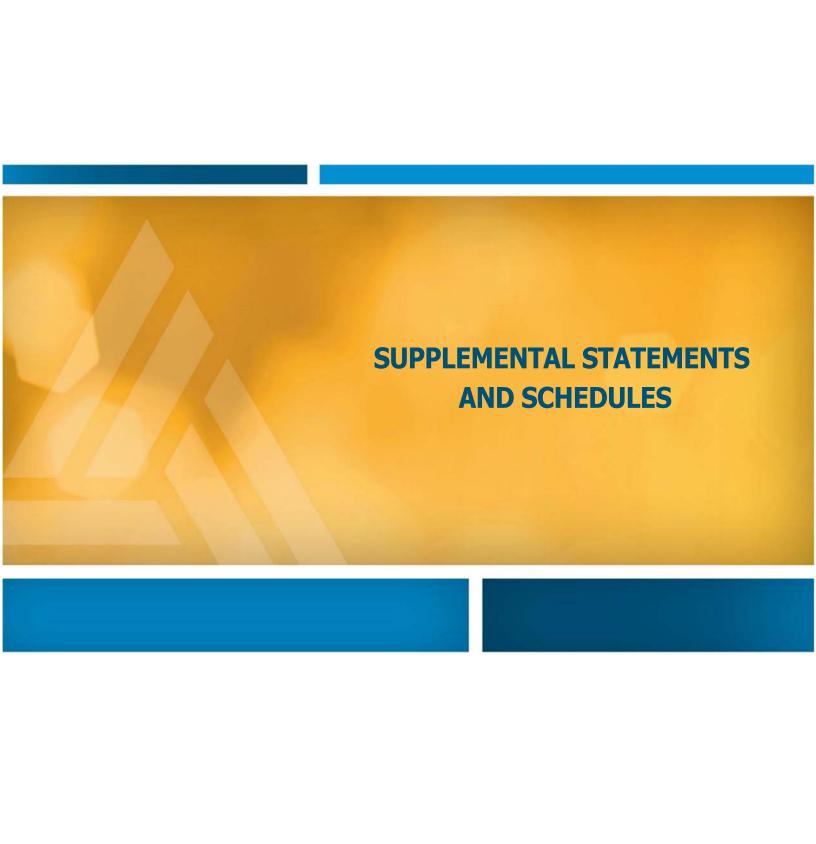
For the Fiscal Year Ended September 30,		2017		
Revenues				
Nonproperty taxes	\$	3,118,824	\$	2,976,515
Capital grants		1,151,202		44,457
Program income		201,808		338,059
Investment income		128,871		174,894
Miscellaneous		48,825		3,985
Total Revenues		4,649,530		3,537,910
Expenditures				
Development Services		1,517,195		1,534,430
Capital outlay		3,147,689		82,827
Debt service:				
Principal		890,068		678,565
Interest and fees		124,276		149,691
Total Expenditures		5,679,228		2,445,513
Net change in fund balances		(1,029,698)		1,092,397
Fund balances at beginning of year		6,425,727		5,333,330
Fund balances at end of year	\$	5,396,029	\$	6,425,727

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, 2018	
Fund balances of governmental funds	\$ 5,396,029
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	5,081,181
Long term note receivables are not available to pay for current period	
expenditures and therefore are not reported as available resources and	
deferred in the funds	2,472,247
Interest payable on long-term debt does not require current financial	
resources. Therefore interest payable is not reported as a liability in the	
governmental funds balance sheet.	(12,690)
8	(==,===,
Long term liabilities are not due and payable in the current period	
and, therefore, they are not reported in the governmental funds	(2.022.422)
balance sheet.	(3,032,423)
Net position of governmental activities	\$ 9,904,344

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

For the Fiscal Year Ended September 30, 2018		
Net change in fund balances	\$	(1,029,698)
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 those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which		
depreciation (\$65,088) exceeded capital outlay \$3,147,689 in the current period.		3,082,601
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		(46,303)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in treatment of long-term debt and related items. Long term principal payments (\$890,068) exceeded note proceeds (\$-0-).	•	890,068
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 (\$2,921) being calculated for bonds and notes payable.		2,921
(42,321) being calculated for bolids and flotes payable.		2,321
Change in net position of governmental activities:	\$	2,899,589



City of Weslaco, Texas Schedule of Taxes Receivable – By Funds At September 30, 2018

		General	Fund		Ι & S Fι	ınd	
Tax Year	Total	%		Amount	%	1	Amount
2008 & Prior	\$ 443,168	Various	\$	294,925	Various	\$	148,240
2009	59,929	73.95%		44,317	26.05%		15,612
2010	65,431	72.47%		47,418	27.53%		18,013
2011	66,066	72.33%		47,784	27.67%		18,283
2012	69,399	72.00%		49,965	28.00%		19,434
2013	86,029	72.90%		62,715	27.10%		23,315
2014	96,815	71.91%		69,618	28.09%		27,198
2015	132,865	82.16%		109,166	17.84%		23,698
2016	187,284	83.79%		156,918	16.21%		30,367
2017	380,906	77.19%		294,007	22.81%		86,899
	1,587,892			1,176,833			411,059
Less							
Allowances for							
uncollectible	(582,795)			(425,477)			(157,318)
Net Amount	\$ 1,005,097		\$	751,356		\$	253,741

City of Weslaco, Texas Analysis of Tax Collections, Adjustments, and Allocation to Funds October 1, 2017 to September 30, 2018

TAX COLLECTIONS AND ADJUSTMENTS

				Current					
	U	ncollected	Δ	ssessments				U	Incollected
Tax Year		10/1/17	8	k Correction	Collections	Ad	justments		9/30/18
2008 & Prior	\$	474,784	\$	-	\$ 24,771	\$	(6,845)	\$	443,168
2009		69,344		-	7,922		(1,493)		59,929
2010		76,963		-	9,078		(2,454)		65,431
2011		80,625		-	11,781		(2,778)		66,066
2012		89,192		-	16,745		(3,048)		69,399
2013		117,639		-	24,355		(7,255)		86,029
2014		142,153		-	35,053		(10,285)		96,815
2015		225,907		-	58,646		(34,396)		132,865
2016		424,733		-	202,150		(35,299)		187,284
2017		-		11,812,045	11,481,619		50,480		380,906
									_
Total	\$	1,701,340	\$	11,812,045	\$ 11,872,120	\$	(53 <i>,</i> 373)	\$	1,587,892

ALLOCATION TO FUNDS

		Ge	neral F	und	I & S Fu	ınd	
Tax Year	Collections	%		\$	%		\$
2008 & Prior	\$ 24,771	Various	\$	18,524	Various	\$	6,247
2009	7,922	73.95%		5,858	26.05%		2,064
2010	9,078	72.47%		6,579	27.53%		2,499
2011	11,781	72.33%		8,521	27.67%		3,260
2012	16,745	72.00%		12,056	28.00%		4,689
2013	24,355	72.90%		17,755	27.10%		6,600
2014	35,053	71.91%		25,206	28.09%		9,847
2015	58,646	82.16%		48,186	17.84%		10,460
2016	202,150	83.79%		169,373	16.21%		32,777
2017	11,481,619	77.19%		8,862,219	22.81%		2,619,400
Total	\$ 11,872,120		\$	9,174,277		\$	2,697,843
· · · · · · · · · · · · · · · · · · ·	 · ·	·			·		



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

							Principal		
Fiscal	Interest	Interest F	Paymei	nts		_	Due	Οι	utstanding
Year	Rate	1-Feb		1-Aug			1-Feb		30-Sep
2018								\$	527,407
2019	3.100%	8,155			-		527,407		-
Total		\$ 8,155	\$		-	\$	527,407		

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

						Principal	
Fiscal	Interest		Interest F	aymer	nts	Due	Outstanding
Year	Rate	'	15-Feb		15-Aug	15-Feb	30-Sep
2018							\$ 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	\$ 6,710,000	

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

713 OJ 3CP	tember 30, 20	010		Principal	
Fiscal	Interest		Payments	Due	Outstanding
Year	Rate	15-Feb	15-Aug	15-Feb	30-Sep
2018					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		\$ 1,292,550	\$ 1,292,550	\$ 6,245,000	

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

715 Of September	,			Principal	Principal
Fiscal	Interest		st Payment	Due	Outstanding
Year	Rate	15-Feb	15-Aug	15-Feb	30-Sep
2018					3,470,000
2019	5.00%	84,100	77,350	270,0	3,200,000
2020	5.00%	77,350	70,225	285,0	2,915,000
2021	5.00%	70,225	62,850	295,0	2,620,000
2022	5.00%	62,850	54,975	315,0	2,305,000
2023	5.00%	54,975	46,725	330,0	1,975,000
2024	5.00%	46,725	35,350	455,0	1,520,000
2025	5.00%	35,350	23,350	480,0	1,040,000
2026	5.00%	23,350	10,600	510,0	530,000
2027	4.00%	10,600	-	530,0	-
Total		\$ 465,525	\$ 381,425	\$ 3,470,0	00_

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

Fiscal	Interest	Interest F	aymer	nts		Principal Due	Outstanding
Year	Rate	1-Feb	•	1-Aug		1-Feb	30-Sep
2018							138,853
2019	3.100%	2,152			-	138,853	-
Total		\$ 2,152	\$		-	\$ 138,853	

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

						Principal	
Fiscal	Interest		Interest F	ayme	nts	Due	Outstanding
Year	Rate	,	15-Feb		15-Aug	15-Feb	30-Sep
2018							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		\$	109,425	\$	109,425	\$ 3,720,000	

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

As of sep	tember 30, 2	018		Principal	
Fiscal	Interest	Interest	Payments	Due	Outstanding
Year	Rate	15-Feb	15-Aug	15-Feb	30-Sep
2018			J		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 _		\$ 2,595,930	\$ 2,595,930	\$ 9,075,000	

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

				Principal	Principal
Fiscal	Interest	Interest P	ayment	Due	Outstanding
Year	Rate	15-Feb	15-Aug	15-Feb	30-Sep
2018					15,750,000
2019	5.000%	382,350	375,100	290,000	15,460,000
2020	5.000%	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%	247,850	201,100	1,870,000	8,500,000
2024	5.000%	201,100	151,975	1,965,000	6,535,000
2025	5.000%	151,975	100,100	2,075,000	4,460,000
2026	5.000%	100,100	45,600	2,180,000	2,280,000
2027	4.000%	45,600		2,280,000	-
Total		\$ 2,131,275	\$ 1,748,925	\$ 15,750,000	

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

As	oţ	Sept	emi	ber	30,	2018	
----	----	------	-----	-----	-----	------	--

				Principal	Principal
Fiscal	Interest	Interest P		Due	Outstanding
Year	Rate	15-Feb	15-Aug	15-Feb	30-Sep
2018					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
2026	5.000%	339,500	339,500	1,565,000	12,015,000
2027	5.000%	300,375	300,375	1,640,000	10,375,000
2028	5.000%	259,375	259,375	1,875,000	8,500,000
2029	5.000%	212,500	212,500	1,970,000	6,530,000
2030	5.000%	163,250	163,250	2,070,000	4,460,000
2031	5.000%	111,500	111,500	2,175,000	2,285,000
2032	5.000%	57,125	57,125	2,285,000	-
Total		\$ 4,491,125	\$ 4,491,125	\$ 19,545,000	

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

				Principal	Principal
Fiscal	Interest	Interest I	Payment	Due	Outstanding
Year	Rate	15-Feb	15-Aug	15-Feb	30-Sep
2018					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	-
		\$ 37,728	\$ 19,104	\$ 970,000	

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

Fiscal	Interest	Interest	Pavmen	t	Principal Due	Principal Outstanding
Year	Rate	15-Feb		15-Aug	15-Feb	30-Sep
						·
2018						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	-
		\$ 24,440	\$	16,445	\$ 615,000	

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

	terriber 30, 20			Principal	Principal
Fiscal	Interest	Interes	st Payment	Due	Outstanding
Year	Rate	15-Feb	15-Aug	15-Feb	30-Sep
2018					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	-
		\$ 74,120	\$ 49,980	\$ 1,420,000	



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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities	2010	2017	2010	2013	2017	2013	2012	2011	2010	2003
	¢ 20.246.600	Ć 26 444 254	ć 22 422 OF2	ć 20 004 004	Ć 44 04E 060	ć c 225 007	Ć 42 EC4 42E	ć 44.042.560	¢ 42.00¢ ¢22	ć 0.740.470
Net investment in capital assets	\$ 28,246,600	\$ 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
Restricted	1,052,578	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
Unrestricted	(8,149,159)	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
Total governmental activities										
net position	\$ 21,150,019	\$ 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
Business-type activities										
Net investment in capital assets	\$ 46.083.251	\$ 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
Restricted	1,025,206	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
Unrestricted	(1,122,171)	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
Total business-type activities										
net position	\$ 45,986,286	\$ 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
Primary Government										
Net investment in capital assets	\$ 74,329,851	\$ 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
Restricted	2,077,784	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
Unrestricted	(9,271,330)	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
Total primary government										
net position	\$ 67,136,305	\$ 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
πει μοσιτίση	3 07,130,303	7 / 3,102,410	7 /1,505,512	7 /1,420,/35	⊋ 03,431,006	7 04,237,124	÷ 50,345,305	₹ 50,424,400	⊋ 4 0,041,206	→ →0,703,13

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	\$ 6,439,519	\$ 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
Public safety	15,315,946	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
Emergency medical service	151,728	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
Public works	6,299,328	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
Culture and recreation	2,367,348	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
Development services	-	-	-	-	2,724,236	3,364,499	3,256,023	3,101,439	3,358,829	4,994,533
Interest on long-term debt	919,744	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
Total governmental activities expenses	31,493,613	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
Business-type activities:										
Water and Wastewater	10,412,234	10,639,686	11,042,489	9,955,440	8,687,380	9,435,022	9,054,734	7,768,721	7,433,263	7,662,63
Solid Waste	4,368,411	3,850,543	4,147,973	4,348,050	4,117,588	4,044,683	4,047,757	3,863,097	3,517,000	3,468,75
Airport	925,905	850,901	687,702	668,097	536,560	507,619	505,452	532,689	532,828	564,958
Total business-type activities expenses	15,706,550	15,341,130	15,878,164	14,971,587	13,341,528	13,987,324	13,607,943	12,164,507	11,483,091	11,696,34
Total primary government expenses	\$ 47,200,163	\$ 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
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
General government	\$ 959,157	\$ 896,763	\$ 714,548	\$ 725,949		\$ 405,601	\$ 381,323	\$ 363,068	\$ 370,890	\$ 406,099
Public Safety	978,002	1,156,105	853,586	653,606	748,737	842,122	919,126	695,632	933,006	1,912,01
Emergency medical services	1,487,343	1,501,101	1,350,052	1,693,132	1,250,542	1,223,157	976,167	948,437	976,166	-
Other activities	-	-	-	-	155,378	394,360	399,142	260,053	372,935	404,98
Culture and recreation	43,670	76,676	85,163	73,359	-	-	-	-	-	-
Operating grants and contributions	648,763	585,580	484,336	273,122	233,899	99,359	16,179	-	-	81,00
Capital grants and contributions	446,200	137,739	571,469	1,065,726	463,568	454,010	724,994	500,163	702,133	917,55
Total governmental activities										
program revenues	4,563,135	4,353,964	4,059,154	4,484,894	3,440,426	3,418,609	3,416,931	2,767,353	3,355,130	3,721,65
Business-type activities:										
Charges for services:										
Water and Wastewater	12,297,037	12,205,565	10,806,055	12,121,383	11,744,692	12,160,485	11,034,905	9,411,060	8,719,988	8,993,45
Solid Waste	5,095,028	5,044,351	4,725,450	5,225,429	4,860,177	4,752,518	4,646,565	4,127,015	4,215,582	3,992,62
Airport	215,430	245,143	183,291	159,919	207,034	156,302	110,894	111,261	186,184	112,91
Operating grants and contributions	-	-	-	-	-	-	-	-	8,098	20,26
Capital grants and contributions	1,001,408	2,325,711	1,658,319	4,148,622	481,853	664,218	2,424,601	154,017	80,875	224,31
Total business-type activities										
program revenues	18,608,903	19,820,770	17,373,115	21,655,353	17,293,756	17,733,523	18,216,965	13,803,353	13,210,727	13,343,58
Total primary government										
program revenues	\$ 23,172,038	\$ 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
Net (Expense)/Revenue										
Governmental activities	\$ (26,930,478)	\$ (27,198,951)	\$ (23,985,341)	\$ (20,352,401)	\$ (20,370,182)	\$ (21,078,322)	\$ (21,310,888)	\$ (22,093,399)	\$ (23,299,403)	\$ (23,412,81
Business-type activities	2,902,353	4,479,640	1,494,951	6,683,766	3,952,228	3,746,199	4,609,022	1,638,846	1,727,636	1,647,23
Total primary government net expense		\$ (22,719,311)								

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

	2018	2017	2016		2015		2014		2013		2012		2011		2010		2009
Governmental activities:																	
Taxes:																	
Ad valorem	\$ 12,002,082	\$ 11,615,301	\$ 11,264,052	\$	10,352,897	\$	9,767,217	\$	9,823,287	\$	9,710,670	\$	9,632,751	\$	9,729,729	\$	9,752,26
Sales	9,356,472	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
Occupancy	365,473	444,151	351,911		384,439		419,960		382,934		336,419		358,390		359,421		403,46
Franchise and other	1,926,341	1,890,883	1,893,085		1,855,156		1,664,769		1,640,932		1,631,134		1,724,786		1,486,165		1,475,45
Intergovernmental	-	-	-		-		-		16,149		4,421		77,375		144,499		143,80
Investment earnings	191,883	103,608	60,217		31,839		130,602		89,278		66,619		64,147		139,903		226,51
Gain (loss) on sale/retirement of																	
capital assets	-	44,939	-				56,720		(348,529)		116,255		100,339		(115,940)		482,85
Miscellaneous	858,322	353,902	721,662		232,759		377,674		226,739		249,246		301,972		348,954		433,26
Rescindment of contingency	-	-	-				-		-		-		550,000		-		-
Absences	-	-	-				-		-		191,261		-		-		-
Transfers	2,051,045	3,236,311	1,047,104		2,041,310		1,021,140		1,021,140		1,021,140		996,770		1,475,209		2,403,93
Total governmental activities	26,751,618	26,618,641	24,020,554		23,677,666		24,880,019		24,034,197		23,905,485		23,671,154		22,786,292		24,497,00
Business-type activities																	
Investment earnings	7,672	2,044	1,513		1,350		4,013		19,609		13,629		109		618,350		849,73
Transfers	(2,051,045)	(3,236,311)	(1,047,104)		(2,041,310)		(1,021,140)		(1,021,140)		(1,021,140)		(996,770)		(1,475,209)		(2,403,93
Total business-type activities	(2,043,373)	(3,234,267)	(1,045,591)		(2,039,960)		(1,017,127)		(1,001,531)		(1,007,511)		(996,661)		(856,859)		(1,554,19
Total primary government	24,708,245	23,384,374	\$ 22,974,963	\$	21,637,706	\$	23,862,892	\$	23,032,666	\$	22,897,974	\$	22,674,493	\$	21,929,433	\$:	22,942,80
Change in Net Position																	
Governmental activities	\$ (178,860)	\$ (580.310)	\$ 35.213	Ś	3.325.265	Ś	4.509.837	Ś	2.955.875	Ś	2.594.597	Ś	1.577.755	Ś	(513.111)	Ś	1.084.19
Business-type activities	858,980	1,245,373	449,360		4,643,806	•	2,935,101	-	2,744,668	-	3,601,511	-	642,185	-	870,777		93,03
Total primary government	\$ 680,120	\$ 665,063	\$ 484,573	ć	7,969,071	ė	7,444,938	ć	5,700,543	ć	6,196,108	ć	2,219,940	Ś	357.666	ć	1,177,23

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Pre GASB 54										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,467	\$ 61,244
Unreserved	-	-	-	-	-	-	-	-	(104,146)	900,326
Post GASB 54										
Nonspendable	\$ 17,350	\$ 18,308	\$ 37,392	\$ 34,790	\$ 180,110	\$ 33,249	\$ -	\$ -	\$ -	\$ -
Restricted	179,110	-	104,886	466,288	466,288	696,765	65,791	57,391	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,874,000	-	-	-	-	-	-	-	-	-
Unassigned	6,353,316	7,511,496	7,939,293	8,523,908	6,478,642	4,738,640	1,627,107	779,427	-	-
Total General Fund	\$9,423,776	\$ 7,529,804	\$ 8,081,571	\$ 9,024,986	\$ 7,125,040	\$ 5,468,654	\$ 1,692,898	\$ 836,818	\$ (34,679)	\$ 961,570
All Other Governmental Funds Pre GASB 54 Reserved Unreserved	\$ - -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,505,458 4,985,087	1,286,791 6,086,963
Post GASB 54										
Nonspendable	\$ -	\$ -	\$ 34,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,408,585	3,617,027	3,958,733	5,512,740	1,793,631	1,691,574	1,772,642	1,618,055	-	-
Assigned	3,043,229	2,001,223	1,950,380	1,250,000	-	-	-	-	-	-
Unassigned, reported in:										
Special revenue funds	-	-	-	-	3,127,878	2,936,214	2,308,622	4,718,358	-	-
Capital projects funds	-	-	-	-	6,399,437	7,701,460	1,166,502	1,206,560	-	-
Total all other governmental funds	\$5,451,814	\$ 5,618,250	\$ 5,943,424	\$ 6,762,740	\$ 11,320,946	\$ 12,329,248	\$ 5,247,766	\$ 7,542,973	\$ 6,490,545	\$ 7,373,754

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

		Septem	

Tor the riscar rears Ended September 50,		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues											
Taxes:											
Property taxes	Ś	12,131,253	\$ 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
Sales		9,356,472	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
Occupancy		365,473	444,151	351,911	384,439	419,960	382,934	336,419	358,390	359,421	403,46
Franchise and other		1,926,341	1,890,883	1,893,085	1,855,156	1,664,769	1,640,932	1,631,134	1,724,786	1,486,165	1,475,45
Charges for services		2,051,705	2,003,126	1,644,414	3,471,864	2,783,840	2,832,851	2,540,973	2,565,294	2,905,104	3,752,12
Program income		2,031,703	2,003,120	1,044,414	3,471,804	360,576	389,134	341,845	150,054	109,445	62,60
Intergovernmental		893,763	723,319	1,055,805		697,467	569,518	745,594	577,538	846,632	
9		719,740			1,338,849		405,601			370,890	1,142,35 406,09
Licenses and permits			664,177	493,175	479,501	446,828		381,323	363,068		
Investment income		191,883	103,608	60,217	31,839	130,602	89,278	66,619	64,147	139,903	226,50
Fines and forfeitures		696,728	752,327	698,250	523,767	636,486	668,891	772,752	463,778	583,066	690,60
Contributions						2,736	50	500	142	8,500	1,95
Miscellaneous		1,059,521	314,916	889,172	394,982	374,938	527,110	248,746	301,830	340,454	431,30
Total revenues		29,392,879	27,471,889	27,041,831	27,810,594	28,893,106	28,700,049	27,354,862	26,281,235	26,085,361	27,472,28
Expenditures											
General government		6,049,070	6,395,390	6,133,070	5,991,720	4,617,587	3,697,885	3,797,404	4,310,348	3,637,628	3,484,00
Public Safety		15,490,747	15,250,314	12,165,292	10,476,065	10,483,329	10,699,897	10,327,350	11,664,128	12,725,966	12,486,21
Public Works								1,299,033		1,390,192	1,468,75
Health		5,665,443	4,377,328	2,104,864	1,790,960	1,558,496	1,556,054		1,342,074	, ,	
		2 260 044			4 276 554		85,956	84,348	100,315	128,875	123,30
Culture and recreation		2,368,044	2,136,834	1,709,199	1,376,551	1,311,421	1,428,512	1,447,298	1,073,525	2,410,330	2,291,65
Economic development		576,780	581,915	589,640	593,849	1,568,220	2,144,101	1,923,521	2,171,025	3,633,445	4,376,93
Nondepartmental		-	-	-	-	565,216	477,223	395,172	684,020	779,286	541,75
Capital outlay		-	949,108	4,530,211	4,692,755	2,390,421	823,384	2,416,513	633,058	9,608,984	1,879,83
Debt service											
Principal		3,094,444	3,347,137	2,389,617	2,418,462	2,711,314	2,526,603	2,004,577	9,628,025	1,682,179	1,590,74
Interest and fiscal charges		755,633	782,830	786,594	890,033	1,152,048	1,197,893	1,352,412	1,420,192	1,490,122	1,500,16
Advance refunding escrow		-	-	77,555	-	-	-	-	-		-
Total expenditures		34,000,161	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
Excess of revenues over (under) expenditures		(4,607,282)	(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
Other Financing Sources (Uses)											
Proceeds from sale of capital assets	\$	92,117	\$ 300,741	\$ -	\$ -	\$ 56,720	\$ 56,950	\$ 124,435	\$ 367,174	\$ 131,825	\$ 905,43
Debt Proceeds		4,506,702	2,184,974	4,450,281	658,299	-	22,157,515	1,155,000	9,044,918	-	1,300,00
Proceeds from 380 Agreements		-	_,,	-,,	-	_	,,	-,,	-	7,629,307	_,
Bond interest		_	_	_	_	_	_	_	_	-,023,307	_
Premium on bond				701,808							
Bond redemption		_		(4,392,713)		_	(14,630,000)		_		
Debt issuance costs		_	_	(4,332,713)	_	_		(30,323)	(101,814)	_	(120,07
Volunteer separation expense		-	-	-	-	-	(366,731)	(30,323)	(101,614)	(611,900)	(120,07)
· · · · · · · · · · · · · · · · · · ·		-	-	-	-	(720.420)	(504.040)	(700 563)	(042.544)	(611,900)	-
380 Agreement expenditures		-	-	-	-	(738,139)	(581,949)	(780,562)	(912,644)	-	-
Accrued 380 Agreement Interest		-	-	-	-	-		(949,937)	-	-	-
Sales Tax rebates			-			(580,488)	(645,082)	(843,934)	-		-
Transfers in		5,065,169	4,686,079	2,208,425	2,419,014	-		-	-	164,040	525,77
Transfers out		(3,329,170)	(1,699,768)	(1,286,321)	(2,460,758)	(700,000)	(700,000)	(480,000)	(200,000)	(4,339)	(310,18
Total other financing sources (uses)		6,334,818	5,472,026	1,681,480	616,555	(1,961,907)	5,290,703	(1,805,321)	8,197,634	7,308,933	2,300,95
Net change in fund balances		1,727,536	(876,941)	(1,762,731)	196,754	573,147	9,353,244	501,913	1,452,159	(4,092,713)	29,870
Debt service as a percentage of noncapital											
expenditures		13%	14%	14%	16%	19%	19%	17%	52%	13%	139
capenatures		13/0	14 /0	14 /0	1070	1370	1970	17 70	JZ /0	1370	10

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 Fiscal Year Amount	within the of the Levy Percentage of Levy	Collections in Subsequent Years	Total Collectio	ons to Date Percentage of Levy
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%	410,491	11,394,439	99.26%
2018	11,812,045	11,481,619	97.20%	-	11,481,619	97.20%

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
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
2018	1,001,015,474	810,655,535	483,054,753	1,811,671,009	2.0472

Hidalgo County Appraisal District www.hidalgoad.org Source:

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

2017 2008

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	\$ 44,931,468	1	2.48%	\$	42,171,599	1	3.65%
Pioneer Hi-Bred Int'l Inc	26,519,114	2	1.46%	•	-		
H E B Weslaco Transportation	17,057,317	3	0.94%		13,567,182	3	1.18%
Capcor Weslaco LTD	14,772,224	4	0.82%		-		
Wal-Mart Real Estate Business	14,052,154	5	0.78%		-		
G3C Weslaco LP	13,774,335	6	0.76%		-		
AEP Texas Central Co	12,112,330	7	0.67%		6,600,420	8	0.57%
John Knox Village	10,120,764	8	0.56%		10,828,823	5	0.94%
Weslaco MHC Limited Prtnrshp	8,661,135	9	0.48%		-		
Lowes Home Centers Inc	8,455,350	10	0.47%		-		
Weslaco Palm Plaza LTD	8,212,611	11	0.45%		8,705,924	6	0.75%
Weslaco Motors LLP	7,550,429	12	0.42%		4,609,924	17	0.40%
JCPenny #1101	7,300,000	13	0.40%		-		
HD Development Properties LP	6,793,780	14	0.38%		4,654,137	15	0.40%
535 US Hwy 83 Investors	6,603,220	15	0.36%		-		
Jazman RGV Group LLC	6,597,345	16	0.36%		-		
Ranchero Village	6,505,332	17	0.36%		-		
Wal Mart Property Tax Department	5,773,243	18	0.32%		18,600,854	2	1.61%
Weslaco Ford/Mercury Inc	5,717,763	19	0.32%		-		
Universal Health Realty Income	5,568,944	20	0.31%		-		
Clearview Weslaco LLP					10,864,607	4	0.94%
Verizon Southwest					6,782,050	7	0.59%
Foremost Paving Inc					6,518,765	9	0.56%
Sweetwater Gama Limited Prtnrshp					6,129,076	10	0.53%
Reyna Family Land Dev LTD					5,954,515	11	0.52%
2300 Sugar Sweet Realty LLC					5,722,531	12	0.50%
Home Depot, The #6577					5,469,210	13	0.47%
Reyna, Ezequiel Jr & Livia					4,701,285	14	0.41%
HIC Texas I LLC					4,624,943	16	0.40%
RGV Express LTD					4,575,212	18	0.40%
Payne, E M & J A					4,541,370	19	0.39%
Ed Payne Motors LLP					4,373,641	20	0.38%
TOTAL	\$ 237,078,858	_	13.09%	\$	179,996,068	-	15.60%

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

(Per \$100) **OPERATION** SINKING WISD Hidalgo Co STISD DD #1 Total PROPERTY TAX RATES 2009 2008 0.5210 0.1757 0.6967 1.1397 0.1498 0.5900 0.0700 0.0492 2.6954 0.1815 0.5900 0.0725 0.0492 2.6978 2010 2009 0.5152 0.6967 1.1397 0.1497 2011 2010 0.5049 0.1918 0.6967 1.1397 0.1497 0.5900 0.0725 0.0492 2.6978 0.5900 2.6978 2012 2011 0.5039 0.1928 0.6967 1.1397 0.1497 0.0725 0.0492 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 0.1207 0.0951 0.0492 2016 2015 0.5560 0.6767 1.1397 0.1850 0.5900 2.7357 2017 2016 0.5586 0.1081 0.6667 1.1597 0.1850 0.5800 0.0951 0.0492 2.7357 2.7357 2018 2017 0.5146 0.1521 0.6667 1.1597 0.1850 0.5800 0.0951 0.0492 **TAX LEVIES** 2009 2008 41,861,054 13,910,184 8,920,936 20,312,260 162,197,402 18,101,564 265,303,400 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 19,795,607 148,860,984 13,752,694 248,583,748 37.953.268 18.910.655 2012 2011 9,346,948 20,111,115 38,191,930 150,274,322 19,197,219 13,901,594 251,023,128 2012 2013 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 24,406,360 30,258,335 16,467,923 2017 2016 11,478,848 59,677,412 189,058,158 331,347,036 2018 2017 11,812,045 25,578,128 61,936,282 182,090,796 31,810,341 17,291,319 313,227,592

City Direct Rates

CITY OF WESLACO, TEXAS COMPUTATION OF DIRECT AND OVERLAPPING DEBT AS OF SEPTEMBER 30, 2018 TABLE IX

	GROSS DEBT Less INKING FUND	ESTIMATED % DEBT APPLICABLE TO CITY OF WESLACO	TY OF WESLACO HARE OF DEBT
City of Weslaco, Texas	\$ 16,425,000	100.00%	\$ 16,425,000
Total Direct Debt	16,425,000		16,425,000
Weslaco Ind School Dist	69,429,000	72.28%	50,183,281
Hidalgo County	211,397,999	5.55%	11,732,589
Hidalgo Co Drainage Dist #1	120,690,000	5.82%	7,024,158
South Texas College	143,065,000	5.08%	7,267,702
Total overlapping debt	544,581,999		76,207,730

Total direct and overlapping debt: \$ 92,632,730

Percent of Assessed Valuation: 5.11%

Direct Overlapping Debt per Capita: \$ 2,347

POPULATION: 39,474

ASSESSED VALUATION \$ 1,811,671,009

Legal Debt Margin Calculation to Fiscal Year 2018

\$ 1,811,671,009	181,167,101		16,952,407			(146,217)	16,806,190	164,360,911
Assessed Value	Debt Limit (10% of assessed value)	Debt applicable to limit:	General obligation bonds	Less: Amount set aside	for repayment of general	obligation debt	Total net debt applicable to limit	Legal debt margin

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	s	127,480,023 \$ 133,153,378	133,153,378 \$	141,124,613 \$	141,124,613 \$ 142,173,949 \$ 139,051,427 \$	139,051,427 \$	\$ 159,911,825 \$	151,195,149 \$	166,102,626 \$	159,911,825 \$ 151,195,149 \$ 166,102,626 \$ 173,352,656 \$ 181,167,101	181,167,101
Total net debt applicable to limit		25,851,763 24,605,645	24,605,645	24,605,645	21,684,025	26,487,380	24,605,645	23,040,965	19,704,803	18,296,141	16,806,190
Legal debt margin	ş	101,628,260 \$ 108,547,733 \$	108,547,733 \$	116,518,968 \$	120,489,924 \$	116,518,968 \$ 120,489,924 \$ 112,564,047 \$		128,154,184 \$	146,397,823 \$	135,306,180 \$ 128,154,184 \$ 146,397,823 \$ 155,056,515 \$ 164,360,911	164,360,911
Total net debt applicable to the limit as a percentage of debt limit	imit	20.28%	18.48%	17.44%	15.25%	19.05%	15.39%	15.24%	11.86%	10.55%	9.28%

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	Less:	Plus: CIP Fee (1)	Net	Debt S	ervice	Cavarage
Year	Service Charges	Operating Expenses	Non- Operating	Available	Principal	Interest	Coverage
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
2018	11,429,958	5,886,226	684,998	6,228,730	574,676	13,410	10.59

⁽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

	General					Debt Service		Percentage of	
Fiscal	Obligation	Certificate		Bond	Notes	Restricted		Actual Taxable	Per
Year	Bonds	of Obligation	Capital Leases	Premiums	Payable	Net Assets	Net Bonded Debt	Value of Property	Capita
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
2018	527,407	16,425,000							

Business-Type Activities

				Dusines	5 Type Metricie				
	General					Debt Service		Percentage of	
Fiscal	Obligation	Certificate	Revenue		Bond	Restricted		Actual Taxable	Per
Year	Bonds	of Obligation	Bonds	Tax Notes	Premiums	Net Assets	Net Bonded Debt	Value of Property	Capita
2009	1,076,400	3,460,000	23,065,432	-	-	109,200	4,427,200	0.33%	132.73
2010	718,200	3,135,000	22,724,604	-	-	384,590	3,468,610	0.25%	99.96
2011	1,300,284	2,845,000	21,290,000	-	-	603,258	3,542,026	0.25%	99.30
2012	1,089,792	2,470,000	45,215,000	8,500,000	1,366,793	921,187	2,638,605	0.19%	71.61
2013	870,768	2,090,000	44,790,000	8,040,000	1,366,793	949,798	2,010,970	0.14%	54.21
2014	768,456	1,700,000	44,325,000	7,735,000	1,800,466	996,317	1,472,139	0.10%	39.15
2015	529,308	19,230,000	34,700,000	6,545,000	1,699,141	798,285	18,961,023	1.28%	480.34
2016	404,029	49,260,000	870,000	4,810,000	4,734,806	540,114	49,123,915	2.96%	1,227.09
2017	273,745	48,090,000	440,000	2,620,000	6,909,104	146,217	48,217,528	2.78%	1,204.44
2018	138,853	48,090,000	-	2,620,000			48,228,853	2.66%	1,195.03

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

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

CALENDAR YEAR

s o i tai so o o	8000	0000	0100	1100	.,,,,,	2000	7000	3000	2000	7,000
Describuori	2000	2003	2010	7077	2012	CT02	501 4	2013	2010	707
Agriculture, Forestry, Fishing, Hunting	· ·	\$ 10 \$	\$	\$	1	٠,	3,207 \$	481 \$	1	
Construction	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	4,674,526
Manufacturing	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	2,072,963
Wholesale Trade	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	18,218,266
Retail trade	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	304,803,892
Transportation and warehousing	1,557,971	205,606	1,417,200	1,311,262	1,637,871	303,218	276,655		281,022	•
Information	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	13,508,709
Finance and insurance	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	2,878,573
Real estate, rental and leasing	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	6,529,755
Professional, scientific and technical	997,224	799,762	891,767	1,136,202	1,072,369	838,393	989,140	1,137,739	1,018,210	1,007,046
Administration, support, waste										
management, and remediation	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	2,109,445
Educational Services	14,608	27,003	17,608	38,083	57,033	60,791	166,539	94,791	350,578	318,639
Health care and social assistance	365,439	305,582	696,535	512,033	560,036	560,511	691,519	1,256,497	941,118	704,434
Arts, entertainment, and recreation	649,832	610,900	780,044	1,774,225	1,692,620	1,952,878	2,581,663	3,673,234	3,377,805	4,406,081
Accomodation and food service	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	114,996,548
Other Services	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	11,810,678
Other	19,758	24,022	16,125	19,346	15,201	17,086	19,870	22,000	095'9	16,481
Total "	\$ 375,366,150 \$ 365,096,965		\$ 384,147,160 \$	\$ 16,081,299 \$	452,434,481 \$	\$ 463,538,005 \$	483,832,415 \$	483,635,080 \$	486,647,602	\$ 488,056,036
City Direct Sales Tax	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

CITY OF WESLACO, TEXAS
SALES TAX REVENUE PAYERS BY INDUSTRY
CALENDAR YEARS 2017 AND 2008
TABLE XIV

2017 2008

	Number	%	Tax	%	Number	%	Tax	%
	of Filers	of Total	Liability	of Total	of Filers	of Total	Liability	of Total
Construction	67	5.42%	93,491	0.96%	39	5.43%	25,626	0.34%
Manufacturing	53	4.29%	41,459	0.42%	23	3.20%	93,358	1.24%
Wholesale Trade	80	6.47%	364,365	3.73%	26	3.62%	324,302	4.32%
Retail trade	533	43.12%	6,096,078	62.45%	290	40.39%	4,724,948	62.91%
Transportation and warehousing	3	0.24%	0	0.00%	5	0.70%	31,159	0.41%
Information	22	1.78%	270,174	2.77%	19	2.65%	128,821	1.72%
Finance and insurance	18	1.46%	57,571	0.59%	17	2.37%	38,568	0.51%
Real estate, rental and leasing	17	1.38%	130,595	1.34%	14	1.95%	527,385	7.02%
Professional, scientific and technical	40	3.24%	20,141	0.21%	32	4.46%	19,944	0.27%
Administration, support, waste								
management, and remediation	53	4.29%	42,189	0.43%	39	5.43%	120,208	1.60%
Educational Services	6	0.49%	6,373	0.07%	8	1.11%	292	0.00%
Health care and social assistance	13	1.05%	14,089	0.14%	10	1.39%	7,309	0.10%
Arts, entertainment, and recreation	20	1.62%	88,122	0.90%	8	1.11%	12,997	0.17%
Accomodation and food service	185	14.97%	2,299,931	23.56%	115	16.02%	1,317,624	17.54%
Other Services	120	9.71%	236,214	2.42%	65	9.05%	137,274	1.83%
Other	6	0.49%	330	0.00%	8	1.11%	395	0.01%
Total	1,236	100.00%	9,761,122	100.00%	718	100.00%	7,510,210	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	CITY DIRECT	STATE	TOTAL TAX
YEAR	RATE	RATE	RATE
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%
2018	2.00%	6.25%	8.25%

CITY OF WESLACO, TEXAS MISCELLANEOUS STATISTICAL FACTS SEPTEMBER 30, 2018 TABLE XVI

Date of Incorporation: Date of Adoption of City Chaform of Government: Area:	<u>arter:</u>	<u>.</u>	1919 December 14, 1927 Single Member Distr 14.72 Square Miles		
Miles of Street:				City:	
Graded Paved		1.65 223		Number of City Employees Number of Street Lights	317 1600
Miles of Sewers:		220		Municipal Water Plant:	1000
Storm		96		Number of Connections:	10,675
Sanitary		213		Miles of Water Mains	129.6
Building Permits:				Average Daily:	Gallons
Permits Issued		2100		Consumption	5,232,000
Estimated Cost	\$	77,615,226		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		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
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%
2017	40,358	720,148,152	17,844	7.3%

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

									TA	BLE XVIII
				Fi	iscal Year					
Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Building permits issued	2,499	2,088	1,964	1,946	1,935	1,998	2,001	2,039	2,099	2,309
Building inspections conducted	5,264	4,054	3,625	3,488	3,260	3,985	4,670	4,991	5,066	5,117
Police										
Physical Arrests-Adults	2,646	1,733	2,624	2,619	2,747	2,308	2,572	2,531	2,693	2,774
Physical Arrests-Juveniles	464	674	620	639	385	474	306	274	352	363
Fire										
Emergency responses	7,387	6,994	7,044	7,190	6,947	7,203	8,115	8,057	7,985	7,985
Library										
Volumes in collection	63,006	58,246	58,814	67,800	66,368	69,903	72,514	76,787	80,723	83,145
Total volumes borrowed	57,412	57,252	60,876	64,790	46,606	53,185	53,416	52,469	49,769	50,267
Water										
New connections	221	140	133	133	126	74	121	168	281	281
Average daily consumption										
(thousands of gallons)	5,667	5,765	6,010	6,010	5,289	4,804	5,262	5,809	5,232	5,232
Peak daily consumption										
(thousands of gallons)	8,307	7,685	8,860	-	6,806	7,953	6,174	6,740	5,145	5,145
Wastewater										
Average daily wastewater treatment										
(thousands of gallons)	3,835	4,669	4,133	-	4,917	3,793	3,680	3,680	4,100	4,100
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	1	1	1	1	1	1	1	1	1
Patrol Units	79	75	26	70	56	59	59	59	60	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	223.00	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	450.50	450.50	450.50	45050	4-4-0-		4-4-0-		4-4-0-	
Acreage	153.53	153.53	153.53	153.53	171.97	171.97	171.97	171.97	171.97	171.97
Playgrounds	11	11	11	11	16	16	16	16	16	16
Golf courses	1	1	1	1	2	2	2	2	2	2
Water main (miles)	126.00	126.00	126.0	126.0	120.0	120.6	120.0	120.6	120.0	120.6
Water main (miles)	126.00	126.00	126.0	126.0	128.0	129.6	129.6	129.6	129.6	129.6
Fire hydrants	-	-	-	-	-	1,670	1,670	1,670	1,670	1,670
Storage capacity (the year deaf gallens)	7,900	2,385	7,900	7,900	2,385	C 20F	6,385	C 20F	6,385	C 20F
(thousands of gallons) Wastewater	7,900	2,385	7,900	7,900	2,385	6,385	0,385	6,385	0,385	6,385
Sanitary sewer (miles)	118.01	118.01	118.01	118.01	213.00	213.31	213.31	213.31	213.31	213.31
Storm Sewer (miles)	50.94	50.94	50.94	50.94	96.00	96.39	96.39	96.39	96.39	96.39
Treatment capacity	50.94	50.54	50.54	50.54	50.00	30.33	30.33	50.55	30.33	30.33
(thousands of gallons)	5,500	7,250	7,250	7,250	7,250	8,250	8,250	8,250	8,250	8,250
(thousands of gallons)	3,300	1,230	1,230	1,230	1,230	0,230	0,230	0,230	0,230	0,230

CITY OF WESLACO, TEXAS TOP TEN PRINCIPAL EMPLOYERS CALENDAR YEAR 2017 AND 2008 TABLE XIX

2017 2008

EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Weslaco ISD	2,400	1	36.99%	2,825	1	43.91%
Knapp Medical Center	888	2	13.68%	980	2	15.23%
South Texas College	500	3	7.71%	193	8	3.00%
IDEA Academy	500	4	7.71%	-	-	-
Border Patrol	450	5	6.93%	-	-	-
Wal-Mart	394	6	6.07%	455	4	7.07%
Woodcrafters	365	7	5.62%	541	3	8.41%
HEB (3 Locations)	350	8	5.39%	407	5	6.33%
Payne Auto Group	325	9	5.01%	330	7	5.13%
City of Weslaco	317	10	4.89%	390	6	6.06%
Tx A&M University	-	-	-	147	9	2.28%
Foremost Paving	-	-	-	166	10	2.58%
Total	6,489		100.00%	6,434		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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	54	54	38	31	36	40	53	49	51	53
Legislative	7	7	7	7	7	7	7	7	7	7
Other	47	47	31	24	29	33	46	42	44	46
Public Safety	181	181	141	132	140	136	152	162	167	171
Public Works	29	29	25	37	22	42	45	45	44	44
Health & Welfare	3	3	2	1	2	2	3	3	3	4
Culture & Recreation	39	39	3	3	2	7	12	12	12	14
Refuse Collection	17	17	4	3	3	1	1	1	2	4
Library	19.5	20	12	11	17	16	16	16	15	15
Water	19	19	23	22	31	22	23	17	15	14
Wastewater	10	10	0	0	14	11	12	3	4	4
Airport	4	4	4	4	3	3	3	3	4	4
Museum	2	2	0	0	0	0	0	0	0	0
Total	378	378	252	244	270	280	320	311	317	327

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

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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, 2018, 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 June 18, 2019. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2018-001 and 2018-002 to be material weaknesses.

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A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2018-003 to be a significant deficiency.

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 responses as item 2018-004.

City of Weslaco, Texas' Response to Findings

Caux 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 responses. 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 June 18, 2019

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Section I - Summary of Auditors' Results

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

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

A. Material Weaknesses in Internal Control

Schedule Reference Number: (2018-001)	Accounting for capital leases in proprietary fund activities and other capital outlay items and liabilities related to capital outlay items
Criteria:	Internal controls should be designed and implemented over evaluation of recording new capital leases in proprietary funds to ensure capital lease obligations are recorded at the correct amount, and classified appropriately in the financial statements. In addition, internal controls should be designed and implemented over accounting for capital outlay items and liabilities associated with capital outlay items.
Condition Found:	The City recorded the capital lease related to the Siemens water meter project in incorrect accounts of the Water and Wastewater proprietary fund and did not record the full amount of the lease. In addition, an interlocal agreement concerning certain capital outlay related items between the City and the County was authorized during the year and required a monetary contribution toward the project at the time of execution of the said agreement. The City did not record a liability for the amount detailed in the interlocal agreement or related capital outlay. Other material audit adjusting entries were needed to adjust the financial statements for amounts related to capital assets.
Context:	Amounts related to the capital lease were incorrectly classified in the City's water and wastewater chart of accounts and did not include the full amount of the lease obligation. A liability related to the interlocal agreement capital outlay was not recorded as of yearend. Material audit adjusting entries were needed to adjust the financial statements for amounts related to capital assets.
Effect:	The City's proprietary fund financial statements incorrectly classified proceeds from the capital lease obligation received during the year. The City's liabilities and capital asset related items were understated due to improperly excluding from accounts payable the accrual of

the liability associated with the interlocal agreement and for excluding adjustments to book other items related to capital assets.

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

A. Material Weaknesses in Internal Control-Continued

Schedule Reference Number: (2018-001)	Accounting for capital leases in proprietary fund activities and other capital outlay items and liabilities related to capital outlay items
Cause:	The accounting treatment for the capital lease in the proprietary fund was not applied correctly. In addition, A misunderstanding of the of interlocal agreement terms caused the City to pay the obligation subsequent to year-end and record the payment in the incorrect accounting period.
Recommendation:	Develop and reconcile a schedule of capital assets that includes existing and new capital leases of all funds to ensure all capital related items are recorded at their full amount and in the correct account. In addition, prior to authorization, the City should route all interlocal agreements to the Finance department to be reviewed by appropriate personnel. This will ensure that any amounts to be paid will be evaluated for budgetary purposes and recognition of obligations in the correct accounting period.
Views:	Management agrees with the findings. See corrective action plan beginning on page 191.
Schedule Reference Number: (2018-002)	Accounting for long-term liabilities associated with bond premiums, landfill postclosure cost, deferred charges on refunding, capital lease payments, and obligation under Chapter 380 Agreement.
Criteria:	Internal controls should be designed and implemented over the accuracy and completeness of accounting for long term liabilities that are outstanding as of year-end.
Condition Found:	Material audit adjusting entries were needed to adjust the financial statements for amounts related to long term liabilities such as amortization of bond premiums, landfill postclosure cost, deferred charges on refunding, and capital lease payments. In addition, a chapter 380 agreement for construction of a financial asset on behalf of the City was intended to be sold subsequent to year end and required a monetary contribution to the developer after a specified period of time. The City did not record a liability for the

the financial asset.

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

Schedule Reference Number: (2018-002)

A. Material Weaknesses in Internal Control- Continued

Accounting for long-term liabilities associated with bond

	premiums, landfill postclosure cost, deferred charges on refunding, capital lease payments, and obligation under Chapter 380 Agreement.
Context:	Material audit adjusting entries were needed to adjust the financial statements for amounts related to long term liabilities. In addition, a liability or the financial asset related to the Chapter 380 agreement was not recorded as of year end.
Effect:	The City's long-term liabilities were understated due to excluding adjustments throughout the fiscal year.
Cause:	Turnover in the Finance department eliminated a key role that was normally involved, in review, approval, and oversight of items related to long term liabilities.
Recommendation:	Develop and reconcile a schedule of long term liabilities to balances in amortization schedules, payment schedules, or balances reported by third-parties to ensure all items are recorded at their correct amount and in the correct account.
Views:	Management agrees with the findings. See corrective action plan beginning on page 191.

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

B. Significant Deficiencies in Internal Control

Schedule Reference Number: (2018-003)	Accounting period closing procedures
Criteria:	Internal controls over accounting period closing procedures are crucial in managing a local government's financial operations and assuring that financial information reflects accurate data and is reported timely.
Condition Found:	The process for performing the accounting period closing was not performed in a timely manner. In addition, we observed numerous journal entries needed to adjust the City's accounting records for year-end closing.
Context:	Various closing entries were prepared and provided by the City Finance department during audit fieldwork which was more than 6 months after year-end. In addition, other audit adjusting entries were identified throughout the audit process that were not provided by the City Finance department.
Effect:	The City's closing procedures produce risk of misstatements reflected in the City's accounting records and inaccurate information for budgeting purposes throughout the year.
Cause:	Turnover in the City's Finance Director position caused critical duties regarding accounting period closing procedures to be given to other available personnel. The turnover in the Finance department eliminated a key role that was normally involved, in review, approval, and oversight.
Recommendation:	Perform accounting period closing procedures within 3 months after year-end to provide timely financial records for internal use as well as provide a reasonable amount of time thereafter to finalize the annual financial statement audit.
Views:	Management agrees with the findings. See corrective action plan beginning on page 191.

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

C. Compliance Findings

Expenditures in excess of budget appropriations

Schedule Reference Number: (2018-004)

Criteria:	City ordinance requires budget amendments to be made prior to exceeding a major functional category.
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.
Context:	We noted a negative variance of \$308,910 in public safety, \$156,915 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.
Views:	Management agrees with the findings. See corrective action plan beginning on page 191.



City of Weslaco

"The City on the Grow"



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

Mike R. Perez, City Manager

Schedule of Findings and Responses Corrective Action Plan

PROGRAM DESCRIPTION

Reference Number: (2018-001)

Corrective Action Plan:

Reference Number: (2018-002)

Corrective Action Plan:

Reference Number: (2018-003)

Corrective Action Plan:

CORRECTIVE ACTION PLAN

Accounting for capital leases in proprietary fund activities and other capital outlay items and liabilities related to capital outlay items

Management will implement procedures that include reconciliations of capital related items to make certain balances include all relevant capital asset activity. In addition, the City shall inform other departments to submit copies of all interlocal agreements to the Finance Department to make certain that should any liability be incurred that it will be reflected in the books.

Accounting for long-term liabilities associated with bond premiums, landfill postclosure cost, deferred charges on refunding, capital lease payments, and obligation under Chapter 380 Agreement.

Management will implement procedures that include reconciliation of items related to long term liabilities to make certain balances include all relevant activity and agree to internal records.

Accounting period closing procedures

Management will take steps for this to avoid this from occurring again. Procedures will be put in place whereas staff can continue in completing the necessary financial statements and reports.



City of Weslaco

"The City on the Grow"



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

Mike R. Perez, City Manager

Schedule of Findings and Responses Corrective Action Plan- Continued

Reference Number: (2018-004)

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 Responses Summary Schedule of Prior Audit Findings

STATUS OF PRIOR YEAR'S FINDINGS/COMPLIANCE

Reference Number: (2017-001)

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 (2018-004).