# **CITY OF WESLACO, TEXAS**

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2019

# Issued by:

Mike Perez, City Manager

Vidal Roman, Finance Director

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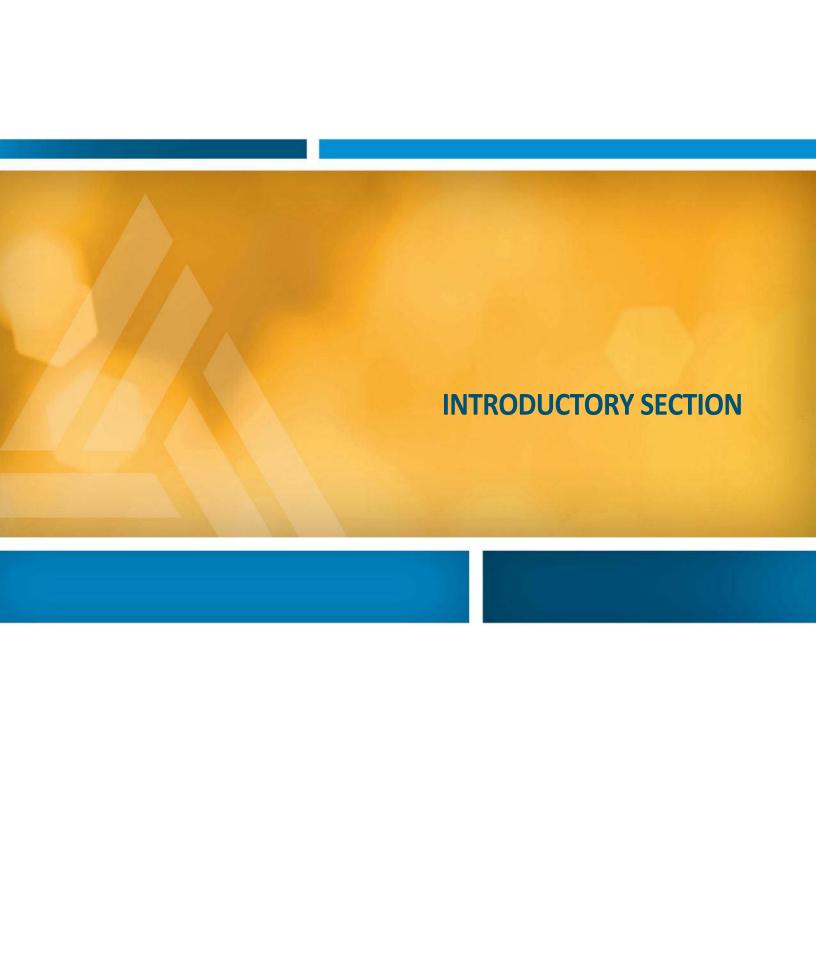
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# City of Weslaco, Texas City Officials

Mayor David Suarez

Mayor Pro-tem Letty Lopez

Commissioners Leo Munoz

Jose JP Rodriguez Greg Kerr Josh Pedraza Adrian Farias

City Manager Mike Perez

Assistant City Manager/ Aviation Director Andrew Munoz

Finance Director Vidal Roman

City Secretary 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 Rebekah De La Fuente

Human Resources Director Veronica Ramirez

Information Technology J. Martin Vela

Parks and Recreation Director Omar Rodriguez

Public Facilities Director Pete Garcia, Jr.

Library Director Arnold Becho

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# **City of Weslaco**

"The City on the Grow"



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

Mike R. Perez, City Manager

March 17, 2020

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, 2019, is submitted in accordance with Section 28 of the City Charter.

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

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

Carr, Riggs, & Ingram, LLC, has issued an unmodified ("clean") opinion of the City of Weslaco's financial statements for the year ended September 30, 2019. 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 30<sup>th</sup>, the end of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g. police). Department directors may, with City Manager's approval, make transfers of appropriations within their departments. Transfers of appropriations between departments, however, require the approval of the City Commission. Budget-to-Actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 92 as part of the required supplementary information. For governmental and proprietary funds, other than the general fund, with appropriated annual budgets, this comparison is presented within the other supplementary section of this report beginning on page 110.

# Factors Affecting Financial Condition

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

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

According to the Texas Workforce Commission data link (TRACER), the unemployment rate had remained between 7 and 9 percent over the last few years. In 2019, the rate decreased to 6.2 percent. 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, 2019, 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 \$0.6667 per \$100 value. This evaluation of the tax rate has continued each year since and now stands at our current \$0.6967 per \$100.00 valuation for the 2019 tax year due to bond election approved by the citizens. 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

VidayRoman Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Weslaco Texas

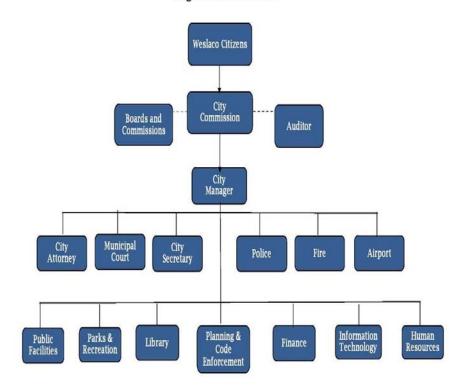
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

**September 30, 2018** 

Christopher 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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# **Emphasis of Matter**

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

#### **Other Matters**

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 15 through 23 and 92 through 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

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

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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 March 17, 2020 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 March 17, 2020

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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, 2019. 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 \$975,405 as a result of this year's operations. Net position from governmental activities increased \$888,210, while net position from business-type activities increased \$87,195. This reflects a 1.4% increase to total net position.

- Governmental Activities Revenues and Expenses Compared to Last Year Total revenues increased about \$1.8M from last year, with sales tax showing a moderate increase of \$706,750 or 7.6%. Property tax revenues increased by \$125,719 and franchise tax revenues increased by \$67,150. Expenses increased \$1,081,833 from last year.
- Business-Type Activities Revenues and Expenses Compared to Last Year- Total revenues saw a slight increase of \$29,145 from last year. Charges for all services increased by \$113,772. Expenses increased about 1.8% or \$186,784 in water and wastewater services. Solid waste expenses saw an increase of about 2.6% or \$115,176 due to an increase of fees assessed by the company that provides collection of brush services. Expenses from airport services also increased by \$109,454, or 11.8%.

#### **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 ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the 2019 Bond Construction Fund, which are the only reported major funds. Data from the other eight 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 2019, the City adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board. These newly adopted accounting standards, and other recently issued accounting pronouncements, can be found in Note 1.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,355,675 at the close of the most recent fiscal year.

On September 30, 2019, the City had an outstanding bonds balance of \$73,530,000, excluding \$1,155,000 in the component unit. The City has unspent bond proceeds on its recently issued 2018 and 2019 bonds to be used for its drainage projects and purchase of equipment for the maintenance of its drainage ditches.

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

Table 1, below illustrates a comparative summary of the City's statement of net position at September 30, 2019 and 2018.

Table 1
City of Weslaco, Texas- Net Position

	Primary Government										
		Governme	enta	l Activities		Business-ty	pe A	Activities			
				_				_			Total
				Restated						Total	Restated
		2019		2018		2019		2018		2019	2018
Current assets	\$	33,235,738	\$	18,978,492	\$	5,063,485	\$	7,304,277	\$	38,299,223	\$ 26,282,769
Capital assets, net		51,643,691		52,114,832		101,101,950		102,028,743		152,745,641	154,143,575
Total assets		84,879,429		71,093,324		106,165,435		109,333,020		191,044,864	180,426,344
Deferred outflows of resources- deferred charge		203,831		229,310		1,955,361		2,132,679		2,159,192	2,361,989
Deferred outflows of resources- pensions		3,223,576		1,358,330		256,750		116,531		3,480,326	1,474,861
Deferred outflows of resources- OPEB		296,155		57,888		4,308		5,178		300,463	63,066
Total deferred outflows of resources		3,723,562		1,645,528		2,216,419		2,254,388		5,939,981	3,899,916
Total assets and deferred outflows											
of resources	\$	88,602,991	\$	72,738,852	\$	108,381,854	\$	111,587,408	\$	196,984,845	\$ 184,326,260
Current liabilities	\$	4,220,309	\$	3,564,421	\$	1,813,214	\$	2,197,035	\$	6,033,523	\$ 5,761,456
Non-current liabilities											
Due within one year		3,147,132		2,774,385		3,247,473		2,696,284		6,394,605	5,470,669
Due in more than one year		37,735,125		27,196,985		56,095,389		59,794,305		93,830,514	86,991,290
Municipal net pension liability		8,791,058		4,898,934		1,052,286		713,839		9,843,344	5,612,773
Firemen's net pension liability		4,806,025		4,275,408		-		-		4,806,025	4,275,408
OPEB liability- TMRS Supplemental death		639,791		663,944		57,287		59,388		697,078	723,332
OPEB liability- reitree health care		2,454,914		1,971,279		-		-		2,454,914	1,971,279
Total liabilities		61,794,354		45,345,356		62,265,649		65,460,851		124,060,003	110,806,207
Deferred inflows of resources- pensions		409,146		1,931,303		38,017		140,271		447,163	2,071,574
Deferred inflows of resources- OPEB		117,297		68,209		4,707		-		122,004	68,209
Total deferred inflows of resources		526,443		1,999,512		42,724		140,271		569,167	2,139,783
Net position											
Net investment in capital assets		32,298,614		28,246,600		47,630,121		46,083,251		79,928,735	74,329,851
Restricted		1,134,772		1,052,578		1,010,581		1,025,206		2,145,353	2,077,784
Unrestricted		(7,151,192)		(3,905,194)		(2,567,221)		(1,122,171)		(9,718,413)	(5,027,365)
Total net position		26,282,194		25,393,984		46,073,481		45,986,286		72,355,675	\$ 71,380,270
Total liabilities, deferred inflows											
of resources and net position	\$	88,602,991	\$	72,738,852	\$	108,381,854	\$	111,587,408	\$	196,984,845	\$ 184,326,260

# **Governmental Activities**

The property tax levy increased by \$70,495 (0.6%) 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 2018 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 \$13,417,629 for the year which is an increase of \$942,333 or 7.6% 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 32.4% of General Fund revenues, in support of governmental functions, such as public safety, library services and recreation.

Operating grants for governmental activities amounted to \$889,479 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	Governmental Activities Business-type Activities				Total		
	Restated				Total	Restated	Percent	
	2019	2018	2019	2018	2019	2018	2019	
Program Revenues:								
Charges for services	\$ 4,292,614	\$ 3,468,172	\$ 17,721,267	\$ 17,607,495	\$ 22,013,881	\$ 21,075,667	44.32%	
Operating grants and contributions	889,479	648,763	-	-	889,479	648,763	1.79%	
Capital grants and contributions	625,616	446,200	911,329	1,001,408	1,536,945	1,447,608	3.09%	
General Revenues:								
Property taxes	12,127,801	12,002,082	-	-	12,127,801	12,002,082	24.42%	
Non-property taxes	12,405,340	11,648,286	-	-	12,405,340	11,648,286	24.98%	
Unrestricted investment earnings	272,670	191,883	13,124	7,672	285,794	199,555	0.58%	
Other income	409,575	858,322	-	-	409,575	858,322	0.82%	
Total revenue	31,023,095	29,263,708	18,645,720	18,616,575	49,668,815	47,880,283	100.00%	
Expenses								
General government	7,758,658	6,439,519	-	-	7,758,658	6,439,519	15.93%	
Public safety	16,513,542	15,315,946	-	-	16,513,542	15,315,946	33.91%	
Emergency medical services	185,668	151,728	-	-	185,668	151,728	0.38%	
Public works	4,498,314	6,299,328	-	-	4,498,314	6,299,328	9.24%	
Culture and recreation	2,319,476	2,367,348	-	-	2,319,476	2,367,348	4.76%	
Interest on long term debt	1,299,788	919,744	-	-	1,299,788	919,744	2.67%	
Water and sewer services	-	-	10,599,018	10,412,234	10,599,018	10,412,234	21.77%	
Solid waste services	-	-	4,483,587	4,368,411	4,483,587	4,368,411	9.21%	
Airport	-	-	1,035,359	925,905	1,035,359	925,905	2.13%	
Total expenses	32,575,446	31,493,613	16,117,964	15,706,550	48,693,410	47,200,163	100.00%	
Increase in net position before								
Transfers and special items	(1,552,351)	(2,229,905)	2,527,756	2,910,025	975,405	680,120		
Transfers	2,440,561	2,051,045	(2,440,561)	(2,051,045)	-	-		
Change in net position	888,210	(178,860)	87,195	858,980	975,405	680,120		
Net position- beginning	25,393,984	25,572,844	45,986,286	45,127,306	71,380,270	70,700,150		
Net postion- ending	\$ 26,282,194	\$ 25,393,984	\$ 46,073,481	\$ 45,986,286	\$ 72,355,675	\$ 71,380,270		

### **Business-Type Activities**

Business-type activities continue to account for about 63.7% 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 \$807,122 from current year operations which was down from the prior year change in net position by \$834,464. This was the result of prior year settlement proceeds received and recorded in revenue that were not present in the current year. Operating revenues decreased by (\$20,424) and operating expenses increased by \$30,023. Transfers to other funds also increased by \$675,630 to make the current payments on long-term debt.

The net position of the Solid Waste Fund decreased (\$485,842) due to continued transfers to the capital improvement fund. Operating revenues increased by \$27,717 and operating expenses increased by \$115,176. Transfers to other funds (to the Capital Improvements Program Fund) remained consistent with prior year.

The net position of the Airport Fund decreased by (\$234,085), 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 (\$713,450). Improvements continue to have minimal effect at the Airport, yet the City will continue striving with a new business plan.

#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

## **Governmental Funds**

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

As the end of the current fiscal year, the City of Weslaco's governmental funds reported combined ending fund balances of \$28,492,263. Approximately 28% of this total amount, or \$7,965,191 constitutes unassigned fund balance, which is available for spending at the government's discretion. This represents 23.5% of operating expenditures. The remainder of fund balance is non-spendable, restricted, or assigned to indicate that it is not available for new spending because it has already been assigned for a specific purpose or restricted for debt or future capital projects.

The General Fund is the chief operating fund of the City of Weslaco. At the end of the current fiscal year, the general fund's unassigned fund balance was \$7,965,191 which increased by \$1,611,875 from the prior unassigned fund balance of \$6,353,316 which was mainly attributed to increases in nonproperty taxes and fees and charges experienced in the current year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30% of the total General Fund expenditures, while total fund balance represents 40.9% 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 2018 tax year levy. In addition, sales tax revenues increased by 7.6% from prior year.

The debt service fund has a total fund balance of \$382,103, all of which is restricted for the repayment of debt service. The scheduled tax supported debt service payments for fiscal year 2019 was \$2,834,277, including interest paid of \$743,205.

### **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 (\$3,297,467), which was a decrease of (\$860,862) from last year. Operating revenues decreased by (\$20,424) and operating expenses increased by \$30,023. The end result was operating income decreased by \$50,447 compared to last year.

The unrestricted net position of the Solid Waste Fund amounted to \$1,402,176 at the end of the year, a decrease of \$475,463 from the prior year. Operating revenue saw a small increase of \$27,717 from last year, while operating expenses increased by \$115,176. It should be noted that the decrease in net position of \$485,842 was affected by transfers of \$1,125,000 to other funds.

The unrestricted net position for the Airport Fund amounted to \$(671,930). The runway expansion project has been completed yet experience a short interruption towards the latter part of the year and we are back to normal operations of the Airport. The Airport has now commence in the construction of additional hangers to accommodate demands.

## **General Fund Budgetary Highlights**

The original budgeted revenue of \$25,406,664 represented a 4% increase over the previous year's budgeted amount. The 2019 budget was amended to recognize additional projected revenue, for a final revenue budget of \$26,503,280. Taxes represent about 78% of total General Fund budgeted revenue.

The original adopted General Fund expenditures were \$25,629,125. However, circumstances arose which required the expenditure of additional funds that were not foreseen prior to the commencement of the fiscal year. Each year the City performs a mid-year review of the budget. If it is determined that funds are available, certain amendments are proposed to the City Commission for their review and approval. These amendments increased the General Fund's appropriations by \$1,991,783, to \$27,180,908 of expenditures. The increase was attributed mostly to Capital Outlay and overtime. The City retrofitted Traffic lights and installation of a new system in the Police department, this cost was offset by a grant.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

## **Capital Assets**

The City of Weslaco's investment in capital assets for its governmental and business type activities as of September 30, 2019, amounts to \$152,745,641 (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 decrease in the City of Weslaco's investment in capital assets for the current fiscal year was 1.0%

Table 3
City of Weslaco- Capital Assets
Primary Government

	Governmental Activities			Business-typ	Activities	Total				
	2019	2018		2019		2018		2019		2018
Land,	\$ 4,900,165	\$ 4,640,165	\$	2,551,870	\$	2,551,870	\$	7,452,035	\$	7,192,035
Infrastucture	7,629,307	7,629,307		-		-		7,629,307		7,629,307
Buildings	18,494,359	18,494,359		1,679,646		1,679,646		20,174,005		20,174,005
Equipment	13,558,222	12,975,323		7,926,322		7,599,160		21,484,544		20,574,483
Improvements	45,448,801	45,056,274		80,930,572		77,302,566		126,379,373		122,358,840
Capital leases	6,911,937	5,915,820		6,934,391		-		13,846,328		5,915,820
Construction in progress	2,401,877	1,557,737		47,850,254		56,599,375		50,252,131		58,157,112
Totals at historical cost	99,344,668	96,268,985		147,873,055		145,732,617		247,217,723		242,001,602
Accumulated depreciation	(47,700,977)	(44,154,153)		(46,771,105)		(43,703,874)		(94,472,082)		(87,858,027)
Total capital assets, net	\$ 51,643,691	\$ 52,114,832	\$	101,101,950	\$	102,028,743	\$	152,745,641	\$	154,143,575

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

### **Long-Term Debt**

At year end of the current fiscal year, the City of Weslaco had total bonded debt outstanding of \$73,530,000, excluding \$1,155,000 in the component unit. Total bonded debt is comprised of debt backed by the full faith and credit of the government.

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

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The employment rate for the City of Weslaco increased by 1.1% to 93.8% from 92.7% a year ago. This rate compares to the state's average employment rate of 96.7%.

The City Commission increased the property tax rate by three cents to \$0.6967 per \$100 for the 2020 tax year, or fiscal year ending September 30, 2020. This tax rate represents the issuance of a new Bond, yet 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 2019-2020 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 2019-2020 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, 2019

		Primary Government								
	Gov	ernmental	В	usiness-Type			Co	omponent		
	Α	ctivities		Activities		Total		Unit		
Assets										
Cash and cash equivalents	\$	18,180,233	\$	225,546	\$	18,405,779	\$	4,776,645		
Cash and cash equivalents- restricted		348,594		2,068,985		2,417,579		733,449		
Investments		5,829,162		-		5,829,162		-		
Investments, restricted		-		789,655		789,655		-		
Receivables, net		4,918,613		2,764,691		7,683,304		458,935		
Internal balances		1,015,582		(1,015,582)		, , , <u>-</u>		´-		
Notes receivables		-		-		-		1,969,563		
Prepaid bond insurance costs		64,416		37,936		102,352		-		
Assets held for sale		2,874,000		-		2,874,000		-		
Other prepaid items		2,057		-		2,057		-		
Inventories		3,081		192,254		195,335		-		
Capital assets not being depreciated		14,931,349		50,402,124		65,333,473		-		
Capital assets, net of depreciation		36,712,342		50,699,826		87,412,168		5,000,119		
Total assets		84,879,429		106,165,435		191,044,864		12,938,711		
Deferred Outflows of Resources										
Deferred charge on refunding		203,831		1,955,361		2,159,192		_		
Deferred outflows related to pensions		3,223,576		256,750		3,480,326		_		
Deferred outflows related to OPEB		296,155		4,308		300,463		_		
Total Deferred Outflows of Resources		3,723,562		2,216,419		5,939,981				
Total Deferred Outflows of Resources		3,723,302		2,210,419		3,333,361				
Total Assets and Deferred Outflows of	<b>.</b>	00 603 001	<b>.</b>	100 201 054	<b>,</b>	100 004 045	<u> </u>	12 020 711		
Resources	\$	88,602,991	\$	108,381,854	\$	196,984,845	Ş	12,938,711		
Liabilities										
Accounts payable	\$	1,617,882	\$	1,386,925	\$	3,004,807	\$	5,724		
Accrued expenses		2,384,669		426,289		2,810,958		16,828		
Unearned revenue		217,758		-		217,758		-		
Non-current liabilities:										
Due within one year		3,147,132		3,247,473		6,394,605		275,000		
Due in more than one year		37,735,125		56,095,389		93,830,514		880,000		
Municipal net pension liability		8,791,058		1,052,286		9,843,344		-		
Firemen's net pension liability		4,806,025		-		4,806,025		-		
OPEB liability- TMRS SDB		639,791		57,287		697,078		_		
OPEB liability- retiree health care		2,454,914		-		2,454,914		_		
Total Liabilities		61,794,354		62,265,649		124,060,003		1,177,552		
Deferred Inflows of Resources		100 116		20.047		447.462				
Deferred inflows related to pensions		409,146		38,017		447,163		-		
Deferred inflows related to OPEB		117,297		4,707		122,004				
Total Deferred Inflows of Resources		526,443		42,724		569,167		-		
Net Position										
Net investment in capital assets		32,298,614		47,630,121		79,928,735		5,675,120		
Restricted for:										
Debt service		382,103		996,487		1,378,590		320,000		
Special revenue funds		752,669		-		752,669		-		
Capital projects		-		14,094		14,094		733,449		
Project development		-		-		-		-		
Unrestricted		(7,151,192)		(2,567,221)		(9,718,413)		5,032,590		
Total Net Position		26,282,194		46,073,481		72,355,675		11,761,159		
Total Liabilities, Deferred Inflows of										
Resources, and Net Position	\$	88,602,991	\$	108,381,854	\$	196,984,845	\$	12,938,711		
,	'	, ,	•	. ,		, ,		, -,		

# City of Weslaco, Texas **Statement of Activities**

For the Fiscal Year Ended September 30, 2019

					Prog	ram Revenues			
					C	Operating	Ca	pital Grants	
			Charge for Services		G	rants and	and Contributions		
Functions/programs	Expenses				Co	ntributions			
Primary Government									
Governmental activities:									
General government	\$	7,783,921	\$	1,468,352	\$	-	\$	-	
Public safety		16,488,279		811,163		889,479		500,616	
Emergency medical services		185,668		1,979,726		-		-	
Public works		4,498,314		-		-		-	
Culture and recreation		2,319,476		33,373		-		125,000	
Interest on long-term debt		1,299,788		-		-		-	
Total governmental activities		32,575,446		4,292,614		889,479		625,616	
Business-type activities:									
Water and Wastewater services		10,599,018		12,276,613		-		681,964	
Solid waste services		4,483,587		5,122,745		-		-	
Airport		1,035,359		321,909		-		229,365	
Total business-type activities		16,117,964		17,721,267		-		911,329	
Total primary government	\$	48,693,410	\$	22,013,881	\$	889,479	\$	1,536,945	
Component Unit:									
General government and administration	\$	197,339	\$	-	\$	-	\$	-	
Property management		642,352		250,851		204,340		-	
Promotion and development		235,787		-		40,610		_	
Development services		1,091,651		-		, -		_	
Interest on long-term debt		86,176		-		-		-	
Total componen unit	\$	2,253,305	\$	250,851	\$	244,950	\$	-	

#### **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

	Primary Gove	ernment					
Governmental	Business-	Component					
Activities	Activiti	es		Total		Unit	
4 (6.245.560)			_	(6.045.560)			
\$ (6,315,569)		-	\$	(6,315,569)	\$	-	
(14,287,021)		-		(14,287,021)		-	
1,794,058		-		1,794,058		-	
(4,498,314)		-		(4,498,314)		-	
(2,161,103)		-		(2,161,103)		-	
(1,299,788)		-		(1,299,788)		-	
(26,767,737)		-		(26,767,737)		-	
-		9,559		2,359,559		-	
-		9,158		639,158		-	
		4,085)		(484,085)		-	
-	2,51	4,632		2,514,632		-	
(26.767.727)	2.51	4 622		(24.252.405)			
(26,767,737)	2,514	4,632		(24,253,105)		-	
\$ -	\$		\$		\$	(197,339)	
<b>,</b> -	ş	-	Ą	-	Ş		
-		-		-		(187,161)	
-		-		-		(195,177)	
-		-		-		(1,091,651)	
-		-		-		(86,176)	
						(1,757,504)	
12,127,801		_		12,127,801		_	
10,063,222		_		10,063,222		3,354,407	
349,728		_		349,728		-	
1,992,390		_		1,992,390		_	
272,670	13	3,124		285,794		128,854	
272,070		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		203,731		120,031	
55,829		_		55,829		83,736	
353,746		-		353,746		47,322	
2,440,561	(2.440	0,561)		-		-	
27,655,947		7,437)		25,228,510		3,614,319	
	,	, - ,				-,- ,	
888,210	87	7,195		975,405		1,856,815	
21,150,019	45,986	6.286		67,136,305		9,904,344	
4,243,965	.2,30	-		4,243,965		- / /	
25,393,984	45,986	6,286		71,380,270		9,904,344	
\$ 26,282,194	\$ 46,073	3,481	\$	72,355,675	Ş	11,761,159	

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

Se	ptem	ber	30.	2019

September 30, 2019				2019 Bond		Other		Total
		General	(	Construction	Go	overnmental	Go	vernmental
		Fund		Fund		Funds		Funds
Assets								
Cash and cash equivalents	\$	1,630,601	\$	10,000,000	\$	6,549,632	\$	18,180,233
Cash and cash equivalents- restricted	•	348,594		-		-		348,594
Investments		3,966,041		-		1,863,121		5,829,162
Receivables (net of allowance for uncollectibles):								, ,
Ad valorem taxes		764,565		-		279,420		1,043,985
Sales taxes		1,039,600		_		-		1,039,600
Ambulance fees		1,490,299		_		_		1,490,299
Other		1,174,165		_		170,564		1,344,729
Due from other funds		1,959,372		-		38,809		1,998,181
Assets held for sale		2,874,000		_		-		2,874,000
Prepaid items		2,057		_		_		2,057
Inventories		3,081		-		_		3,081
Total Assets	\$	15,252,375	\$	10,000,000	\$	8,901,546	\$	34,153,921
Liabilities								
Accounts payable	\$		\$	-	\$	343,109	\$	1,617,88
Accrued salaries and payroll taxes		410,028		-		-		410,028
Other liabilities		1,499,042		-		-		1,499,042
Due to other funds		46,959		-		685,371		732,330
Payable from restricted assets		348,594		-		-		348,594
Unearned revenue		217,758		-		-		217,75
Total Liabilities		3,797,154		-		1,028,480		4,825,634
Deferred Inflows of Resources								
Unavailable revenue- ad valorem taxes		610,892		-		225,132		836,024
Total Deferred Inflows of Resources		610,892		-		225,132		836,02
Fund Balances								
Nonspendable		5,138		-		-		5,13
Restricted		-		10,000,000		5,407,807		15,407,807
Assigned		2,874,000		-		2,240,127		5,114,12
Unassigned		7,965,191		-		-,,		7,965,19
Total Fund Balances		10,844,329	_	10,000,000		7,647,934		28,492,26
Total Liabilities, Deferred Inflows of								
Resources and Fund Balances	\$	15,252,375	\$	10,000,000	\$	8,901,546	\$	34,153,92
nessarces and rand balances	7	13,232,373	7	10,000,000	7	5,501,540	7	54,155,5

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

September 30, 2019

	G	overnmental Activities
Total fund balance-governmental funds	\$	28,492,263
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.		836,024
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 \$94,276,146 net of accumulated depreciation totaling \$(42,746,353). Not included in this amount are internal service fund assets of \$113,898.		51,529,793
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.		(127,005)
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		64,416
Deferred outflows of resources related to amounts deferred on refundings of long- term debt are not reported in the governmental funds.		203,831
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.		(136,371)
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.		(40,882,257)
Included in the noncurrent assets/(liabilities) is the recognition of the City's net pension (liability) required by GASB Statement No 68 in the amount of (\$8,791,058), a deferred resource outflows in the amount of \$2,630,793, and a deferred		
resource inflow in the amount of (\$191,731). This resulted in a (decrease) in net position.		(6,351,996)
Included in the noncurrent (liabilities) is the recognition of the City Firemen's net pension (liability) required by GASB 68 in the amount of (\$4,806,025), a deferred resource outflows in the amount of \$592,783 and a deferred resource inflow in the amount of (\$217,415). This resulted in a (decrease) in net position.		(4,430,657)
Included in the noncurrent (liabilities) is the recognition of the City's total OPEB liability required by GASB 75 in the amount of (\$3,094,705), a deferred resource		(4,430,037)
outflow in the amount of \$296,155, and a deferred resource inflow in the amount of (\$117,297). This resulted in a (decrease) in net position.		(2,915,847)
Net position of governmental activities	\$	26,282,194

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, 2019

For the Fiscal Year Ended September 30, 2019		2019 Bond		Other		Total
	General	Construction	Go	vernmental	Go	overnmental
	Fund	Fund		Funds		Funds
Revenues						
Property taxes	\$ 9,320,949	\$ -	\$	2,766,176	\$	12,087,125
Nonproperty taxes	12,055,612	-		349,728		12,405,340
Fees and charges	2,982,497	-		112,463		3,094,960
Fines and forfeitures	503,972	-		-		503,972
Licenses and permits	693,682	-		-		693,682
Intergovernmental	1,390,095	-		-		1,390,095
Investment income	222,974	-		49,696		272,670
Miscellaneous	353,746	-		125,000		478,746
Total Revenues	27,523,527	-		3,403,063		30,926,590
Expenditures						
General government	6,237,293	-		-		6,237,293
Public safety	15,084,024	-		888,293		15,972,317
Public works	2,438,151	-		2,307,773		4,745,924
Culture and recreation	1,259,204	-		692,981		1,952,185
Economic development	590,635	-		-		590,635
Debt service:						
Principal	862,483	-		2,546,617		3,409,100
Interest and fees	44,562	107,256		899,743		1,051,561
Total Expenditures	26,516,352	107,256		7,335,407		33,959,015
Excess (deficiency) of revenues						
over expenditures	1,007,175	(107,256)		(3,932,344)		(3,032,425)
Other financing sources (uses):						
Issuance of debt	-	10,107,256		4,150,093		14,257,349
Sale of capital assets	55,829	-		-		55,829
Transfers in	2,801,817	-		1,978,371		4,780,188
Transfers out	(2,444,268)	-		-		(2,444,268)
Total other financing sources (uses)	413,378	10,107,256		6,128,464		16,649,098
Net change in fund balances	1,420,553	10,000,000		2,196,120		13,616,673
Fund balances at beginning of year	9,423,776	-		5,451,814		14,875,590
Fund balances at end of year	\$ 10,844,329	\$ 10,000,000	\$	7,647,934	\$	28,492,263

# City of Weslaco, Texas Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended September 30, 2019

Amounts reported for governmental activities in the statement of activities are different because: Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$3,243,761) exceeded capital outlay \$3,289,015 in the current period. Not included in this amount is depreciation in the internal service fund of (\$516,396).  The change in compensated absences of \$334,267 payable during the year is reported as a increase to expenditures in the statement of activities but not in the governmental funds.  (It is usuance 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.  (It is change in accrued interest on long-term debt provides decreases in long-term liabilities in the statement of net position.  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.  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, but the repayment reduces long-term liabilities in the statement of activities.  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 activities in the governmental funds, but the repayment reduces long-term liabilities in the statement of activities in the governmental funds,	For the Fiscal Year Ended September 30, 2019	Governmental Activities
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$3,243,761) exceeded capital outlay \$3,289,015 in the current period. Not included in this amount is depreciation in the internal service fund of (\$516,396).  The change in compensated absences of \$334,267 payable during the year is reported as a increase to expenditures in the statement of activities but not in the governmental funds.  (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.  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.  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.  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 a position. Not included in this amount are payments on capital leases in the internal service fund of \$104,119.  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.  GASB Statement No 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measureme	Net change in fund balances-total governmental funds	\$ 13,616,673
statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$3,243,761) exceeded capital outlay \$3,289,016 in the current period. Not included in this amount is depreciation in the internal service fund of (\$516,396).  The change in compensated absences of \$334,267 payable during the year is reported as a increase to expenditures in the statement of activities but not in the governmental funds.  (Increase to expenditures in the statement of activities but not in the governmental funds.  (Increase to expenditures in the statement of activities but not in the governmental funds.  (Increase to expenditures in the statement of activities of the statement of the position.  (Increase to expenditures on long-term debt provides decreases in long-term liabilities in the statement of net position.  (Increase as soid, 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.  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.  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. Not included in this amount are payments on agreements are reported as expenditures in the governmental activities.  (Increase in the internal service funds is reported with governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Not included in this amount are payments on agreement as the change in reported in the governmental activities.  (Increase in the internal service funds is reported with g	Amounts reported for governmental activities in the statement of activities are different because:	
increase to expenditures in the statement of activities but not in the governmental funds.  (suance 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.  (14, The change in accrued interest on long-term debt provides decreases in long-term liabilities in the statement of net position.  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.  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.  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. Not included in this amount are payments on capital leases in the internal service fund of \$104,119.  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.  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 12/31/2018 caused the change in net position totaling (5588,426). The City's reported TMR5 net pension expense had to be recorded. The net pension expense (decreased) the change in net position to totaling (5588,426). The City's reported TMR5 net pension expense had to be recorded. The net pension expense on the statement of activities and therefore increase net posit	statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$3,243,761) exceeded capital outlay \$3,289,016 in the current period. Not included in this amount is depreciation	45,255
sources in the governmental funds while they are recorded as long term debt in the statement of net position.  (14,)  The change in accrued interest on long-term debt provides decreases in long-term liabilities in the statement of net position.  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.  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.  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. Not included in this amount are payments on capital leases in the internal service fund of \$104,119.  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.  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 12/31/2018 caused the change in ending net position to increase in the amount of \$611,526. 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 (5588,426). The City's reported TMRS net pension expense had to be recorded. The net pension expense on the statement of activities and therefore increase net position.  The implementation of GASB 75 required that certain expenditures b		(334,267)
In the statement of net position.  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.  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.  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. Not included in this amount are payments on capital leases in the internal service fund of \$104,119.  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.  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 12/31/2018 caused the change in ending net position to increase in the amount of \$611,526. 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 (\$588,426). The City's reported TMRS net pension expense had to be recorded. The net pension expense (decreased) the change in net position by (\$1,126,790). The result of these changes is to (decrease) the change in net position.  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 12/31/18 caused the change in the end	sources in the governmental funds while they are recorded as long term debt in the statement of net	(14,257,349)
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.  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.  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. Not included in this amount are payments on capital leases in the internal service fund of \$104,119.  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.  GASB Statement No 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after 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 (\$588,426). The City's reported TMRS net pension expense had to be recorded. The net pension expense (decreased) the change in net position by (\$1,126,790). The result of these changes is to (decrease) the change in net position.  (1, Firemen pension contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increase net position.  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 12/31/18 caused the change in the ending net position to increase in the amount of \$12,230. Contributions made before the measurement dat		(47,052)
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. Not included in this amount are payments on capital leases in the internal service fund of \$104,119.  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.  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 12/31/2018 caused the change in ending net position to increase in the amount of \$611,526. 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 (\$588,426). The City's reported TMRS net pension expense had to be recorded. The net pension expense (decreased) the change in net position by (\$1,126,790). The result of these changes is to (decrease) the change in net position.  (1, Firemen pension contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increase net position.  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 12/31/18 caused the change in the ending net position to increase in the amount of \$12,230. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense, This caused a decrease in the change in net position totaling (\$12,519). The City's reported TMRS OPEB expense had to be recorded. The net OPEB expense (decreased) the ch	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	129,267
agreements are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Not included in this amount are payments on capital leases in the internal service fund of \$104,119.  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.  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 12/31/2018 caused the change in ending net position to increase in the amount of \$611,526. 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 (\$588,426). The City's reported TMRS net pension expense had to be recorded. The net pension expense (decreased) the change in net position by (\$1,126,790). The result of these changes is to (decrease) the change in net position.  (1).  Firemen pension contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increase net position.  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 12/31/18 caused the change in the ending net position to increase in the amount of \$12,230. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$12,519). The City's reported TMRS OPEB expense had to be recorded. The net OPEB expense (decreased) the change in net position by (\$39,689). In addition to this the City's reported Firemen Retiree He		40,676
(Joss) of the internal service funds is reported with governmental activities.  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 12/31/2018 caused the change in ending net position to increase in the amount of \$611,526. 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 (\$588,426). The City's reported TMRS net pension expense had to be recorded. The net pension expense (decreased) the change in net position by (\$1,126,790). The result of these changes is to (decrease) the change in net position.  Firemen pension contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increase net position.  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 12/31/18 caused the change in the ending net position to increase in the amount of \$12,230. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$12,519). The City's reported TMRS OPEB expense had to be recorded. The net OPEB expense (decreased) the change in net position to be recorded. The net OPEB expense (decreased) the change in net position to be recorded. The net OPEB expense (decreased) the change in net position by (\$39,689). 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.	agreements are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Not included in this amount are payments on	3,412,925
recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2018 caused the change in ending net position to increase in the amount of \$611,526. 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 (\$588,426). The City's reported TMRS net pension expense had to be recorded. The net pension expense (decreased) the change in net position by (\$1,126,790). The result of these changes is to (decrease) the change in net position.  (1,  Firemen pension contributions reported in the funds were greater than the calculated pension expense on the statement of activities and therefore increase net position.  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 12/31/18 caused the change in the ending net position to increase in the amount of \$12,230. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$12,519). The City's reported TMRS OPEB expense had to be recorded. The net OPEB expense (decreased) the change in net position by (\$39,689). 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.		(412,277)
on the statement of activities and therefore increase net position.  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 12/31/18 caused the change in the ending net position to increase in the amount of \$12,230. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$12,519). The City's reported TMRS OPEB expense had to be recorded. The net OPEB expense (decreased) the change in net position by (\$39,689). 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 (\$230,325). The result of these changes is to (decrease) the change in net position.	recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2018 caused the change in ending net position to increase in the amount of \$611,526. 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 (\$588,426). The City's reported TMRS net pension expense had to be recorded. The net pension expense (decreased) the change in net position by (\$1,126,790). The result of these changes	
deferred resource outflows. These contributions made after the measurement date of 12/31/18 caused the change in the ending net position to increase in the amount of \$12,230. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$12,519). The City's reported TMRS OPEB expense had to be recorded. The net OPEB expense (decreased) the change in net position by (\$39,689). 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 (\$230,325). The result of these changes is to (decrease) the change in net position.	, , , , , , , , , , , , , , , , , , , ,	68,352
net position by (\$230,325). The result of these changes is to (decrease) the change in net position.	deferred resource outflows. These contributions made after the measurement date of 12/31/18 caused the change in the ending net position to increase in the amount of \$12,230. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$12,519). The City's reported TMRS OPEB expense had to be recorded. The net OPEB expense (decreased) the change in net position by (\$39,689). In addition to this the City's reported Firemen	
Change in net position of governmental activities \$		(270,303)
	Change in net position of governmental activities	\$ 888,210

### City of Weslaco, Texas Proprietary Funds Statement of Net Position

September 30, 2019

						G	overnmenta
			Business-Ty <sub>l</sub>	pe Activities			Activities
	Water						
	and		Solid				Internal
	Wastewater		Waste	Airport			Service
	Fund		Fund	Airport Fund	Totals		Fund
	Fullu		runu	Fullu	Totals		Fullu
Assets							
Current Assets							
Cash and cash equivalents	\$ 225,446	\$	-	\$ 100	\$ 225,546	\$	-
Cash and cash equivalents- restricted	2,054,891		-	14,094	2,068,985		-
Investments- restricted	789,655		-	-	789,655		-
Receivables,							
net of allowances for uncollectibles	1,989,916		675,576	99,199	2,764,691		_
Due from other funds	-		2,000,000	-	2,000,000		_
Inventories	160,900		-	31,354	192,254		_
Prepaid items	37,936		-	-	37,936		-
Total current assets	5,258,744		2,675,576	144,747	8,079,067		-
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	5,550,697		1,734,678	640,947	7,926,322		4,997,65
Improvements	-		-	-	-,525,522		70,86
Infrastructure	70,175,369		64,461	10,690,742	80,930,572		, 0,00
Capital leases	6,934,391		04,401	10,030,742	6,934,391		_
Construction-in-progress	44,797,842		_	3,052,412	47,850,254		_
Construction-in-progress	44,797,642		<u>-</u>	3,032,412	47,830,234		
Total non-current assets	128,485,798		2,889,167	16,498,090	147,873,055		5,068,52
Accumulated depreciation	(39,230,338)	) (	2,320,301)	(5,220,466)	(46,771,105)		(4,954,62
Total non-current assets, net	89,255,460		568,866	11,277,624	101,101,950		113,89
Total assets	94,514,204		3,244,442	11,422,371	109,181,017		113,89
Deferred outflows of resources							
Deferred outflows related to pensions	200,827		8,024	47,899	256,750		_
Deferred outflows related to OPEB	3,322		137	849	4,308		_
Deferred charge on refunding	1,955,361		-	-	1,955,361		-
Total deferred outflows of resources	2,159,510		8,161	48,748	2,216,419		
Total assets and deferred outflows of resources	\$ 96,673,714	\$	3,252,603	\$ 11,471,119	\$ 111,397,436	\$	113,89

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

September 30, 2019

Business-Type Activities									vernmental Activities
	١	Water and Vastewater Fund		Solid Waste Fund		Airport Fund		Totals	Internal Service Fund
Liabilities									
Current Liabilities:									
Accounts payable	\$	924,733	\$	390,048	\$	72,144	\$	1,386,925	\$ -
Accrued salaries and other liabilities		132,351		-		26,657		159,008	-
Due to other funds		2,000,000		470,232		545,350		3,015,582	250,269
Current portion of long term debt		3,243,951		678		2,844		3,247,473	-
Accrued interest on bonds		267,281		-		-		267,281	 -
Total current liabilities		6,568,316		860,958		646,995		8,076,269	250,269
Noncurrent liabilities:									
Compensated absences		78,245		6,147		27,199		111,591	-
Customer deposits		1,182,191		-		3,594		1,185,785	-
Revenue bonds payable,									
net of unamortized premiums		48,248,304		-		-		48,248,304	-
Capital lease payable		6,161,945		-		-		6,161,945	-
Landfill closure		-		387,764		-		387,764	-
Net pension liability		869,180		24,615		158,491		1,052,286	-
OPEB liability		44,000		1,874		11,413		57,287	-
Total noncurrent liabilities		56,583,865		420,400		200,697		57,204,962	 -
Total liabilities		63,152,181		1,281,358		847,692		65,281,231	250,269
Deferred inflows of resources									
Deferred inflows related to pensions		35,352		26		2,639		38,017	-
Deferred inflows related to OPEB		3,530		177		1,000		4,707	 
Total deferred inflows of resources		38,882		203		3,639		42,724	-
Net Position									
Net investment in capital assets		35,783,631		568,866		11,277,624		47,630,121	113,898
Restricted for:									
Revenue bond retirement		996,487		-		-		996,487	-
Construction		-		-		14,094		14,094	-
Unrestricted		(3,297,467)		1,402,176		(671,930)		(2,567,221)	 (250,269
Total net position		33,482,651		1,971,042		10,619,788		46,073,481	 (136,371
Total liabilities, deferred inflows of resources, and net position	\$	96,673,714	\$	3,252,603	\$	11,471,119	\$	111,397,436	\$ 113,898

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

For the Fiscal Year Ended September 30, 2019

For the Fiscal Year Ended September 30, 2019				Business Ty	pe A	Activities				ernmental Activities
	V	Water and Vastewater Fund		Solid Waste Fund		Airport Fund		Total	Int	ernal Service Fund
Operating Revenues:										
Water services	\$	7,090,130	\$	_	\$	_	\$	7,090,130	\$	_
Sewer services	*	5,057,874	Ψ.	_	7	_	~	5,057,874	Ψ.	_
Charges for services		-		5,093,075		321,634		5,414,709		_
Miscellaneous		128,609		29,670		275		158,554		-
Total operating revenues		12,276,613		5,122,745		321,909		17,721,267		-
Operating Expenses:										
Personal services		888,498		73,122		247,744		1,209,364		-
Other services and charges		2,058,901		163,279		183,579		2,405,759		-
Supplies		223,795		13,073		258,497		495,365		-
Contractual services		2,765,472		4,209,444		-		6,974,916		-
Depreciation		2,934,073		24,669		345,539		3,304,281		516,396
Total operating expenses		8,870,739		4,483,587		1,035,359		14,389,685		516,396
Operating income (loss)		3,405,874		639,158		(713,450)		3,331,582		(516,396
Non-operating revenues (expenses)										
Investment income		13,124		-		-		13,124		-
Interest expense		(1,728,279)		-		-		(1,728,279)		(522
Total non-operating (expenses)		(1,715,155)		-		-		(1,715,155)		(522
Income (loss) before transfers and capital contributions		1,690,719		639,158		(713,450)		1,616,427		(516,918
Transfers in (out) and capital contributions										
Capital Improvement fees		642,214		-		-		642,214		-
Capital grants		39,750		-		229,365		269,115		-
Transfers in		5,705,757		-		250,000		5,955,757		104,641
Transfers out		(7,271,318)		(1,125,000)		-		(8,396,318)		-
Total transfers and capital contributions		(883,597)		(1,125,000)		479,365		(1,529,232)		104,641
Change in net position		807,122		(485,842)		(234,085)		87,195		(412,277
Net position- beginning		32,675,529		2,456,884		10,853,873		45,986,286		275,906
Net position- ending	\$	33,482,651	\$	1,971,042	\$	10,619,788	\$	46,073,481	\$	(136,371

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, 2019

				Business Typ	oe A	ctivities			Gov	ernmental Activities
		Water								
		and		Solid						
	٧	Vastewater		Waste		Airport			Int	ernal Service
		Fund		Fund		Fund		Total		Fund
Cash flows from operating activities										
, ,	,	12 547 000	خ.	F 217 700	4	250.702	ċ	10 015 502	\$	
Cash received from customers	\$	12,547,000	\$	5,217,790	\$	250,792	\$	18,015,582	>	-
Payments to suppliers		(5,452,262)		(3,981,093)		(277,911)		(9,711,266)		-
Payments to employees		(627,162)		(64,446)		(231,967)		(923,575)		
Net cash provided by (used in)		6 467 576		4 472 254		(250,000)		7 200 744		
operating activities		6,467,576		1,172,251		(259,086)		7,380,741		-
Cash flows from noncapital financing activities										
Transfers from other funds		5,705,757		-		250,000		5,955,757		104,641
Transfers to other funds		(7,271,318)		(1,125,000)		· -		(8,396,318)		, , , , , , , , , , , , , , , , , , ,
Net cash provided by (used in)		.,,,,		.,,,,						
noncapital financing activities		(1,565,561)		(1,125,000)		250,000		(2,440,561)		104,641
•		(=,===,===,		(-,,				(=, : : =, = = =,		
Cash flows from capital and related financing activities										
Purchase of capital assets		(2,078,581)		(14,290)		(79,829)		(2,172,700)		-
Interest paid on bonds		(2,586,616)		-		-		(2,586,616)		-
Interest paid on capital leases		-		-		-		-		(522)
Retirement of capital leases		-		-		-		-		(104,119)
Retirement of bonds		(2,317,266)		-		-		(2,317,266)		-
Landfill closure costs		-		(32,961)		-		(32,961)		-
Capital grants		-		-		71,802		71,802		-
Capital improvement fees		642,214		-		-		642,214		-
Net cash provided used in capital										
and related financing activites		(6,340,249)		(47,251)		(8,027)		(6,395,527)		(104,641)
Cash flow from investing activities:										
Interest on cash and investments		13,124		-		-		13,124		-
Purchase of capital assets		(11,227)		-		-		(11,227)		-
Net cash provided by investing										
activities		1,897		-		-		1,897		-
		/* *** ****				(4= 440)		(4.450.450)		
Net (decrease) in cash and cash equivalents		(1,436,337)		-		(17,113)		(1,453,450)		-
Code and analysis to death host at a configuration		2 746 674				24 207		2 747 004		
Cash and cash equivalents, beginning of year		3,716,674		-		31,307		3,747,981		-
Cash and cash equivalents, end of year	\$	2,280,337	\$	-	\$	14,194	\$	2,294,531	\$	-
Reconciliation of operating income (loss)										
to net cash provided by used in operating activities										
Operating income (loss)	Ś	3,405,874	\$	639,158	\$	(713,450)	\$	3,331,582	\$	(516,396)
Adjustments to reconcile income (loss)	Y	3,403,074	Ţ	033,130	Ţ	(713,430)	Ų	3,331,302	Ţ	(310,330)
from operations to net cash from operating activities:										
Depreciation		2,934,073		24,669		345,539		3,304,281		516,396
										510,550
(Increase) decrease in accounts receivables		195,594		95,045		(71,117)		219,522		_
(Increase) decrease in inventories		58,232		-		-		58,232		-
(Increase) decrease in prepaid items		6,162		- (5.225)				6,162		-
(Increase) decrease in deferred outflows		72,806		(5,225)		(29,612)		37,969		-
Decrease (increase) in accounts payable		(460,480)		(14,684)		66,116		(409,048)		-
Decrease (increase) in accrued salaries and other liabilities		16,593		- 		18,255		34,848		-
Decrease (increase) in due to other funds		(8,008)		424,612		98,049		514,653		-
Decrease (increase) in customer deposits		74,793		-		-		74,793		-
Decrease (increase) in compensated absences		(7,162)		(279)		(23,611)		(31,052)		-
Decrease (increase) in net pension liability		253,835		12,692		71,920		338,447		-
Decrease (increase) in OPEB liability		(1,576)		(79)		(446)		(2,101)		-
Decrease (increase) in deferred inflows		(73,160)		(3,658)		(20,729)		(97,547)		-
Total adjustments		3,061,702		533,093		454,364		4,049,159		516,396
Net cash provided (used) by operations	\$	6,467,576	\$	1,172,251	\$	(259,086)	\$	7,380,741	\$	-
	-	•		•						
Supplemental disclosure of noncash activities Contributed capital assets from Txdot	\$	39,750	\$	_	\$	157,563	\$	197,313	\$	_
Initiation of capital lease	Ą	434,278	Ş	-	ڔ		Ş	434,278	ڔ	-
ההנוסנוסוו טן בעטונעו ובעשב		754,210		-		-		757,210		-

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

September 30, 2019

September 30, 2019		Pension Trust fund		ate-purpose rust fund
	Re	Firemen's Relief and Retirement		
Assets				
Cash	\$	11,098	\$	11,612
Investments, at fair value:				
Certificates of deposit		-		492,003
Equities		8,654,278		-
Corporate bonds		1,292,024		-
Money market mutual funds		490,555		-
Municipal bonds		1,481,884		-
Total Assets	\$	11,929,839	\$	503,615
Liabilities				
Accounts payable	\$	-	\$	1,000
Total Liabilities		-		1,000
Net Position				
Net position restricted for pensions				
and other purposes		11,929,839		502,615
Total Net Position		11,929,839		502,615
Total Liabilities and Net Position	\$	11,929,839	\$	503,615

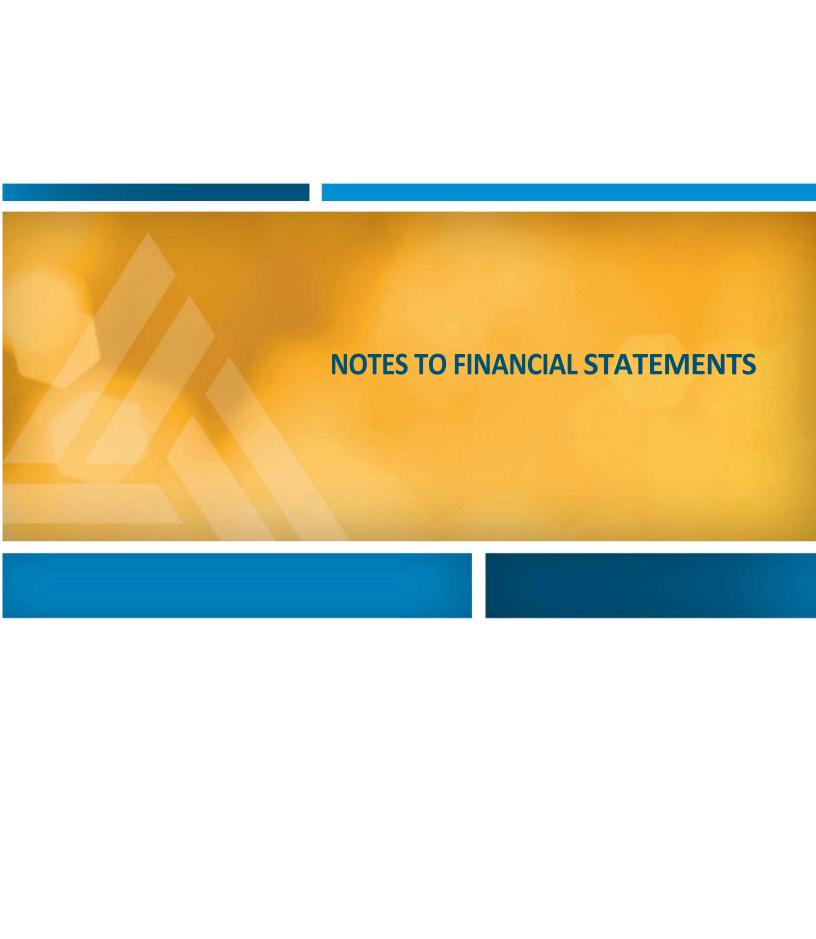
The notes to the financial statements are an integral part of this statement

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

For the Fiscal Year Ended September 30, 2019

Tot the riscui real Ended September 30, 2019	Pension	Private-purpose
	Trust fund	Trust fund
	Firemen's	
	Relief and	Marion Booth
Additions	Retirement	Endowment Fund
Contributions		
Employer contributions	\$ 519,827	\$ -
Plan member contributions	513,232	- ب
Flair member contributions	313,232	
Total contributions	1,033,059	-
Investment income		
Net appreciation in fair value of investments	1,173	-
Interest and dividends	269,965	12,548
Total investment income	271,138	12,548
Less investment expense	(63,645)	
Net investment income	207,493	12,548
Total additions	1,240,552	12,548
Deductions		
Benefits paid	601,744	-
Refunds of contributions	230,391	-
Administrative expenses	55,756	3,038
Total deductions	887,891	3,038
Net change in fiduciary net position	352,661	9,510
Net position, beginning of year	11,577,178	493,105
Net position, end of year	\$ 11,929,839	\$ 502,615

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

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

#### Financial Reporting Entity

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

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

#### **Discretely Presented Component Unit**

The Economic Development Corporation of Weslaco (the "EDC") was merged and incorporated under the provisions of the Development Corporation Act of 1979, as amended, for the purpose of promoting economic development within the City. The 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.

#### **Government-Wide and Fund Financial Statements**

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

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

#### **Government-Wide Financial Statements**

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

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

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

#### **Fund Financial Statements**

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

The City reports the following major governmental funds:

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

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

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fund Financial Statements (Continued)

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fund Financial Statements (Continued)

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

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

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

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

#### **Budgetary Information**

#### Budgetary basis of accounting

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

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

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

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Budgetary Information (Continued)**

Excess of expenditures over appropriations

At September 30, 2019, expenditures exceeded appropriations in nine departments. These amounts were attributed to underestimation of actual expenditures and unforeseen cost in overtime, supplies, utilities, and maintenance of city vehicles. Revenue was available to cover the excess this year. The departments and the excess expenditures over appropriations are as follows:

City Manager	\$ 993
Building maintenance	42,468
Municipal Court	7,243
Fire Department	82,276
Emergency Management Department	10,646
Streets Department	87,029
Drain Ditch Department	11,160
Fleet Maintenance Shop Department	2,130
Other Economic Development	150,635

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

#### Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

#### **Investments**

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in the TexPool public fund investment pool (Pool). The pool meets all of the specified criteria in Section I50: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the pool is equal to the value of the pooled shares.

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

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Receivables and payables

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

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

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

#### **Interfund Activities and Transactions**

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

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

#### **Restricted Assets**

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

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

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

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Capital Assets**

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

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

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

#### **Deferred Outflows/Inflows of Resources**

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

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

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

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Deferred Outflows/Inflows of Resources (Continued)

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

#### **Compensated Absences**

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

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

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

#### **Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

#### **Pensions**

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

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Other Post-Employment Benefits (OPEB)

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

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

#### Categories and Classification of Fund Equity

Net position flow assumption — Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted — net position and unrestricted — net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted — net position to have been depleted before unrestricted — net position is applied. The City reported deficit net position in the Internal Service Fund in the amount of (\$136,371).

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

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

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

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

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Categories and Classification of Fund Equity (Continued)

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

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

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

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

#### Revenues and Expenditures/Expenses

*Program revenues* — Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

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

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Use of Estimates**

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

#### Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 17, 2020 and determined there were no events that occurred that required disclosure.

#### **Recently Issued and Implemented Accounting Pronouncements**

In fiscal year 2019, The City implemented GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The implementation of this statement did not result in any change in the City's financial statements. GASB Statement No. 88 requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to the financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt. Additional information can be found in Note 6.

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recently Issued and Implemented Accounting Pronouncements (continued)

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No.* 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

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

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

#### **NOTE 2: PRIOR PERIOD ADJUSTMENT**

Prior year amounts of deferred outflows and other post-employment liability related to the City's retiree health care were adjusted to account for changes to actuarial calculations performed by actuaries engaged by the City. The prior year has been restated to account for the prior period adjustment for these changes. The effect of the adjustment was an increase to beginning net position in the amount of \$4,243,965.

#### **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, 2019. At year-end, the respective bank balance totaled \$21,284,443. 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 \$25,000,000. The collateral was held at third party banks (safekeeping banks) in the City's name under a joint safekeeping agreement between various banks and the City.

#### **Investments**

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

Investment with investment maturities, including accrued interest, as of September 30, 2019 are as follows:

	 nvestment Ma		Greater	
	Value	1 or less	tl	nan 1 year
Primary Government				_
TexPool	\$ 6,618,817	\$ 6,618,817	\$	-

A reconcilement of cash and investments follows:

		Prim	nary Governme	nt			
	Governme	ental B	usiness-type			C	omponent
	Activiti	es	Activities		Total		Unit
Cash and cash equivalents	\$ 18,180	),233 \$	225,546		18,405,779	\$	4,776,645
Restricted cash	348	3,594	2,068,985		2,417,579		733,449
Total cash and cash equivalents	18,528	,827	2,294,531		20,823,358		5,510,094
Investments:							
TexPool	5,829	,162	-		5,829,162		-
TexPool - Restricted		-	789,655		789,655		-
Total investments	5,829	,162	789,655		6,618,817		-
Total cash and investments	\$ 24,357	7,989 \$	3,084,186	\$	27,442,175	\$	5,510,094

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, 2019, 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, 2019. The composition of these investments is as follows:

	Fair Value
Equities	\$ 8,654,278
Fixed income	
Money market mutual funds	490,555
Municipal bonds	1,481,884
Corporate bonds	1,292,024
Total fixed income	3,264,463
Total investments	\$ 11,918,741

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	\$ 9,998,149
Level 2 inputs are signficant other observable inputs	1,920,592
Total investments	\$ 11,918,741

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

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

#### Custodial Credit Risk

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

#### Concentration of Credit Risk

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

#### **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, 2019, consist of the following:

				Prin	nary Governme	nt									
		G	iovernmenta	l					Busines	s-type					
			Other										Total		
	General	Go	vernmental				Water and		Solid	Airport			Primary	Co	mponent
	Fund		Funds		Total	_\	Wastewater	٧	Vaste	Fund		Total	Government		Unit
Ad valorem taxes	\$ 1,216,844	\$	424,690	\$	1,641,534	\$	-	\$	-	\$ -	\$	-	\$ 1,641,534	\$	-
Sales taxes	1,039,600		-		1,039,600		-		-	-		-	1,039,600		-
Customer charges	173,444		-		173,444		3,401,650	1,3	302,829	892		4,705,371	4,878,815		-
Hotel/Motel taxes	-		145,967		145,967		-		-	-		-	145,967		-
Ambulance fees	7,323,992		-		7,323,992		-		-	-		-	7,323,992		-
Grants receivable	-		-		-		-		-	-		-	-		195,835
Other	1,083,274		24,597		1,107,871		-		-	98,307		98,307	1,206,178		263,100
Gross receivables	10,837,154		595,254		11,432,408		3,401,650	1,3	302,829	99,199		4,803,678	16,236,086		458,935
Less allowance for uncollectibles	(6,368,525)		(145,270)		(6,513,795)		(1,411,734)	(6	527,253)	-	(	(2,038,987)	(8,552,782)		-
Net total receivables	\$ 4,468,629	\$	449,984	\$	4,918,613	\$	1,989,916	\$ 6	575,576	\$ 99,199	\$	2,764,691	\$ 7,683,304	\$	458,935

#### **NOTE 4: RECEIVABLES (Continued)**

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

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

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

The following is a summary of notes receivable payable to the EDC at September 30, 2019:

Loan to CIL Properties	\$ 100,071
Loan to CIL Cold Shipping	100,207
Loan to Trinity Development	80,224
Promissory note from LRGVDC (Building Sale)	1,263,641
Promissory note from SDI Weslaco Holdings, Inc.	425,420
Total notes receivable	\$ 1,969,563

Total note receivable from SDI Weslaco Holdings, LLC (SDI) was \$2,213,255 at 8% interest rate. This note is secured by a Chapter 380 Economic Development Agreement between the City of Weslaco, Texas and SDI. SDI has assigned the annual payments due from the City to the Economic Development Corporation, of Weslaco, Texas until the note is paid in full. The note is payable in annual payments, until March 1, 2030. The 380 Agreement was to facilitate the construction of infrastructure improvements for a commercial development. The EDC spurred the development by advancing \$2,213,255 of the \$3,300,000 project. In the current year, the City of Weslaco paid \$237,310 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, 2019.

**NOTE 5: CAPITAL ASSETS** 

Capital asset activity for the year ended September 30, 2019 is as follows:

	Beginning	A. I. Irre	<b>-</b>	D	Ending
Governmental Activities	Balance	Additions	Transfers	Retirements	Balance
Capital assets not being depreciated	4.540.455	250,000	<u> </u>		4 000 465
Land	\$ 4,640,165	260,000	\$ -	\$ - \$	4,900,165
380 Agreements Infrastructure	7,629,307	-	- (00.4.070)	-	7,629,307
Construction-in-progress	1,557,737	1,769,112	(924,972)		2,401,877
Total capital assets, not being depreciated	13,827,209	2,029,112	(924,972)	-	14,931,349
Capital assets being depreciated					
Buildings	18,494,359	-	-	-	18,494,359
Equipment	12,975,323	796,232	-	(213,333)	13,558,222
Improvements	45,056,274	392,527	-	-	45,448,801
Capital Leases	5,915,820	71,145	924,972	-	6,911,937
	82,441,776	1,259,904	924,972	(213,333)	84,413,319
Less accumulated depreciation for:					
Buildings	7,840,751	462,359	-	-	8,303,110
Equipment	8,737,886	1,019,300	-	(213,333)	9,543,853
Improvements	25,366,228	1,483,298	-	-	26,849,526
Capital Leases	2,209,288	795,200	-	-	3,004,488
Total accumulated depreciation	44,154,153	3,760,157	-	(213,333)	47,700,977
Total capital assets being depreciated, net	38,287,623	(2,500,253)	924,972	-	36,712,342
Governmental activities, capital assets, net	\$ 52,114,832	6 (471,141)	\$ -	\$ - \$	51,643,691

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

Governmental activities	
General government	\$ 927,055
Public safety	646,180
Emergency medical services	168,999
Public works	1,504,671
Culture and recreation	513,252
	\$ 3,760,157

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

	Beginning				Transfers/				Ending
	Balance	Α	dditions	R	teclassification	Retir	ements		Balance
Business-type Activities:									
Capital assets not being depreciated									
Land	\$ 2,551,870	\$	-	\$	-	\$	-	\$	2,551,870
Construction in progress	56,599,375		625,029		(9,374,150)		-		47,850,254
Total capital assets not being depreciated	59,151,245		625,029		(9,374,150)		-		50,402,124
Capital assets being depreciated									
Buildings	1,679,646		-		-		-		1,679,646
Equipment	7,599,160		256,901		307,311	(	237,050)	)	7,926,322
Improvements	77,302,566		1,061,280		2,566,726		-		80,930,572
Capital leases	-		434,278		6,500,113		-		6,934,391
Total capital assets being depreciated	86,581,372		1,752,459		9,374,150	(	237,050)	)	97,470,931
Less accumulated depreciation for:									
Building	1,349,988		20,417		-		-		1,370,405
Equipment	6,653,546		494,353		-	(	237,050)	)	6,910,849
Improvements	35,700,340		2,789,511		-		-		38,489,851
Total accumulated depreciation	43,703,874		3,304,281		-	(	237,050)	)	46,771,105
Total capital assets being depreciated, net	42,877,498	(	1,551,822)		9,374,150		-		50,699,826
Business-type activities capital assets, net	\$ 102,028,743	\$	(926,793)	\$	-	\$	-	\$	101,101,950

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

Business-type activities:	
Water and wastewater	\$ 2,934,073
Solid waste	24,669
Airport	345,539
Total depreciation expense- Business-type activities	\$ 3,304,281

	Beginning				Transfers/			Ending
	Balance	A	Additions	R	teclassification	Retir	ements	Balance
Component Unit:								
Capital assets not being depreciated								
Land	\$ 19,709	\$	-	\$	(19,709)	\$	-	\$ -
Construction in progress	3,244,175		44,355		(3,288,530)		-	-
Total capital assets not being depreciated	3,263,884		44,355		(3,308,239)		-	-
Capital assets being depreciated								
Buildings	2,181,286		-		3,288,530		-	5,469,816
Machinery and equipment	174,745		-		(37,217)		-	137,528
Total capital assets being depreciated	2,356,031		-		3,251,313		-	5,607,344
Less accumulated depreciation	538,734		105,707		(37,216)		-	607,225
Total capital assets being depreciated, net	1,817,297		(105,707)		3,288,529		-	5,000,119
Business-type activities capital assets, net	\$ 5,081,181	\$	(61,352)	\$	(19,710)	\$	-	\$ 5,000,119

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

#### **NOTE 6: LONG-TERM DEBT**

#### **Business-Type Activities Bonded Debt**

- D	
Business-type activities bonded debt as of September 30, 2019 is as follows:	///C.

\$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%.
\$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%.

\$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%.

\$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%.

Total Business-Type Activities Bonded Debt

19,045,000

\$2,375,000

9,000,000

15,460,000

\$45,880,000

#### **Business-Type Activities Capital Leases**

Business-type activities capital lease debt as of September 30, 2019 is as follows:

\$434,278 Kansas State Bank lease agreement dated January 18, 2019. The terms of the capital lease include annual payments of \$70,552 beginning March 2019. The lease was used to fund purchase of equipment.

\$378,016

\$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.

\$ 6,154,496

Total Business-Type Activities Capital Lease Debt

\$ 6,532,513

#### **Governmental Activities Bonded Debt**

Governmental activities bonded debt as of September 30, 2019 is as follows:

\$3,940,000 Certificates of Obligation, Series 2018, dated October 1, 2018 due in annual installments of \$279,756 to \$288,471 through February 19, 2038, bearing interest at 3.0% to 5.0%.

\$3,790,000

\$11,915,000 Limited Tax Refunding Bonds, Series 2012, Dated August 15, 2013, due in annual installments varying from \$980,000 to \$1,470,000 through February 15, 2023, bearing interest rates of 2.00% - 3.00%.

5,665,000

### **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%.	\$ 6,145,000
\$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%.	3,200,000
\$8,850,000 General Obligation Bonds, Series 2019, dated September 15, 2019, due in annual installments varying from \$190,000 to \$670,000 through February 15, 2039, bearing interest rates of 1.00%-3.00%.	8,850,000
Total Governmental Activities Bonded Debt	\$27,650,000
Governmental Activities Capital Leases	
Governmental activities capital lease debt as of September 30, 2019 is as follows:	
\$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.	\$45,601
\$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.	69,860
\$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.	377,206
\$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.	39,734
\$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.	314,454
\$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.	484,222
\$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.	134,350

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

\$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.	\$ 37,368
\$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.	894,455
\$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.	204,843
\$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.	71,154
\$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.	365,105
\$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.	89,945
\$74,562 City National Capital Finance lease agreement dated January 18, 2019. The terms of the capital lease include annual payments of \$16,374 beginning January 2020. The lease was used to purchase vehicles.	71,145
Total Governmental Activities Capital Lease Debt	\$3,199,442
Governmental Activities Note Payable	
Governmental activities Note Payable debt as of September 30, 2019 is as follows:	
A note dated December 9, 2016 and payable to Carlos J. Garza, Christiaan Van Der Graaff and Ysabella Van Der Graaff for \$456,707. The terms of the note include principal and interest payments of \$5,421 beginning January 9, 2017, continuing monthly thereafter until December 9, 2021, when the entire balance, including principal and interest will be due and payable. The interest rate is a fixed 7.00%. The note is secured by a vendor's lien and superior title.	\$ 357,09 <u>1</u>
Total Governmental Activities Note Payable from Direct Borrowing	\$ 357,091
	<del>+ 337,031</del>

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

#### **Component Unit Bonded Debt**

Component Unit bonded debt as of September 30, 2019 is as follows:

\$2,870,000 Economic Development Sales Tax Revenue Refunding Bond Series 2012, due in annual installments not exceeding \$305,000 beginning February 15, 2013 through February 15, 2023, with interest of 3.40%.

\$1,155,000

Total Revenue Bonds \$1,155,000

Transactions for the year ended September 30, 2019 are summarized as follows:

	Balance October 1		Additions			Deletions		Balance September 30		Due Within One Year
Governmental Activities:										
Notes Payable	\$	395,458	\$	-	\$	38,367	\$	357,091	\$	41,038
Total notes from direct borrowings		395,458		-		38,367		357,091		41,038
General Obligation Bonds		527,407		8,850,000		527,407		8,850,000		-
Certificates of Obligation		16,425,000		3,940,000		1,565,000		18,800,000		2,065,000
Capital Leases		3,921,594		71,145		793,297		3,199,442		701,799
Bond Premium		838,584		1,396,204		163,685		2,071,103		-
380 Agreement Infrastructure		4,804,646		-		592,973		4,211,673		-
Compensated Absences		3,058,681		1,323,526		989,259		3,392,948		339,295
Municipal net pension liability		4,898,934		3,892,124		-		8,791,058		-
Firemen's net pension liability		4,275,408		530,617		-		4,806,025		-
OPEB liability- SDB		663,944		-		24,153		639,791		-
OPEB liability- Retiree health care		1,971,279		483,635		-		2,454,914		-
Total Governmental Activities		41,780,935		20,487,251		4,694,141		57,574,045		3,147,132
Business-Type Activities:										
General Obligation Bonds	\$	138,853	\$	-	\$	138,853	\$	-	\$	-
Certificate of Obligation		48,090,000		-		2,210,000		45,880,000		2,865,000
Bond Premium		6,081,951		-		848,647		5,233,304		-
Capital Leases		6,501,903		434,278		403,668		6,532,513		370,568
Compensated Absences		146,165		28,298		50,967		123,496		11,905
Customer deposits		1,110,992		74,793		-		1,185,785		-
Landfil Closure		420,725		8,718		41,679		387,764		-
Municipal net pension liability		713,839		338,447		-		1,052,286		-
OPEB liability- SDB		59,388		-		2,101		57,287		-
Total Business-Type Activities		63,263,816		884,534		3,695,915		60,452,435		3,247,473
Total Primary Government	\$	105,044,751	\$	21,371,785	\$	8,390,056	\$	118,026,480	\$	6,394,605
	\$	105,044,751	\$	21,371,785	\$	8,390,056	\$	118,026,480	\$	6,394,605
Component Unit:	•			21,371,785					•	, ,
	\$	3,005,000 27,423	\$	21,371,785	\$	1,850,000 27,423	\$	1,155,000	\$	6,394,605 275,000

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

#### General Obligation Bonds and Certificates of Obligation

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

The City issued General Obligation Bonds, Series 2019 and Certificates of Obligation, Series 2018 during the fiscal year for drainage improvements and related construction activity.

#### 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, 2019.

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, 2019.

#### 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, 2019 amounted to \$24,350,000.

#### Bonds Authorized and Unissued

At September 30, 2019, 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, 2019:

	Governmental Activities		siness-Type	_	Primary	Co	mponent
5	,	Activities	Activities	G	overnment		Unit
Restricted cash:							
Cash restricted for construction	\$	-	\$ 1,599,094	\$	1,599,094	\$	733,449
Cash restricted from PEG fee collection		348,594	-		348,594		-
Cash restricted for bond retirement		-	455,797		455,797		-
Cash restricted from customer utility deposits		-	-		-		-
Cash in escrow		-	14,094		14,094		-
Total restricted cash	\$	348,594	\$ 2,068,985	\$	2,417,579	\$	733,449
Restricted investments:							
Restricted for construction	\$	-	\$ 248,967	\$	248,967	\$	-
Restricted for bond retirement		-	540,688		540,688		-
Restricted for bond reserve		-	-		-		-
Total restricted investments	\$	-	\$ 789,655	\$	789,655	\$	-

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

#### **General Obligation Bonds**

	Governmental Activities											
				Total								
Year Ending September 30,		Principal		Interest	Re	equirements						
2020	\$	220,000	\$	332,729	\$	552,729						
2021		190,000		365,950		555,950						
2022		200,000		356,200		556,200						
2023		210,000		345,950		555,950						
2024		350,000		331,950		681,950						
2025-2029		2,050,000		1,372,000		3,422,000						
2030-2034		2,530,000		881,400		3,411,400						
2035-2039		3,100,000		320,000		3,420,000						
Total	\$	8,850,000	\$	4,306,179	\$	13,156,179						

#### **Certificates of Obligations**

	Go	overi	nmental Activi	ties	Business-Type Activities							
Year Ending September 30,	Principal		Interest	Total rest Requirements Principal Int			terest Requ					
2020	\$ 2,130,000	\$	693,681	\$	2,823,681	\$	2,865,000	\$	2,098,000	\$	4,963,000	
2021	2,190,000		627,703		2,817,703		2,975,000		1,978,400		4,953,400	
2022	2,260,000		564,818		2,824,818		3,085,000		1,853,526		4,938,526	
2023	2,340,000		487,856		2,827,856		3,230,000		1,710,826		4,940,826	
2024	995,000		422,531		1,417,531		3,500,000		1,561,351		5,061,351	
2025-2029	4,605,000		1,426,931		6,031,931		17,475,000		5,307,079		22,782,079	
2030-2034	3,240,000		570,306		3,810,306		12,750,000		1,561,628		14,311,628	
2035-2039	1,040,000		95,119		1,135,119		-		-		-	
Total	\$ 18,800,000	\$	4,888,945	\$	23,688,945	\$	45,880,000	\$	16,070,810	\$	61,950,810	

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

#### **Notes Payable**

#### **Governmental Activities**

Year Ending September 30,	Principal	Interest	Total
2020	\$ 41,038	\$ 24,014	\$ 65,052
2021	43,902	21,150	65,052
2022	272,151	3,232	275,383
Total	\$ 357,091	\$ 48,396	\$ 405,487

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

**Revenue Bonds** 

Year Ending September 30,	Principal	Interest	Total
2020	\$ 275,000	\$ 34,595	\$ 309,595
2021	280,000	25,160	305,160
2022	295,000	15,385	310,385
2023	305,000	5,185	310,185
Total	\$ 1,155,000	\$ 80,325	\$ 1,235,325

The following is a schedule of the future minimum lease payments under capital leases as of September 30, 2019:

#### **Capital Leases**

Governmental	A ctivition
Governmentai	ACTIVITIES

Year Ending September 30,	y National tal Finance Lease	Frost Muncipal Lease			Kansas State Bank Lease	Fro	ost Muncipal Lease	Fro	st Muncipal Lease
2020	\$ 16,374	\$	46,089	\$	69,968	\$	60,288	\$	39,837
2021	16,374		-		-		60,288		-
2022	16,374		-		-		60,288		-
2023	16,374		-		-		60,288		-
2024	16,374		-		-		60,288		-
2025-2029	-		-		-		120,576		-
2030-2034	-		-		-		-		-
Total minimum lease payments Less the amount representing	81,870		46,089		69,968		422,016		39,837
Interest	(10,725)		(488)		(108)		(44,810)		(103)
Present value of net minimum lease payments	\$ 71,145	\$	45,601	\$	69,860	\$	377,206	\$	39,734

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

	Governmental Activities												
Year Ending September 30,	Frost Municipal Lease		Fros	st Municipal Lease	Fro	st Municipal Lease	Fro	st Municipal Lease	Fro	st Municipal Lease			
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		-		-		-		76,883		76,935			
2025-2029		-		-		-		153,766		384,675			
2030-2034		-		-		-		-		307,740			
Total minimum lease payments Less the amount representing		325,186		39,459		141,123		538,181		1,077,090			
Interest		(10,732)		(2,091)		(6,773)		(53,959)		(182,635)			
Present value of net minimum lease payments	\$	314,454	\$	37,368	\$	134,350	\$	484,222	\$	894,455			

	Governmental Activities													
Year Ending September 30,	City National Capital Finance Lease			ty National pital Finance Lease		ity National pital Finance Lease		ity National pital Finance Lease	Re	Total quirements				
2020	\$	25,602	\$	19,074	\$	98,035	\$	31,847	\$	783,719				
2021		25,602		19,074		98,035		31,847		627,825				
2022		25,602		19,074		98,035		31,847		465,232				
2023		25,602		19,074		98,035		-		373,191				
2024		25,602		-		-		-		256,082				
2025-2029		102,408		-		-		-		761,425				
2030-2034		-		-		-		-		307,740				
Total minimum lease payments Less the amount representing		230,418		76,296		392,140		95,541		3,575,214				
Interest		(25,575)		(5,142)		(27,035)		(5,596)		(375,772)				
Present value of net minimum lease payments	\$	204,843	\$	71,154	\$	365,105	\$	89,945	\$	3,199,442				

Business-Ty						
Year Ending September 30,	ity National pital Finance Lease	 ansas State Bank Lease	Total Requirements			
2020	\$ 529,354	\$ 58,552	\$	587,906		
2021	529,354	58,552		587,906		
2022	529,354	58,552		587,906		
2023	529,354	58,552		587,906		
2024	529,354	209,639		738,993		
2025-2029	2,646,770	-		2,646,770		
2030-2034	2,117,416	-		2,117,416		
Total minimum lease payments Less the amount representing	7,410,956	443,847		7,854,803		
Interest	(1,256,460)	(65,830)		(1,322,290)		
Present value of net minimum lease payments	\$ 6,154,496	\$ 378,017	\$	6,532,513		

#### **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, 2019 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, 2019, were 96.51% 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, 2019 consisted of the following individual fund receivables and payables:

Receivable Fund	Payable Fund											
			١	Water and						Other		
		Wastewater Solid Waste						Airport	Go	vernmental	In	ternal Service
	Gen	eral Fund		Fund	Fund			Fund		Funds		Fund
General Fund	\$	8,150	\$	-	\$	470,232	\$	545,350	\$	685,371	\$	250,269
Solid Waste Fund		-		2,000,000		-		-		-		-
Other Governmental Funds		38,809		-		-		-		-		-
	\$	46,959	\$	2,000,000	\$	470,232	\$	545,350	\$	685,371	\$	250,269

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, 2019 consisted of the following:

	Transfer in Funds											
			Other		Water and					_		
			Go	overnmental	Wastewater		Internal					
Transfer Out Funds	Ge	eneral Fund	Funds			Fund	Airport Fund		Service Fund			Total
General Fund	\$	1,111,256	\$	978,371	\$	-	\$	250,000	\$	104,641	\$	2,444,268
Water and Wastewater Fund		1,565,561		-		5,705,757		-		-		7,271,318
Solid Waste Fund		125,000		1,000,000		-		-		-		1,125,000
	\$	2,801,817	\$	1,978,371	\$	5,705,757	\$	250,000	\$	104,641	\$	10,840,586

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

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

Inactive employees or beneficiaries currently receiving benefits	159
Inactive employees entitled to but not yet receiving benefits	160
Active employees	<u>228</u>
	<u>547</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 7.99% and 8.16% in calendar 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$858,290 and were equal to the required contributions.

#### **Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.5% per year Overall payroll growth 2.0% per year

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

including inflation

Salary increases were based on a service-related table. Mortality rates for active members, 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, 2018 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 Rate of Return
Asset Class	Target Allocation	<u>(Arithmetic)</u>
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
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: DEFINED BENEFIT - 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, 2019 is as follows:

	Increase (Decrease)				
	(a) (b) (a)-			(a)-(b)	
	<b>Total Pension</b>	Plan Fiduciary		Net Pension	
	Liability	N	Net Position	Liability (Asset)	
Balance at December 31, 2017	\$ 44,266,145	\$	38,653,372	\$	5,612,773
Changes for the year					
Service cost	1,489,094		-		1,489,094
Interest	2,968,169		-		2,968,169
Difference Between expected/actual experience	155,641		-		155,641
Contributions- employer	-		833,181		(833,181)
Contributions- employee	-		729,948		(729,948)
Net investment income	-		(1,157,250)		1,157,250
Benefit payments, including refunds of					
employee contributions	(2,075,643)		(2,075,643)		-
Administrative expenses	-		(22,377)		22,377
Other charges	-		(1,169)		1,169
Net changes	2,537,261		(1,693,310)		4,230,571
Balance at December 31, 2018	\$ 46,803,406	\$	36,960,062	\$	9,843,344

Net pension liability amounts are allocated between the governmental activities and business-type activities in the statement of net position by \$8,791,058 and \$1,052,286, 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		
	Rate (5.75%)	(6.75%)	(7.75%)	
City's net pension liability	\$ 16,475,151	\$ 9,843,344	\$ 4,408,251	

#### NOTE 10: DEFINED BENEFIT - 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, 2019 the City recognized pension expense in the amount of \$2,057,953. At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred		
	0	utflows of	Defe	erred Inflows
	F	Resources	of	Resources
Differences between expected and actual economic experience				_
(net of current year amortization)	\$	186,507	\$	229,748
Changes in actuarial assumptions		24,119		-
Differences between expected and actual investment earnings				
(net of current year amortization)		2,012,216		-
Contributions subsequent to measurement date		664,703		-
Total	\$	2,887,545	\$	229,748

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.

\$664,703 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, 2020. 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,	
2020	\$ 606,267
2021	325,527
2022	302,406
2023	758.894

#### **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: DEFINED BENEFIT - 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, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of September 30, 2019.

#### **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, 2019 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 since the previous actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of September 30, 2019 are summarized in the following table:

	Long-term
	Expected Real
	Rate of Return
Asset Class	(Arithmetic)
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, 2019 is as follows:

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position		(a)-(b) Net Pension Liability (Asset	
Balance at September 30, 2018	\$ 15,852,587	\$ 11,577	,179	\$	4,275,408
Changes for the year					
Service cost	555,465		-		555,465
Interest	1,159,947		-		1,159,947
Difference Between expected/actual experience	-		-		=
Changes of assumptions	-		-		=
Contributions- employer	-	519	,826		(519,826)
Contributions- employee	-	513	,232		(513,232)
Net investment income	-	207	,493		(207,493)
Benefit payments, including refunds of					
employee contributions	(832,135)	(832	,135)		-
Administrative expenses	_	(55	,756)		55,756
Net changes	883,277	352	,660		530,617
Balance at September 30, 2019	\$ 16,735,864	\$ 11,929	,839	\$	4,806,025

#### **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	in Discount Discount Rate		
	Rate (6.25%)	(7.25%)	(8.25%)	
City's net pension liability	\$ 7,408,224	\$ 4,806,025	\$ 2,687,940	

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

For the year ended September 30, 2019 the City recognized pension expense in the amount of \$451,476. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ļ	Deferred		
	0	utflows of	Defe	erred Inflows
	R	esources	of	Resources
Differences between expected and actual economic experience				_
(net of current year amortization)	\$	293,475	\$	79,151
Changes in actuarial assumptions		-		138,264
Differences between expected and actual investment earnings				
(net of current year amortization)		299,306		
Total	\$	592,781	\$	217,415

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,	
2020	\$ 38,056
2021	68,267
2022	109,050
2023	141,893
2024	14,490
Thereafter	3,610

The aggregate amount of pension expense for both defined benefit pension plans amounted to \$2,509,429 for the year ended September 30, 2019.

#### **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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	127
Inactive employees entitled to but not yet receiving benefits	33
Active employees	<u>228</u>
	<u>388</u>

#### **Contributions**

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

Employees for the City of Weslaco were required to contribute 0.05% of their annual gross earnings during the fiscal year. The contribution rates for the City of Weslaco were 0.17% and 0.16% in calendar year 2018 and 2019, respectively. The City's contributions to the SDBF for the year ended September 30, 2019 were \$17,413, and were equal to the required contributions.

#### **NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

#### **Actuarial assumptions:**

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation date: 12/31/2018 Inflation 2.50%

Salary Increases 3.50% to 10.50%, including inflation

Discount rate\* 3.71% 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, 2018 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, 2018, and was determined by an actuarial valuation as of that date.

<sup>\*</sup>the discount rate was based on the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2018.

#### **NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

	Total OPEB		
	Liability		(a)
Balance at December 31, 2017	\$	723	3,331
Changes for the year:			
Service cost		27	7,113
Interest		24	1,287
Difference between			
expected/actual experience		(19	9,296)
Changes of assumptions		(52	2,100)
Benefit payments, including refunds of			
employee contributions		(6	5,257)
Net changes		(26	5,253)
Balance at December 31, 2018	\$	697	7,078

Total OPEB liability amounts are allocated between the governmental activities and business-type activities in the statement of net position by \$639,791 and \$57,287, 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 3.71%, 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 (2.71%) or 1 percentage point higher (4.71%) than the current rate.

	1%	1% Decrease				1% Decrease 1% Increase				Increase in
	in Discount Di			count Rate	Dis	count Rate				
	Rate (2.71%) (3.			(3.71%)		(4.71%)				
City's total OPEB liability	\$	837,889	\$	697,078	\$	587,429				

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

For the year ended September 30, 2019 the City recognized combined OPEB expense in the amount of \$49,397. At September 30, 2019 the City reported deferred outflows of resources related to OPEB from the following sources:

	D	eterred		
	Outflows of		Deferred Inflows	
	Re	sources	of Resources	
Differences between expected and actual economic experience				
(net of current year amortization)	\$	-	\$	15,904
Changes in actuarial assumptions		38,912		42,944
Contributions subsequent to the measurement date		13,294		-
Total	\$	52,206	\$	58,848

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 \$13,294 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, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	
2020	\$ (2,002)
2021	(2,002)
2022	(2,002)
2023	(5,269)
2024	(8.661)

#### 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, 2019 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, 2019 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, 2019

#### **Methods and Assumptions**

Actuarial Cost Method Individual Entry-Age Normal Discount Rate 2.75% as of September 30, 2019

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 8.25% for 2019 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 3.83% as of October 1, 2018 to 2.75%

as of September 30, 2019.

Discount Rate: For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.75% (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 3.83% 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, 2019, and was determined by an actuarial valuation as of that date.

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

		Increase		
	(1	Decrea	se)	
	Т	otal OF	PEB	
	Liability (			
Balance at September 30, 2018	\$	1,97	1,279	
Changes for the year:				
Service cost		14	8,081	
Interest		8	0,682	
Changes of assumptions		26	7,652	
Contributions - employer		(1	2,780)	
Net changes		48	3,635	
Balance at September 30, 2019	\$	2,45	4,914	

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

Sensitivity of Total OPEB Liability to the Discount Rate Assumption: Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 2.75%, 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 (1.75%)	Rate (1.75%) (2.75%)		
City's total OPEB liability	\$ 2,724,575	\$ 2,454,914	\$ 2,206,244	

#### **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			19	% Increase in	
	in trend	in trend Current trend			trend	
City's total OPEB liability	\$ 2,054,228	\$ 2,054,228 \$ 2,454,91		\$	2,946,203	

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

For the year ended September 30, 2019, the City recognized a pension expense of \$243,105. At September 30, 2019, the City reported deferred inflows of resources related to Firefighter Retiree Health Care OPEB from the following sources:

	Ot	Deferred Outflows of Resources		rred Inflows Resources
Changes in actuarial assumptions	\$	248,257	\$	63,156

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,	
2020	\$ 14,342
2021	14,342
2022	14,342
2023	14,342
2024	14,342
Thereafter	113,391

The aggregate amount of OPEB expense for both other post-employment benefit plans amounted to \$292,502 for the year ended September 30, 2019.

#### **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	\$	2,630,795	\$	256,750	\$	2,887,545
Deferred outflows related to Firemen's pension		592,781		-		592,781
Total deferred outflows related to pensions		3,223,576		256,750		3,480,326
OPEB:						
Deferred outflows related to TMRS Supplemental						
Death Benefit OPEB		47,898		4,308		52,206
Deferred outflows related to Firefighter Retiree Health						
Care OPEB		248,257		-		248,257
Total deferred outflows related to OPEB		296,155		4,308		300,463
Other:						
Deferred outflows related to deferred charge on refunding		203,831		1,955,361		2,159,192
Total deferred outflows of resources	\$	3,723,562	\$	2,216,419	\$	5,939,981

In addition to deferred outflows of resources the governmental activities reported \$217,758 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:

	 ernmental Activities	iness-type activities	al Primary vernment
Deferred inflows of resources:			
Pensions:			
Deferred inflows related to TMRS pension	\$ 191,731	\$ 38,017	\$ 229,748
Deferred inflows related to Firemen's pension	217,415	-	217,415
Total deferred inflows related to pensions	409,146	38,017	447,163
OPEB:			
Deferred inflows related to TMRS Supplemental			
Death Benefit OPEB	\$ 54,141	\$ 4,707	\$ 58,848
Deferred inflows related to Firefighter Retiree Health			
Care OPEB	63,156	-	63,156
Total deferred inflows related to OPEB	117,297	4,707	122,004
Total deferred outflows of resources	\$ 526,443	\$ 42,724	\$ 569,167

#### 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, 2019 as follows:

			Total								
		General Fund		ebt Service	Go	vernmental	C	omponent			
Defendiation of many		Fund		Fund		Funds		Unit			
Deferred inflows of resources:			_		_		_				
Unavailable revenues- property taxes	Ş	610,892	Ş	225,132	\$	836,024	Ş	-			
Unavailalbe revenues- notes receivable		-		-		-		1,969,563			
	\$	610,892	\$	225,132	\$	836,024	\$	1,969,563			

#### 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.

#### NOTE 15: PROPRIETARY FUND-SANITARY LANDFILL (Continued)

Approximately twenty-five percent of the landfill capacity has been used to date. Based on the current capacity used, \$387,764 was estimated as a closure and post-closure cost. This includes cost related to the transfer station, underground petroleum storage tanks, and landfill closure and post-closure costs and is adjusted for inflation. The landfill has been closed and post-closure costs liability is estimated at \$387,764. 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, 2019. 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, 2019, the City had ongoing commitments related to the following:

Project	Original Amount Expense			Expensed	Remaining ommitment
Governmental Activities:		Billarranioanic		Ехрепоса	 Jiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiii
Fire House Station	\$	1,421,435	\$	823,487	\$ 597,948
FM 1015 Road Improvement Phase 1		685,371		685,371	-
Westgate Road Improvement Project		753,741		416,000	337,741
North Side Park		1,020,000		85,778	934,222
Pleasant View Project		4,775,000		372,887	4,402,113
Austin & Merida		500,000		18,354	481,646
Total governmental Activities		9,155,547		2,401,877	6,753,670
Business-Type Activities:					
Water Treatment Plant Expansion		48,040,534		44,285,420	3,755,114
Pleasantview Sewer line project		323,149		251,000	72,149
Airport Kapal Project		129,000		50,378	78,622
Airport Drainage Study (WESLA 1421)		175,450		170,408	5,042
Airport Runway Improvements (WESLA 15BP)		159,807		159,807	-
Airport Runway Extension (WESLA 1621)		2,806,900		2,671,818	135,082
Total business-type activities		51,634,840		47,588,831	4,046,009
Total Primary Government	\$	60,790,387	\$	49,990,708	\$ 10,799,679

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

#### **NOTE 16: COMMITMENTS (Continued)**

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		Ва	lance Due
Wal-Mart Neighborhood	\$	900,000	\$	400,000	\$	-	\$	500,000
Payne Auto Group (Ford)		275,000		247,500		27,500		-
BPMP (Chick-Fil-A/Blue Wave)		500,000		300,000		200,000		-
R 5 Eateries (Bar B Cutie)		160,000		120,000		13,333		26,667
Tower Theater		63,530		6,950		56,580		-
Claudia Hernandez-Project Smile		66,000		-		6,000		60,000
Rio Prevision Machine (Project Knob)		68,778		-		24,300		44,478
Kapal Cabinet House, LLC		255,192		-		139,128		116,064
Coastal Deli, Inc. d/b/a Jason's Deli		134,300		-		44,767		89,533
Kapal Investments Hangar (City)		129,000		-		129,000		-
RGV Solar Power Systems		50,000		-		25,000		25,000
City of Weslaco (Alley)		30,000		-		4,750		25,250
City of Weslaco (Drainage)		140,000		-		140,000		-
Texas Aviation Academy		12,000		-		12,000		-
Total Monetary Incentives	\$	2,783,800	\$	1,074,450	\$	822,358	\$	886,992

Subsequent year balances of \$886,992 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, 2019 have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

#### **NOTE 18: CONTINGENT LIABILITIES (Continued)**

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

#### NOTE 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.

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

			Paym		_		
Agreement	Tot	tal Payments	Prior Years	Cι	ırrent Year		Balance
SDI Weslaco Holdings, LLC	\$	3,300,000	\$ 2,224,750	\$	340,474	\$	734,776
HEB Grocery Company, LP		3,530,000	2,449,604		252,499		827,897
* Tri-Gen University Apartments		-	-		=		2,649,000
	\$	6,830,000	\$ 4,674,354	\$	592,973	\$	4,211,673

<sup>\*</sup>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.

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

Sales Tax Rebate Agreements

In addition to the Chapter 380 Agreements, the City also offered sales rebates as additional incentives to the developer and retail establishments, locating within the SDI development project. These rebates are not recorded as a liability or commitment, as the individual amounts are not known until the sales taxes are collected. The total rebates have been set at \$10,500,000. These are to be reimbursed over ten years, beginning April 1, 2011. Total reimbursed sales tax proceeds to date is \$5,241,723, of which \$590,635 is current proceeds reimbursed. Total rebates balance owed is \$5,258,277.

#### **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.

The City of Weslaco reported fund balances in the following classifications as of September 30, 2019:

			2019	Bond		Other		
	G	eneral	Const	ruction	Go	vernmental		
		Fund	Fι	nd		Funds		Total
Nonspendable:								
Inventories	\$	3,081	\$	-	\$	-	\$	3,081
Prepaid items		2,057		-		-		2,057
Nonspendable total		5,138		-		-		5,138
Restricted for:								
Street improvements and other capital								
projects		-	10,000,000			4,273,035	1	.4,273,035
Tourism		-		-		682,675		682,675
Library activities		-	-			14,364		14,364
Project development		-		-		55,630		55,630
Debt Service		-		-		382,103		382,103
Restricted total		-	10,0	00,000		5,407,807	1	.5,407,807
Assigned:								
Assigned for capital projects		-		-		2,240,127		2,240,127
Assigned for chapter 380 agreement	:	2,874,000		-		-		2,874,000
Total assigned		2,874,000	-			2,240,127		5,114,127
Unassigned		7,965,191		-		-		7,965,191
Total Fund Balance	\$ 10	0,844,329	\$10,0	00,000	\$	7,647,934	\$ 2	8,492,263

**NOTE 21: NET POSITION** 

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

	Go	overnmental Activities	В	usiness-type Activities	C	omponent Unit
Net investment in capital assets:						
Capital assets, net of accumulated depreciation	\$	51,643,691	\$	101,101,950	\$	5,000,119
Less related liabilities		(32,412,115)		(52,041,945)		(58,448)
Less unamortized bond premium		(2,071,103)		(5,233,304)		-
Plus deferred charge on refunding		203,831		1,955,361		-
Plus unexpended bond proceeds		14,934,310		1,848,059		733,449
Net investment in capital assets		32,298,614 47,630,121			5,675,120	
Restricted net position consists of the following:						
Debt service		382,103		996,487		320,000
Tourism		682,675		-		-
Library activities		14,364		-		-
Building depreciation fund		55,630		-		-
Capital projects		-		14,094		733,449
Project development		-		-		-
Restricted net position		1,134,772		1,010,581		1,053,449
Unrestricted net position		(7,151,192)		(2,567,221)		5,032,590
Total net position	\$	26,282,194	\$	46,073,481	\$	11,761,159



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

For the Ye	ear Ended S	September	30, 2019
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Tor the real Ended September 30, 2013		1		Variance Final Budget
	Buc Original	lget Final	Actual	Positive (Negative)
REVENUES	Original	Filidi	Actual	(Negative)
Property taxes - including penalty and interest	\$ 9,643,361	\$ 9,643,361	\$ 9,320,949	\$ (322,412)
Nonproperty taxes	11,114,474	11,114,474	12,055,612	941,138
Fees and charges	2,050,158	2,069,158	2,982,497	913,339
Fines and forfeitures	801,365	801,365	503,972	(297,393)
Licenses and permits	509,874	509,874	693,682	183,808
Intergovernmental	921,843	1,882,217	1,390,095	(492,122)
Investement income	100,000	100,000	222,974	122,974
Miscellaneous	265,589	382,831	353,746	(29,085)
Total revenues	25,406,664	26,503,280	27,523,527	1,020,247
EXPENDITURES				
General government				
City Commission	89,796	109,076	107,505	1,571
City Manager	344,460	344,460	345,453	(993)
City Secretary	395,184	445,184	399,662	45,522
Finance	860,280	860,280	809,344	50,936
Human resources	279,631	279,631	275,370	4,261
Building Maintenance	812,559	867,559	910,027	(42,468)
Municipal Court	254,418	254,418	261,661	(7,243)
Planning & Code Enforcement	1,201,131	1,414,451	1,376,684	37,767
Information Technology	877,341	907,303	823,773	83,530
Law	333,443	333,443	297,152	36,291
Non-departmental activities	592,336	648,279	630,662	17,617
Total general government	6,040,579	6,464,084	6,237,293	226,791
Public safety				
Police Department	8,277,025	9,247,408	8,619,755	627,653
Fire Department	5,905,824	6,027,719	6,109,995	(82,276)
<b>Emergency Medical Services Department</b>	274,172	294,172	285,745	8,427
Emergency Management Department	57,883	57,883	68,529	(10,646)
Total public safety	14,514,904	15,627,182	15,084,024	543,158
Public works				
Public Works Administration	252,623	252,623	246,265	6,358
Streets Department	1,184,071	1,175,071	1,262,100	(87,029)
Drain Ditch Department	626,558	645,558	656,718	(11,160)
Fleet Maintenance Shop Department	270,938	270,938	273,068	(2,130)
Total public works	2,334,190	2,344,190	2,438,151	(93,961)
Culture and Recreation				
Parks & Recreation Department	594,457	600,457	505,185	95,272
Library Department	790,923	790,923	754,019	36,904
Total culture and recreation	1,385,380	1,391,380	1,259,204	132,176
Other Economic Development	440,000	440,000	590,635	(150,635)
Debt service				
Principal retirement	869,510	869,510	862,483	7,027
Interest and fees	44,562	44,562	44,562	-
Total debt service	914,072	914,072	907,045	7,027
Total expenditures	25,629,125	27,180,908	26,516,352	664,556
EXCESS OF REVENUES OVER EXPENDITURES	(222,461)	(677,628)	1,007,175	1,684,803

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

For the Year Ended September 30, 2019

		lget		Variance Final Budget Positive		
OTHER FINANCING COLIRCES (LISES)	Original	Final	Actual	(Negative)		
OTHER FINANCING SOURCES (USES) Sale of capital assets	\$ 51,500	\$ 51,500	\$ 55,829	\$ 4,329		
Transfers in Transfers out	2,731,310 (2,244,641)	2,731,310 (2,244,641)	2,801,817 (2,444,268)	70,507 199,627		
Total other financing sources	538,169	538,169	413,378	(124,791)		
NET CHANGE IN FUND BALANCE	\$ 315,708	\$ (139,459)	1,420,553	\$ 1,560,012		
Fund balance beginning			9,423,776			
Fund balance ending			\$ 10,844,329			

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

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

For the Plan Years Ended December 31,	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 1,489,094	\$ 1,511,814	\$ 1,414,112	\$ 1,184,809	\$ 1,162,103
Interest (on the total pension liability)	2,968,169	2,805,747	2,738,324	2,603,802	2,504,972
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	155,641	93,970	(1,124,865)	734,282	(303,648)
Changes of assumptions	-	-	-	828,135	-
Benefit payments, including refunds of					
employee contributions	(2,075,643)	(1,912,199)	(2,242,933)	(1,947,228)	(1,978,636)
Net change in total pension liability	2,537,261	2,499,332	784,638	3,403,800	1,384,791
Total pension liability – beginning	44,266,145	41,766,813	40,982,175	37,578,375	36,193,584
Total pension liability – ending (a)	\$ 46,803,406	\$ 44,266,145	\$ 41,766,813	\$ 40,982,175	\$ 37,578,375
Plan Fiduciary Net Position					
Contributions – employer	\$ 833,181	\$ 741,999	\$ 572,328	\$ 561,365	\$ 542,202
Contributions – employee	729,948	710,237	662,199	611,176	591,732
Net investment income	(1,157,250)	4,762,284	2,240,914	50,055	1,882,469
Benefit payments, including refunds of	(1,137,230)	4,702,204	2,240,314	30,033	1,002,403
employee contributions	(2,075,643)	(1,912,199)	(2,242,933)	(1,947,228)	(1,978,636)
Administrative expense	(22,377)	(24,692)	(25,318)	(30,493)	(19,657)
Other	(1,169)	(1,251)	(1,365)	(1,506)	(1,616)
Net change in plan fiduciary net position	(1,693,310)	4,276,378	1,205,825	(756,631)	1,016,494
Plan fiduciary net position – beginning	38,653,372	34,376,994	33,171,169	33,927,800	32,911,306
Plan fiduciary net position – ending (b)	\$ 36,960,062	\$ 38,653,372	\$ 34,376,994	\$ 33,171,169	\$ 33,927,800
Net Pension Liability – Ending (a) – (b)	\$ 9,843,344	\$ 5,612,773	\$ 7,389,819	\$ 7,811,006	\$ 3,650,575
Plan fiduciary net position as a percentage					
of total pension liability	78.97%	87.32%	82.31%	80.94%	90.29%
Covered payroll	\$10,427,824	\$10,119,236	\$ 9,452,621	\$ 8,731,090	\$ 8,453,317
Net pension liability as a percentage		,			
of covered payroll	94.39%	55.47%	78.18%	89.46%	43.19%

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

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

For the Plan Years Ended September 30,		2019		2018		2017		2016		2015
Total Pension Liability										
Service cost	\$	555,465	\$	497,258	\$	463,644	\$	421,208	\$	398,097
Interest (on the total pension liability)		1,159,947		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		(832,135)		(764,180)		(548,162)		(645,296)		(833,923)
Net change in total pension liability		883,277		721,155		1,356,331		1,305,888		409,225
Total pension liability – beginning		15,852,587		15,131,432		13,775,101		12,469,213		12,059,988
Total pension liability – ending (a)	\$	16,735,864	\$	15,852,587	\$	15,131,432	\$	13,775,101	\$	12,469,213
									_	
Plan Fiduciary Net Position										
Contributions – employer	\$	519,826	\$	516,557	\$	483,771	\$	440,112	\$	394,360
Contributions – employee		513,232		509,963		476,078		425,463		388,865
Net investment income		207,493		928,177		882,963		755,912		(127,198)
Benefit payments, including refunds of										
employee contributions		(832,135)		(764,180)		(548,162)		(645,296)		(833,923)
Administrative expense		(55,756)		(42,719)		(51,417)		(45,252)		(85,190)
Other		-		-		-		-		-
Net change in plan fiduciary net position		352,660		1,147,798		1,243,233		930,939		(263,086)
Disc Coloring and a service and heart action		44 577 470		10 120 201		0.406.440		0.355.300		0.540.205
Plan fiduciary net position – beginning		11,577,179		10,429,381		9,186,148		8,255,209		8,518,295
Plan fiduciary net position – ending (b)	ć	11,929,839	ċ	11,577,179	ċ	10 /20 201	ċ	9,186,148	ċ	8,255,209
Plan haddlary het position – ending (b)	<u> </u>	11,323,033	ڔ	11,377,179	ڔ	10,423,361	ڔ	3,100,140	ڔ	8,233,209
Net Pension Liability – Ending (a) – (b)		\$ 4,806,025		\$ 4,275,408		\$ 4,702,051		\$ 4,588,953		\$ 4,214,004
Plan fiduciary net position as a percentage										
of total pension liability		71.28%		73.03%		68.93%		66.69%		66.20%
Covered payroll	\$	4,276,933	\$	4,249,692	\$	3,967,317	\$	3,545,525	\$	3,119,208
		, -,		, -,	•	, ,- <del>-</del> -	•	,,- <del></del>	•	, -, -,
Net pension liability as a percentage										
of covered payroll		112.37%		100.61%		118.52%		129.43%		135.10%

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

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

For the years ended September 30,		2019		2018	2017	2016		2015
<b>Primary Government- Texas Municipal Ret</b>	irer	nent System	)					
Actuarial determined contribution	\$	858,290	\$	817,077	\$ 714,301	\$ 613,090	\$	562,443
Contributions in relation to actuarially								
determined contribution		(858,290)		(817,077)	(714,301)	(613,090)		(562,443)
Contribution deficiency (excess)		-		-	-	-		_
Covered payroll	\$:	10,731,656	\$	10,428,523	\$ 9,900,449	\$ 9,710,623	\$ ;	8,538,660
Contributions as a percentage of covered payroll		8.00%		7.84%	7.21%	6.31%		6.59%
For the years ended September 30,		2019		2018	2017	2016		2015
<b>Primary Government- Firemen's Pension</b> Actuarial determined contribution	\$	513,232	\$	516,557	\$ 476,078	\$ 425,463	\$	379,251
Contributions in relation to actuarially determined contribution		(519,826)		(516,557)	(483,771)	(440,112)		(394,360)
Contribution deficiency (excess)		(6,594)		-	(7,693)	(14,649)		(15,109)
Covered payroll	\$	4,276,933	\$	4,249,692	\$ 3,967,317	\$ 3,545,525	\$	3,119,208
Contributions as a percentage of covered payroll		12.00%		12.16%	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,		2018	2017		
Total OPEB Liability					
Service cost	\$	27,112	\$	22,262	
Interest (on the total OPEB liability)		24,287		23,866	
Changes of benefit terms		-		-	
Difference between expected and actual experience		(19,296)		-	
Change of assumputions		(52,100)		60,004	
Benefit payments, including refunds of employee contributions		(6,257)		(6,072)	
Net Change in Total OPEB Liability		(26,254)		100,060	
Total OPEB Liability - Beginning		723,331		623,272	
Total OPEB Liability - Ending (a)	\$	697,077	\$	723,332	
Covered Employee Payroll		0,427,824	\$1	\$10,119,236	
Total OPEB Liability as a Percentage of Covered Employee Payroll		6.68%		7.15%	

#### Notes to Schedule:

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

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

2019		2018
\$ 148,081	\$	152,688
80,682		69,225
-		-
-		-
267,652		(73,262)
(12,780)		(5,084)
483,635		143,567
1,971,279		1,827,712
\$ 2,454,914	\$	1,971,279
\$ 4,276,933	\$	4,249,692
57.40%		46.39%
\$	80,682 - 267,652 (12,780) 483,635 1,971,279 \$ 2,454,914 \$ 4,276,933	\$ 148,081 \$ 80,682

#### Notes to Schedule:

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

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

#### **Texas Municipal Retirement System Pension Plan**

Valuation Date: Actuarially determined contribution rates are calculated as December

31 and become effective in January 13 months later.

#### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period 25 Years

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

Inflation 2.5%

Salary Increases 3.5% to 10.5% including inflation

Investment Rate of Return 6.75%

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

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

experience study of the period 2010 – 2014.

Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment with

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

and projected on a fully generational basis with scale BB.

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**

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

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



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

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

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

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

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

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

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

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

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

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

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

September 30, 2019

		Spe	ecial	Revenue Func	ls		Cap	Capital Projects Fund		
	N	Hotel/ Notel Tax Fund		Library Fund		Building preciation Fund	lm	Capital provement Fund	E	Department quipment eplacement Fund
Assets										
Cash and cash equivalents Investments	\$	542,047 -	\$	14,364 -	\$	91,263 -	\$	568,400 1,552,491	\$	420,872 -
Receivables (net of allowance for uncollectibles): Ad valorem taxes		-		-		-		-		-
Other Due from other funds		145,967 -		-		-		-		-
Total Assets	\$	688,014	\$	14,364	\$	91,263	\$	2,120,891	\$	420,872
Liabilities										
Accounts payable	\$	5,339	\$	-	\$	35,633	\$	301,636	\$	-
Due to other funds		-		-		-		-		-
Total Liabilities		5,339		-		35,633		301,636		-
Deferred Inflows of Resources										
Unavailable revenue- ad valorem taxes		-		-		-		-		-
Total Deferred Inflows of Resources		-		-		-		-		-
Fund Balances										
Restricted		682,675		14,364		55,630		-		-
Assigned		-		-		-		1,819,255		420,872
Total Fund Balance		682,675		14,364		55,630		1,819,255		420,872
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$	688,014	\$	14,364	\$	91,263	ċ	2,120,891	\$	420,872

Capi	ital Projects Fu	ınd						
	2013							
Ce	ertificate of							Total
C	Obligation	Stormwater				Debt	1	Non Major
Co	onstruction	Improvement				Service	Go	vernmental
	Fund	Fund		Total		Fund		Funds
_							_	
\$	1,745,085	\$ 2,917,529	\$	6,299,560	\$	250,072	\$	6,549,632
	271,696	-		1,824,187		38,934		1,863,121
	_	_		_		279,420		279,420
	24,597	_		170,564		-		170,564
	24,337	_		170,304		38,809		38,809
						30,003		30,003
\$	2,041,378	\$ 2,917,529	\$	8,294,311	\$	607,235	\$	8,901,546
\$		\$ 501	Ś	343,109	Ś		\$	343,109
Ş	- 685,371	\$ 201	Ş	685,371	Ş	-	Ş	685,371
	003,371			063,371				083,371
	685,371	501		1,028,480		_		1,028,480
	000,072	301		2,020, .00				2,020, .00
	-	-		-		225,132		225,132
	-	-		-		225,132		225,132
	1,356,007	2,917,028		E 02E 704		382,103		E 407 907
	1,330,007	2,317,020		5,025,704		302,103		5,407,807
	-	-		2,240,127		-		2,240,127
	1,356,007	2,917,028		7,265,831		382,103		7,647,934
\$	2,041,378	\$ 2,917,529	\$	8,294,311	\$	607,235	\$	8,901,546

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

For the Fiscal Year Ended September 30, 2019

roi the riscui real Ended September 50, 2013		Spec	ial Re	venue Fu	nds		Capital Projects F			Funds	
	Ν	Hotel/ Building Motel Tax Library Depreciation Fund Fund Fund		Capital Improvement Fund			e Department Equipment Replacement Fund				
Revenues											
Property taxes	\$	_	\$	_	\$	_	\$	_	\$	_	
Nonproperty taxes	۲	349,728	٦	_	ڔ	_	Ą	_	ڔ	_	
Fees and charges		343,720		_		112,463		_		_	
Intergovernmental		_		_		-		_		_	
Investment income											
		-		-		-	,	-		-	
Miscellaneous		-		-		-		125,000		-	
Total Revenue		349,728		-		112,463	1	125,000		-	
Expenditures											
Public safety		-		-		-	7	775,447		112,846	
Public works		-		-		-	1,1	116,565		-	
Culture and recreation Debt service:		304,759		-		56,833	3	331,389		-	
Principal		_		-		-	1	188,521		267,024	
Interest and fees		-		-		-		39,125		46,701	
Total Expenditures		304,759		-		56,833	2,4	151,047		426,571	
Excess (deficiency) of revenues over expenditures		44,969		-		55,630	(2,3	326,047)		(426,571)	
Other financing sources (uses)											
Issuance of debt		-		-		-		-		71,145	
Transfers in		-		-		-	1,4	170,000		408,371	
Total other financing sources (uses)		-		-		-	1,4	170,000		479,516	
Net change in fund balances		44,969		-		55,630	(8	356,047)		52,945	
Fund balances- beginning of year		637,706		14,364		-	2,6	575,302		367,927	
Fund balances at end of year	\$	682,675	\$	14,364	\$	55,630	\$ 1,8	319,255	\$	420,872	

_	2013				Takal
	ertificate of	Ctarmunator		Dobt	Total
	Obligation onstruction	Stormwater		Debt Service	Non Major Governmental
C	Fund	Improvement Fund	Total	Fund	Funds
	Fullu	Fullu	TOtal	Fullu	Fullus
\$	-	\$ -	\$ -	\$ 2,766,176	\$ 2,766,176
	-	-	349,728	-	349,728
	-	-	112,463	-	112,463
	-	-	-	-	-
	-	-	-	49,696	49,696
	-	-	125,000	-	125,000
					_
	-	-	587,191	2,815,872	3,403,063
			888,293		888,293
	-	1,191,208	2,307,773	-	2,307,773
		-	692,981	_	692,981
			092,981		092,981
	-	-	455,545	2,091,072	2,546,617
	-	70,712	156,538	743,205	899,743
	-	1,261,920	4,501,130	2,834,277	7,335,407
	_	(1,261,920)	(3,913,939)	(18,405)	(3,932,344)
		(=,===,===,	(=,===,===,	(==, :==,	(=,==,= : :,
	-	4,078,948	4,150,093	-	4,150,093
	-	100,000	1,978,371	=	1,978,371
		4 4 7 0 0 4 0	C 120 1C1		C 120 4C4
	-	4,178,948	6,128,464	-	6,128,464
	_	2,917,028	2,214,525	(18,405)	2,196,120
		_,5 _, ,0 _0	_, 1,525	(10, 103)	_,,
	1,356,007	-	5,051,306	400,508	5,451,814
\$	1,356,007	\$ 2,917,028	\$ 7,265,831	\$ 382,103	7,647,934
ڔ	1,000,007	7 2,311,020	7 7,200,001	7 302,103	,,04,,554

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

September 30,		2019		2018
Assets				
Cash and cash equivalents	\$	1,630,601	\$	1,629,337
Cash and cash equivalents- restricted		348,594		542,349
Investments		3,966,041		3,493,849
Receivables (net of allowance for uncollectibles)				
Ad valorem taxes		764,565		771,888
Sales taxes		1,039,600		1,007,565
Ambulance fees		1,490,299		1,278,080
Other		1,174,165		412,333
Due from other funds		1,959,372		925,158
Assets held for sale		2,874,000		2,874,000
Prepaid items		2,057		3,367
Inventories		3,081		13,983
		-,		-,
Total Assets	\$	15,252,375	\$	12,951,909
Liabilities				
Accounts payable	\$	1,274,773	\$	1,196,175
Accrued salaries and payroll taxes	7	410,028	Y	246,952
Other liabilities		1,499,042		800,739
Due to to other funds		46,959		197,078
Payable from restricted assets		348,594		363,239
Unearned revenue		217,758		128,500
Officarried revenue		217,738		128,300
Total Liabilities		3,797,154		2,932,683
Deferred Inflows of Resources				
Unavailable revenue- ad valorem taxes		610,892		595,450
		0_0,00_		
<b>Total Deferred Inflows of Resources</b>		610,892		595,450
Fund Balances				
Nonspendable		5,138		17,350
Restricted		5,130		179,110
Assigned		2,874,000		2,874,000
Unassigned		7,965,191		6,353,316
Onassigned		7,903,191		0,333,310
Total Fund Balances		10,844,329		9,423,776
Total Liabilities, Deferred Inflows of				
Resources and Fund Balances	\$	15,252,375	\$	12,951,909
	<del></del>	13,232,373	Ą	12,331,303

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

For the Fiscal Years Ended September 30,	2019	201	.8
Revenues			
Property taxes	\$ 9,320,949	\$ 9,30	67,781
Nonproperty taxes	12,055,612	11,2	82,813
Fees and charges	2,982,497	2,0	51,705
Fines and forfeitures	503,972	69	96,728
Licenses and permits	693,682	7:	19,740
Intergovernmental	1,390,095	8	73,763
Investment income	222,974	1	51,590
Miscellaneous	353,746	8.	58,321
Total Revenues	27,523,527	26,00	02,441
Expenditures			
General government	6,237,293	6,04	49,070
Public safety	15,084,024	14,9	37,706
Public works	2,438,151	3,4	59,303
Culture and recreation	1,259,204	1,49	90,434
Economic development	590,635	5	76,780
Debt service:			
Principal	862,483	79	94,556
Interest and fees	44,562	:	10,515
Total Expenditures	26,516,352	27,3	18,364
Excess (deficiency) of revenues			
over expenditures	1,007,175	(1,3	15,923)
Other financing sources (uses):			
Sale of capital assets	55,829	9	92,117
Issuance of debt	-	4,04	43,974
Transfers in	2,801,817	2,40	02,974
Transfers out	(2,444,268)	(3,3	29,170)
Total other financing sources (uses)	413,378	3,20	09,895
Net change in fund balances	1,420,553	1,89	93,972
Fund balances at beginning of year	9,423,776	7,5	29,804
Fund balances at end of year	\$ 10,844,329	\$ 9,42	23,776

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

September 30,	2019	2018		
Assets Cash and cash equivalents Receivables (net of allowance for uncollectibles):	\$ 542,047	\$	500,840	
Other	145,967		139,807	
Total assets	\$ 688,014	\$	640,647	
Liabilities			_	
Accounts payable	\$ 5,339	\$	2,941	
Total liabilities	5,339		2,941	
Fund balance				
Restricted	682,675		637,706	
Total fund balance	682,675		637,706	
Total liabilities and fund balance	\$ 688,014	\$	640,647	

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

For the Fiscal Years Ended September 30,		2018		
Revenues  Nonproperty taxes  Miscellaneous	\$	349,728 -	\$	365,473 -
Total revenues		349,728		365,473
Expenditures Culture and recreation		304,759		301,967
Total expenditures		304,759		301,967
Net change in fund balances		44,969		63,506
Fund balances at beginning of year		637,706		574,200
Fund balances at end of year	\$	682,675	\$	637,706

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

For the Fiscal Year Ended September 30, 2019

				Variance
	Bud	dget		With
	Original Final		Actual	Final Budget
Revenues				
Nonproperty taxes	\$ 410,000	\$ 410,000	\$ 349,728	\$ (60,272)
Expenditures				
Culture and recreation				
Parks & recreation department	294,225	294,225	304,759	(10,534)
Net change in fund balances	\$ 115,775	\$ 115,775	\$ 44,969	\$ (70,806)
Fund balances at beginning of year			637,706	
Fund balances at end of year			\$ 682,675	

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

September 30,	2019		
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 Funds Library Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended September 30,		2018		
Revenues	\$	-	\$ -	
Expenditures		-	-	
Net change in fund balances		-	-	
Fund balances at beginning of year		14,364	14,364	
Fund balances at end of year	\$	14,364	\$ 14,364	

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

September 30,		2018		
Assets				
Cash and cash equivalents	\$	91,263	\$	-
Total assets	\$	91,263	\$	-
Liabilities				
Accounts payable	\$	35,633	\$	-
Total liabilities		35,633		-
Fund balance				
Restricted		55,630		-
Total fund balance		55,630		-
Total liabilities and fund balance	\$	91,263	\$	-

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

For the Fiscal Years Ended September 30,	2019		2018	
Revenues				
Fees and charges	\$	112,463	\$	-
Total revenues		112,463		-
Expenditures				
Culture and recreation		56,833		-
Total expenditures		56,833		-
Net change in fund balances		55,630		-
Fund balances at beginning of year		-		-
Fund balances at end of year	\$	55,630	\$	-

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

September 30,	2019	2018
Assets		
Cash and cash equivalents	\$ 1,745,085	\$ 1,761,349
Investments	271,696	255,432
Receivables (net of allowance for uncollectibles):		
Other	24,597	24,597
Total assets	\$ 2,041,378	\$ 2,041,378
Liabilities		
Accounts payable	\$ -	\$ 685,371
Due to to other funds	685,371	-
Total liabilities	685,371	685,371
Fund balance		
Restricted	1,356,007	1,356,007
Total fund balances	1,356,007	1,356,007
Total liabilities and fund balance	\$ 2,041,378	\$ 2,041,378

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

For the Fiscal Years Ended September 30,	2019			2018
Revenues				
Intergovernmental	\$	-	\$	-
Total revenues		-		-
Expenditures				
Public works		-		1,526,239
Total expenditures		-		1,526,239
Net change in fund balances		-		(1,526,239)
Fund balances at beginning of year		1,356,007		2,882,246
Fund balances at end of year	\$	1,356,007	\$	1,356,007

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

September 30,	2019		
Assets			
Cash and cash equivalents	\$ 568,400	\$	841,541
Investments	1,552,491		1,894,312
Total assets	\$ 2,120,891	\$	2,735,853
Liabilities			
Accounts payable	\$ 301,636	\$	60,551
Total liabilities	301,636		60,551
Fund balance			
Assigned	1,819,255		2,675,302
Total fund balances	1,819,255		2,675,302
Total liabilities and fund balance	\$ 2,120,891	\$	2,735,853

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

For the Fiscal Years Ended September 30,	2019	2018		
Revenues				
Intergovernmental revenue	\$ -	\$	20,000	
Miscellaneous revernue	125,000	٦	20,000	
- IVIISCEIIUIICOUS TEVEVIIUC	123,000		201,200	
Total Revenues	125,000		221,200	
Expenditures				
Public safety	775,447		87,316	
Public works	1,116,565		679,901	
Culture and recreation	331,389		575,643	
Debt service:				
Principal	188,521		185,342	
Interest and fees	39,125		41,141	
Total expenditures	2,451,047		1,569,343	
Deficiency of revenues				
over expenditures	(2,326,047)		(1,348,143)	
Other financing sources (uses):				
Transfers in	1,470,000		2,358,071	
Total other financing sources	1,470,000		2,358,071	
Net change in fund balances	(856,047)		1,009,928	
Fund balances at beginning of year	2,675,302		1,665,374	
Fund balances at end of year	\$ 1,819,255	\$	2,675,302	

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

For the Fiscal Year Ended September 30, 2019

roi the riscui feur Endeu September 30, 20							٧	ariance
		Budget				A	With	
David and the second	Or	iginal		Final		Actual	Fin	al Budget
Revenues	<b>,</b>		<u> </u>		<u>,</u>	425.000	<b>.</b>	125 000
Miscellaneous	\$		\$	-	\$	125,000	\$	125,000
Total Revenues		-		-		125,000		125,000
Expenditures								
Public safety								
Police Department		650,000		650,000		35,536		614,464
Fire Department		965,000		965,000		739,911		225,089
	1,	615,000		1,615,000		775,447		839,553
Public works								
Streets Departent		836,000		836,000		1,116,565		(280,565)
Culture and Recreation								
Parks & Recreation Department		570,000		570,000		331,389		238,611
Debt service:								
Principal		163,343		163,343		188,521		(25,178)
Interest and fees		-		-		39,125		(39,125)
Total Expenditures	3,	184,343		3,184,343		2,451,047		733,296
Deficiency of revenues over								
expenditures	(3,	184,343)		(3,184,343)		(2,326,047)		858,296
Other financing sources (uses):								
Transfers in	1,	470,000		1,470,000		1,470,000		-
Total other financing sources	1,	470,000		1,470,000		1,470,000		-
	<b>.</b>	74.4.2.42\	•	(4.74.4.242)		(05.6.047)		050 200
Net change in fund balances	\$ (1,	714,343)	\$	(1,714,343)		(856,047)	\$	858,296
Fund balances at beginning of year						2,675,302		
Fund balances at end of year					\$	1,819,255		

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

September 30,	2019			2018		
Assets				_		
Cash and cash equivalents	\$	420,872	\$	367,927		
Total Assets	\$	420,872	\$	367,927		
Liabilities	\$		\$			
Fund Balance						
Assigned		420,872		367,927		
Total Liabilities and Fund Balance	\$	420,872	\$	367,927		

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

For the Fiscal Years Ended September 30,	2019			2018	
Revenues	\$	-	\$	-	
Expenditures					
Public safety		112,846		465,725	
Debt service:					
Principal		267,024		229,222	
Interest and fees		46,701		39,827	
Total Expenditures		426,571		734,774	
Ddeficiency of revenues					
over expenditures		(426,571)		(734,774)	
Other financing sources (uses):					
Transfers in		408,371		304,124	
Issuance of debt		71,145		462,728	
Total other financing sources		479,516		766,852	
Net change in fund balances		52,945		32,078	
Fund balances at beginning of year		367,927		335,849	
Fund balances at end of year	\$	420,872	\$	367,927	

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

For the Fiscal Year Ended September 30, 2019

To the risearrear Enaca september 30, 2	<u></u>	Budget			V	ariance With	
		Original		Final	Actual	Fin	al Budget
Revenues	\$	-	\$	-	\$ -	\$	-
Expenditures							
Public safety							
Fire Department		113,000		113,000	112,846		154
Debt service:							
Principal		294,522		294,522	267,024		27,498
Interest and fees		46,202		46,202	46,701		(499)
Total Expenditures		453,724		453,724	426,571		27,153
Deficiency of revenues over expenditures		(453,724)		(453,724)	(426,571)		27,153
Other financing sources (uses):							
Capital lease proceeds		113,000		113,000	71,145		(41,855)
Transfers in		315,500		315,500	408,371		92,871
Total other financing sources		428,500		428,500	479,516		51,016
Net change in fund balance	\$	(25,224)	\$	(25,224)	52,945	\$	78,169
Fund balance at beginning of year					367,927		
Fund balance at end of year					\$ 420,872		

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

September 30,	2019		2	2018
Assets				
Cash and cash equivalents	\$	2,917,529	\$	-
Total Assets	\$	2,917,529	\$	-
Liabilities				
Accounts Payable	\$	501	\$	-
Total Liabilities		501		-
Fund Balance				
Restricted		2,917,028		-
Total Liabilities and Fund Balance	\$	2,917,529	\$	-

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

For the Fiscal Years Ended September 30,	2019		2018	2018	
Revenues	\$	-	\$ -		
Expenditures					
Public works	1,	,191,208	-		
Debt service:					
Interest and fees		70,712	-		
Total Expenditures	1,	,261,920	-		
Deficiency of revenues					
over expenditures	(1,	,261,920)	-		
Other financing sources (uses):					
Transfers in		100,000	-		
Issuance of debt	4,	,078,948	-		
Total other financing sources	4,	,178,948	-		
Net change in fund balances	2,	,917,028	-		
Fund balances at beginning of year		-	-		
Fund balances at end of year	\$ <b>2</b> ,	,917,028	\$ -		

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

For the Fiscal Year Ended September 30, 2019

To the risear rear Ended September 30, 2	Budget						Variance With	
		Original		Final		Actual	Fi	nal Budget
Revenues	\$	-	\$	-	\$	-	\$	-
Expenditures								
Public works								
Drain Ditch Department		100,000		1,432,007		1,191,208		240,799
Debt service:								
Interest and fees		-		-		70,712		(70,712)
Total Expenditures		100,000		1,432,007		1,261,920		170,087
Deficiency of revenues over expenditures		(100,000)		(1,432,007)		(1,261,920)		170,087
Other financing sources (uses):								
Issuance of debt		_		-		4,078,948		4,078,948
Transfers in		100,000		100,000		100,000		-
Total other financing sources		100,000		100,000		4,178,948		4,078,948
Net change in fund balance	\$	-	\$	(1,332,007)		2,917,028	\$	4,249,035
Fund balance at beginning of year						-		
Fund balance at end of year					\$	2,917,028		

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

September 30,	2019	2	2018
Assets			
Cash and cash equivalents	\$ 10,000,000	\$	-
Total Assets	\$ 10,000,000	\$	-
Liabilities	\$ -	\$	-
Fund Balance			
Restricted	10,000,000		-
Total Liabilities and Fund Balance	\$ 10,000,000	\$	-

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

For the Fiscal Years Ended September 30,	2019			2018		
Revenues	\$	-	\$	-		
Expenditures						
Debt service:						
Interest and fees		107,256		-		
Total Expenditures		107,256		-		
Deficiency of revenues over expenditures		(107,256)		-		
Other financing sources (uses):						
Issuance of debt		10,107,256		-		
Total other financing sources		10,107,256		-		
Net change in fund balances		10,000,000		-		
Fund balances at beginning of year		-		-		
Fund balances at end of year	\$	10,000,000	\$	-		

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

September 30,	2019	2018		
Assets				
Cash and cash equivalents	\$ 250,072	\$	277,039	
Investments	38,934		40,176	
Receivables (net of allowance for uncollectibles)				
Ad valorem taxes	279,420		260,073	
Due from other funds	38,809		23,118	
Total assets	\$ 607,235	\$	600,406	
Liabilities	\$ -	\$	-	
Total liabilities	-		-	
Deferred inflows of resources				
Unavailable revenue- ad valorem taxes	225,132		199,898	
Total deferred inflows of resources	225,132		199,898	
Fund balance				
Restricted	382,103		400,508	
Total liabilities, deferred inflows of				
resources and fund balances	\$ 607,235	\$	600,406	

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

For the Fiscal Years Ended September 30,	2019	2018
Revenues		
Property taxes	\$ 2,766,176	\$ 2,763,472
Investment income	49,696	40,293
Total revenues	2,815,872	2,803,765
Expenditures		
Debt service:		
Principal	2,091,072	1,885,324
Interest and fees	743,205	664,150
Total expenditures	2,834,277	2,549,474
Net change in fund balance	(18,405)	254,291
Fund balances at beginning of year	400,508	146,217
Fund balances at end of year	\$ 382,103	\$ 400,508

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

For the Fiscal Year Ended September 30, 2019

	Bu	dget				,	Variance With
	Original		Final	Actual		Final Budget	
Revenues							
Property taxes	\$ 2,718,500	\$	2,718,500	\$	2,766,176	\$	47,676
Investment income	25,500		25,500		49,696		24,196
Total revenues	2,744,000		2,744,000		2,815,872		71,872
Expenditures							
Debt service:							
Principal	1,885,324		1,885,324		2,091,072		(205,748)
Interest and fees	1,000		663,895		743,205		(79,310)
Total expenditures	1,886,324		2,549,219		2,834,277		285,058
Net change in fund balance	\$ 857,676		194,781	\$	(18,405)	\$	(213,186)
Fund balance at beginning of year					400,508		
Fund balance at end of year				\$	382,103		

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

September 30,	2018		
Assets			
Current assets			
Cash and cash equivalents	\$ 225,446	\$ 3,039	
Cash and cash equivalents- restricted	2,054,891	3,713,635	
Investments- restricted	789,655	778,428	
Receivables,			
net of allowances for uncollectibles	1,989,916	2,185,510	
Inventories	160,900	219,132	
Prepaid items	37,936	44,098	
Total current assets	5,258,744	6,943,842	
Non-current assets			
Land	665,175	665,175	
Buildings	362,324	362,324	
Equipment	5,550,697	5,267,275	
Infrastructure	70,175,369	68,219,701	
Capital Leases	6,934,391	-	
Construction-in-progress	44,797,842	52,082,567	
Total non-current assets	128,485,798	126,597,042	
Accumulated depreciation	(39,230,338)	(36,533,315)	
Total non-current assets, net	89,255,460	90,063,727	
Total assets	94,514,204	97,007,569	
Deferred outflows of resources			
Deferred outflows related to pensions	200,827	95,663	
Deferred outflows related to OPEB	3,322	3,974	
Deferred charge on refunding	1,955,361	2,132,679	
Total deferred outflows of resources	2,159,510	2,232,316	
Total assets and deferred outflows			
of resources	\$ 96,673,714	\$ 99,239,885	

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

September 30,	2019	2018
At all the control of		
Liabilities		
Current liabilities:	ć 024.722	ć 120F212
Accounts payable	\$ 924,733	\$ 1,385,213
Accrued salaries and other liabilities	132,351	115,758
Due to other funds	2,000,000	2,008,008
Current portion of long term debt	3,243,951	2,696,284
Accrued interest on bonds	267,281	276,902
Total current liabilities	6,568,316	6,482,165
Noncurrent liabilities:		
Compensated absences	78,245	85,407
Customer deposits	1,182,191	1,107,398
Capital lease payable	6,161,945	6,154,472
Revenue bonds payable,		
net of unamortized premiums	48,248,304	51,961,951
Net pension liability	869,180	615,345
OPEB liability	44,000	45,576
Total noncurrent liabilities	56,583,865	59,970,149
Total liabilities	63,152,181	66,452,314
Deferred inflows of resources		
Deferred inflows related to pensions	35,352	112,042
Deferred inflows related to OPEB	3,530	-
Total deferred inflows of resources	38,882	112,042
Net Position		
Net investment in capital assets	35,783,631	34,118,235
Restricted for:	33,133,632	0 ./0/_00
Revenue bond retirement	996,487	993,899
Unrestricted	(3,297,467)	(2,436,605)
	(-,, -•-)	(=,:==,300)
Total net position	33,482,651	32,675,529
Total liabilities, deferred inflows		
of resources, and net position	\$ 96,673,714	\$ 99,239,885

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

For the Fiscal Years Ended September 30,	2019	2018
Operating revenues:		
Water services	\$ 7,090,130	\$ 6,759,015
Sewer services	5,057,874	4,892,650
Miscellaneous	128,609	645,372
Total operating revenues	12,276,613	12,297,037
Operating expenses:		
Personal services	888,498	900,903
Other services and charges	2,058,901	2,390,963
Supplies	223,795	247,202
Contractual services	2,765,472	2,676,397
Depreciation	2,934,073	2,625,251
Total operating expenses	8,870,739	8,840,716
Operating income	3,405,874	3,456,321
Non-operating revenues (expenses)		
Investment income	13,124	7,672
Interest expense	(1,728,279)	(1,571,518)
Total non-operating revenues (expenses)	(1,715,155)	(1,563,846)
Income (loss) before transfers and capital contributions	1,690,719	1,892,475
Transfers in (out) and capital contributions		
Transfers in	5,705,757	5,419,643
Transfers out	(7,271,318)	(6,595,688)
Capital improvement fees	642,214	684,998
Capital grants	39,750	240,158
Total transfers and capital contributions	(883,597)	(250,889)
Change in net position	807,122	1,641,586
Net position- beginning	32,675,529	31,033,943
Net position- ending	\$ 33,482,651	\$ 32,675,529

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

For the Fiscal Years Ended September 30,		2019		2018
Cash flows from operating activities				
Cash received from customers	\$	12,547,000	\$	12,255,418
Payments to suppliers		(5,452,262)		(4,727,400)
Payments to employees		(627,162)		(670,640)
Net cash provided by				
operating activities		6,467,576		6,857,378
Cash flows from noncapital financing				
activities				
Transfers from other funds		5,705,757		5,419,643
Transfers to other funds		(7,271,318)		(6,595,688)
Net cash used in noncapital financing activities		(1,565,561)		(1,176,045)
		(1,303,301)		(1,170,043)
Cash flows from capital and related financing activities				
Purchase of capital assets		(2,078,581)		(1,056,302)
Interest paid on bonds		(2,586,616)		(2,422,348)
Retirement of bonds		(2,317,266)		(2,847,245)
Capital improvement fees		642,214		684,998
Net cash used in capital				
and related financing activites		(6,340,249)		(5,640,897)
Cash flow from investing activities:				
Interest on cash and investments		13,124		7,672
Purchase of investments		(11,227)		(273,761)
Net cash provided by (used) in investing				
activities		1,897		(266,089)
Net (decrease) in cash and cash equivalents		(1,436,337)		(225,653)
Net (decrease) in cash and cash equivalents  Cash and cash equivalents, beginning of year		(1,436,337) 3,716,674		(225,653) 3,942,327
Cash and cash equivalents, beginning of year	s	3,716,674		3,942,327
Cash and cash equivalents, beginning of year	\$		\$	, , ,
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income	\$	3,716,674	\$	3,942,327
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities		3,716,674 2,280,337	·	3,942,327
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income	\$ \$	3,716,674	\$	3,942,327
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income  Adjustments to reconcile income		3,716,674 2,280,337	·	3,942,327
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income  Adjustments to reconcile income from operations to net cash from operating activities		3,716,674 2,280,337 3,405,874	·	3,942,327 3,716,674 3,456,321
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income  Adjustments to reconcile income from operations to net cash from operating activities  Depreciation		3,716,674 2,280,337 3,405,874 2,934,073	·	3,942,327 3,716,674 3,456,321 2,625,251
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables		3,716,674 2,280,337 3,405,874 2,934,073 195,594	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713)
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories		3,716,674 2,280,337 3,405,874 2,934,073 195,594 58,232	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273)
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items		3,716,674 2,280,337 3,405,874 2,934,073 195,594 58,232 6,162	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows		3,716,674 2,280,337 3,405,874 2,934,073 195,594 58,232 6,162 72,806	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows  Decrease (increase) in accounts payable		3,716,674 2,280,337 3,405,874 2,934,073 195,594 58,232 6,162	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241 623,953
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows		3,716,674 2,280,337 3,405,874 2,934,073 195,594 58,232 6,162 72,806	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows  Decrease (increase) in accounts payable		3,716,674 2,280,337 3,405,874 2,934,073 195,594 58,232 6,162 72,806 (460,480)	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241 623,953 12,950
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows  Decrease (increase) in accounts payable  Decrease (increase) in accrued salaries and other liabilities		3,716,674 2,280,337 3,405,874 2,934,073 195,594 58,232 6,162 72,806 (460,480) 16,593	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241 623,953 12,950
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income  Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows  Decrease (increase) in accounts payable  Decrease (increase) in accrued salaries and other liabilities  Decrease (increase) in due to other funds		3,716,674 2,280,337 3,405,874 2,934,073 195,594 58,232 6,162 72,806 (460,480) 16,593 (8,008)	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241 623,953 12,950 (232) 44,094
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income  to net cash provided by operating activities  Operating income  Adjustments to reconcile income  from operations to net cash from operating activities  Depreciation  (Increase) decrease in accounts receivables  (Increase) decrease in inventories  (Increase) decrease in prepaid items  (Increase) decrease in deferred outflows  Decrease (increase) in accounts payable  Decrease (increase) in accrued salaries and other liabilities  Decrease (increase) in due to other funds  Decrease (increase) in customer deposits		3,716,674 2,280,337 3,405,874 2,934,073 195,594 58,232 6,162 72,806 (460,480) 16,593 (8,008) 74,793	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241 623,953 12,950 (232)
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Deprating income  Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows  Decrease (increase) in accounts payable  Decrease (increase) in accrued salaries and other liabilities  Decrease (increase) in due to other funds  Decrease (increase) in customer deposits  Decrease (increase) in compensated absences		3,716,674 2,280,337 3,405,874 2,934,073 195,594 58,232 6,162 72,806 (460,480) 16,593 (8,008) 74,793 (7,162)	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241 623,953 12,950 (232) 44,094 (1,460)
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Deperating income  Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows  Decrease (increase) in accounts payable  Decrease (increase) in accrued salaries and other liabilities  Decrease (increase) in customer deposits  Decrease (increase) in customer deposits  Decrease (increase) in compensated absences  Decrease (increase) in net pension liability		3,716,674 2,280,337 3,405,874 2,934,073 195,594 58,232 6,162 72,806 (460,480) 16,593 (8,008) 74,793 (7,162) 253,835	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241 623,953 12,950 (232) 44,094 (1,460) (111,967)
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income  Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows  Decrease (increase) in accounts payable  Decrease (increase) in accounts payable  Decrease (increase) in out to other funds  Decrease (increase) in customer deposits  Decrease (increase) in compensated absences  Decrease (increase) in net pension liability  Decrease (increase) in OPEB liability		3,716,674  2,280,337  3,405,874  2,934,073 195,594 58,232 6,162 72,806 (460,480) 16,593 (8,008) 74,793 (7,162) 253,835 (1,576)	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241 623,953 12,950 (232) 44,094 (1,460) (111,967) 6,305
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income  Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows  Decrease (increase) in accounts payable  Decrease (increase) in accrued salaries and other liabilities  Decrease (increase) in customer deposits  Decrease (increase) in customer deposits  Decrease (increase) in compensated absences  Decrease (increase) in oPEB liability  Decrease (increase) in deferred inflows  Total adjustments		3,716,674  2,280,337  3,405,874  2,934,073 195,594 58,232 6,162 72,806 (460,480) 16,593 (8,008) 74,793 (7,162) 253,835 (1,576) (73,160)	·	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241 623,953 12,950 (232) 44,094 (1,460) (111,967) 6,305 36,194
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities Operating income Adjustments to reconcile income from operations to net cash from operating activities Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows Decrease (increase) in accounts payable Decrease (increase) in accounts payable Decrease (increase) in due to other funds Decrease (increase) in customer deposits Decrease (increase) in compensated absences Decrease (increase) in oPEB liability Decrease (increase) in OPEB liability Decrease (increase) in deferred inflows Total adjustments	\$	3,716,674  2,280,337  3,405,874  2,934,073 195,594 58,232 6,162 72,806 (460,480) 16,593 (8,008) 74,793 (7,162) 253,835 (1,576) (73,160) 3,061,702	\$	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241 623,953 12,950 (1,460) (111,967) 6,305 36,194 3,401,057
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of operating income to net cash provided by operating activities  Operating income  Adjustments to reconcile income from operations to net cash from operating activities  Depreciation (Increase) decrease in accounts receivables (Increase) decrease in inventories (Increase) decrease in prepaid items (Increase) decrease in deferred outflows  Decrease (increase) in accounts payable  Decrease (increase) in accrued salaries and other liabilities  Decrease (increase) in customer deposits  Decrease (increase) in compensated absences  Decrease (increase) in net pension liability  Decrease (increase) in OPEB liability  Decrease (increase) in deferred inflows	\$	3,716,674  2,280,337  3,405,874  2,934,073 195,594 58,232 6,162 72,806 (460,480) 16,593 (8,008) 74,793 (7,162) 253,835 (1,576) (73,160) 3,061,702	\$	3,942,327 3,716,674 3,456,321 2,625,251 (85,713) (56,273) 19,714 288,241 623,953 12,950 (232) 44,094 (1,460) (111,967) 6,305 36,194 3,401,057

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

				Variance
		dget		With
Operating revenues:	Original	Final	Actual	Final Budget
Water services	\$ 7,377,910	\$ 7,464,910	\$ 7,090,130	\$ (374,780
Sewer services	5,174,160	5,174,160	5,057,874	(116,286
Miscellaneous	273,745	273,745	128,609	(145,136
Total operating revenues	12,825,815	12,912,815	12,276,613	(636,202
Operating expenses:				
Water treatment				
Personnel services	-	-	91,206	(91,206
Other services and charges	550,297	550,297	540,030	10,267
Contractual services Supplies	930,218 10,000	980,218 10,000	991,130 60,919	(10,912 (50,919
Depreciation	10,000	10,000	159,636	(159,636
Total water treatment	1,490,515	1,540,515	1,842,921	(302,406
Water distribution				
Personnel services	301,429	301,429	308,417	(6,988
Other services and charges	152,010	152,010	194,871	(42,861
Supplies	21,100	21,100	39,877	(18,777)
Capital outlay	11,100	21,600		21,600
Depreciation Total water distribution	485,639	496,139	348,800 891,965	(348,800)
	485,039	490,139	891,965	(395,826)
Water meter division Personnel services	80,366	80,366	104,208	(23,842)
Other services and charges	24,850	24,700	57,164	(32,464)
Supplies	7,700	7,700	15,925	(8,225)
Capital outlay	26,500	256,650	-	256,650
Depreciation	-	-	262,089	(262,089)
Total water meter division	139,416	369,416	439,386	(69,970)
Utility billing	465 400	455 400	450.450	=
Personnel services	166,483	166,483	159,150	7,333
Other services and charges Supplies	123,500 8,600	121,824 10,276	225,005 9,510	(103,181) 766
Depreciation	-	10,276	490	(490)
Total utility billing	298,583	298,583	394,155	(95,572)
Waste water treatment				
Other services and charges	486,000	486,000	462,862	23,138
Contractual services	863,775	863,775	887,171	(23,396
Supplies	3,000	3,000	14,498	(11,498)
Capital outlay Depreciation	-	250,000	- 994,874	250,000
Total waste water treatment	1,352,775	1,602,775	2,359,405	(994,874) (756,630)
Waste water collection				
Personnel services	200,662	204,662	225,517	(20,855
Other services and charges	384,545	554,545	578,969	(24,424)
Contractual services	863,775	877,775	887,171	(9,396)
Supplies	74,740	74,740	83,066	(8,326
Capital oultay	12,850	12,850	-	12,850
Depreciation Total waste water treatment	1,536,572	1,724,572	1,168,184 2,942,907	(1,168,184
Total operating expenses	5,303,500	6,032,000	8,870,739	(2,838,739
Operating income	7,522,315	6,880,815	3,405,874	2,202,537
Non-operating revenues (expenses)	.,-=,-=	5,252,222	2,122,21	_,,
Investment income	-	-	13,124	(13,124
Interest expense	(4,597,290)	(4,597,290)	(1,728,279)	2,869,011
Total non-operating revenues (expenses)	(4,597,290)	(4,597,290)	(1,715,155)	2,882,135
Income before transfers and capital contributions	2,925,025	2,283,525	1,690,719	(592,806
Transfers in (out) and capital contributions				
Transfers in	4,999,836	5,295,262	5,705,757	410,495
Transfers (out)	(7,050,826)	(7,346,242)	(7,271,318)	74,924
Capital improvement fees	759,110	759,110	642,214	116,896
Capital grants  Total transfers and capital contributions	(1,291,880)	(1,291,870)	39,750 (883,597)	(39,750 408,273
rotal transfers and capital contributions	(1,291,000)	(1,291,870)	(865,597)	408,273
	6 4 633 445	\$ 991,655	907 122	\$ (184,533)
Change in net position	\$ 1,633,145	\$ 991,033	807,122	7 (184,555)
Change in net position  Net position- beginning	\$ 1,633,145	3 991,033	32,675,529	7 (104,555)

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

September 30,	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ -
Receivables,	CTT TTC	770.624
net of allowances for uncollectibles	675,576	770,621
Due from other funds	2,000,000	2,000,000
Total current assets	2,675,576	2,770,621
Non-current assets		
Land	421,247	421,247
Buildings	668,781	668,781
Equipment	1,734,678	1,720,388
Infrastructure	64,461	64,461
Total non-current assets	2,889,167	2,874,877
Accumulated depreciation	(2,320,301)	(2,295,632
Total non-current assets, net	568,866	579,245
Total assets	3,244,442	3,349,866
Deferred outflows of resources		
Deferred outflows related to pensions	8,024	2,766
Deferred outflows related to OPEB	137	170
Total deferred outflows of resources	8,161	2,936
Total assets and deferred outflows		
of resources	\$ 3,252,603	\$ 3,352,802
Liabilities		
Current liabilities:		
Accounts payable	\$ 390,048	\$ 404,732
Due to other funds	470,232	45,620
Current portion of long term debt	678	710
Total current liabilities	860,958	451,062
Niana and the latter and	·	•
Noncurrent liabilities:	6.447	6.204
Compensated absences	6,147	6,394
Landfill closure	387,764	420,725
Net pension liability	24,615	11,923
OPEB liability  Total noncurrent liabilities	1,874 420,400	1,953 440,995
		·
Total liabilities	1,281,358	892,057
Deferred inflows of resources		
Deferred inflows related to pensions	26	3,861
Deferred inflows related to OPEB	177	-
Total deferred inflows of resources	203	3,861
Net position		
Net investment in capital assets	568,866	579,245
Unrestricted	1,402,176	1,877,639
Total net position	1,971,042	2,456,884
	1,5, 1,042	2,-30,004
Total liabilities, deferred inflows		
of resources, and net position	\$ 3,252,603	\$ 3,352,802

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

For the Fiscal Years Ended September 30,	2019	2018
Operating Revenues:		
Charges for services	\$ 5,093,075	\$ 5,095,028
Miscellaneous	29,670	-
Total operating revenues	5,122,745	5,095,028
Operating Expenses:		
Personal services	73,122	78,041
Other services and charges	163,279	119,992
Supplies	13,073	4,767
Contractual services	4,209,444	4,148,695
Depreciation	24,669	16,916
Total operating expenses	4,483,587	4,368,411
Operating income (loss)	639,158	726,617
Transfers in (out)		
Transfers out	(1,125,000)	(1,125,000)
Change in net position	(485,842)	(398,383)
Net position- beginning	2,456,884	2,855,267
Net position- ending	\$ 1,971,042	\$ 2,456,884

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

Cash flows from operating activities Cash received from customers Payments to suppliers Payments to employees	\$	2019		2018
Cash received from customers Payments to suppliers Payments to employees	\$			
Payments to employees		5,217,790	\$	5,000,161
		(3,981,093)		(4,188,648)
Not each provided by		(64,446)		(78,378)
Net cash provided by				
operating activities		1,172,251		733,135
Cash flows from noncapital financing activities				
Transfers to other funds		(1,125,000)		(1,125,000)
Net cash used in				
noncapital financing activities		(1,125,000)		(1,125,000)
Cash flows from capital and related financing activities				
Purchase of capital assets		(14,290)		(83,986)
Landfill closure costs		(32,961)		(47,632)
Net cash used in capital				
and related financing activites		(47,251)		(131,618)
Net (decrease) in cash and cash equivalents		-		(523,483)
Cash and cash equivalents, beginning of year		-		523,483
Cash and cash equivalents, end of year	\$	-	\$	-
Reconciliation of operating income				
to net cash provided by operating activities				
Operating income	\$	639,158	\$	726,617
Adjustments to reconcile income	•		•	-,-
from operations to net cash from operating activities				
Depreciation		24,669		16,916
(Increase) decrease in accounts receivables		95,045		(94,867)
(Increase) decrease in deferred outflows		(5,225)		4,754
Increase (decrease) in accounts payable		(14,684)		35,073
Increase (decrease) in due to other funds		424,612		44,979
Increase (decrease) in compensated absences		(279)		2,641
Increase (decrease) in net pension liability		12,692		(4,799)
Increase (decrease) in OPEB liability		· (79)		270
Increase (decrease) in deferred inflows related to pensions		(3,835)		1,551
Increase (decrease) in deferred inflows related to OPEB		177		-
Total adjustments		533,093		6,518
Net cash provided by operations	\$	1,172,251	\$	733,135

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

For the Fiscal Year Ended September 30, 2019

	Budget						/ariance With
	Original	Д	Final		Actual	Fir	nal Budget
Operating revenues:							
Garbage fees	\$ 3,928,000	\$	3,928,000	\$	3,847,816	\$	(80,184)
Brush fees	1,170,000		1,170,000		1,160,853		(9,147)
Recyclying services	3,500		15,500		10,925		(4,575)
Other	82,000		82,000		73,481		(8,519)
Miscellaneous	-		-		29,670		29,670
Total operating revenues	5,183,500		5,195,500		5,122,745		(72,755)
Operating expenses:							
Solid waste collection							
Personnel services	-		-		3,451		(3,451)
Other services and charges	65,804		65,804		155,103		(89,299)
Contractual services	3,164,000		3,164,000		3,334,787		(170,787)
Supplies	-		-		95		(95)
Depreciation	-		-		1,434		(1,434)
Total solid waste collection	3,229,804		3,229,804		3,494,870		(265,066)
Recycling							
Personnel services	78,775		81,175		69,671		11,504
Other services and charges	5,600		9,600		7,828		1,772
Supplies	4,500		7,200		12,978		(5,778)
Capital outlay	23,500		23,500		-		23,500
Depreciation	-		-		23,235		(23,235)
Total recycling	112,375		121,475		113,712		7,763
Landfill							
Other services and charges	50,400		50,400		348		50,052
Contractual services	1,622		1,622		-		1,622
Total landfill	52,022		52,022		348		51,674
Brush collection							
Contractual services	650,000		650,000		874,657		(224,657)
Total brush collection	650,000		650,000		874,657		(224,657)
Total operating expenses	4,044,201		4,053,301		4,483,587		(430,286)
Operating income	1,139,299		1,142,199		639,158		(503,041)
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	\$ 14,299	\$	17,199		(485,842)	\$	(503,041)
Net position- beginning					2,456,884		
Net position- ending				\$	1,971,042		

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

	comparative stateme	0			
September 30,	2019	2018			
Assets					
Current assets:					
Cash and cash equivalents	\$ 100	\$ -			
Cash and cash equivalents- restricted	14,094	31,307			
Receivables,					
net of allowances for uncollectibles	99,199	28,082			
Inventories	31,354	31,354			
Total current assets	144,747	90,743			
Non-current assets					
Land	1,465,448	1,465,448			
Buildings	648,541	648,541			
Equipment	640,947	611,497			
Infrastructure	12,252,404	9,018,404			
Construction-in-progress	1,490,750	4,516,808			
Total non-current assets	16,498,090	16,260,698			
Accumulated depreciation	(5,220,466)	(4,874,927)			
Total non-current assets, net	11,277,624	11,385,771			
Total assets	11,422,371	11,476,514			
Deferred outflows of resources					
Deferred outflows related to pensions	47,899	18,102			
Deferred outflows related to OPEB	849	1,034			
Total deferred outflows of resources	48,748	19,136			
Total assets and deferred outflows					
of resources	\$ 11,471,119	\$ 11,495,650			
Liabilities					
Current liabilities:					
Accounts payable	\$ 72,144	\$ 6,028			
Accrued salaries and other liabilities	26,657	8,402			
Due to other funds	545,350	447,301			
Current portion of long term debt	2,844	5,205			
Total current liabilities	646,995	466,936			
Noncurrent liabilities:					
Compensated absences	27,199	48,449			
Customer deposits	3,594	3,594			
Net pension liability	158,491	86,571			
OPEB liability	11,413	11,859			
Total noncurrent liabilities	200,697	150,473			
Total liabilities	847,692	617,409			
Deferred inflows of resources					
Deferred inflows related to pensions	2,639	24,368			
Deferred inflows related to OPEB	1,000	-			
Total deferred inflows of resources	3,639	24,368			
Net Position					
Net investment of capital assets	11,277,624	11,385,771			
Restricted for:					
Construction	14,094	31,307			
Unrestricted	(671,930)	(563,205)			
Total net position	10,619,788	10,853,873			
Total liabilities, deferred inflows					
of resources, and net position	\$ 11,471,119	\$ 11,495,650			

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

For the Fiscal Years Ended September 30,	2019	2018
Operating revenues:		
Charges for services	\$ 321,634	\$ 213,089
Miscellaneous	275	2,341
Total operating revenues	321,909	215,430
Operating expenses:		
Personal services	247,744	237,192
Other services and charges	183,579	201,641
Supplies	258,497	153,394
Depreciation	345,539	333,678
Total operating expenses	1,035,359	925,905
Operating income (loss)	(713,450)	(710,475)
Transfers in (out) and capital grants		
Capital grants	229,365	76,252
Transfers in	250,000	250,000
Total transfers and capital contributions	479,365	326,252
Change in net position	(234,085)	(384,223)
Net position- beginning	10,853,873	11,238,096
Net position- ending	\$ 10,619,788	\$ 10,853,873

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

For the Fiscal Years Ended September 30,		2019		2018
Cash flows from operating activities				
Cash received from customers	\$	250,792	\$	220,547
Payments to suppliers		(277,911)		(264,075)
Payments to employees		(231,967)		(222,071)
Net cash used in				
operating activities		(259,086)		(265,599)
Cash flows from noncapital financing activities				
Transfers from other funds		250,000		250,000
Net cash provided by				
noncapital financing activities		250,000		250,000
Cash flows from capital and related financing activities				
Purchase of capital assets		(79,829)		(37,418)
Capital grants		71,802		50,000
Net cash provided by (used) in capital				
and related financing activites		(8,027)		12,582
Net (decrease) in cash and cash equivalents		(17,113)		(3,017)
Cash and cash equivalents, beginning of year		31,307		34,324
Cash and cash equivalents, end of year	\$	14,194	\$	31,307
Pagangiliation of aparating lass				
Reconciliation of operating loss				
to net cash used in operating activities	\$	(712.450)	ć	(710 475)
Operating (loss) Adjustments to reconcile (loss)	Ą	(713,450)	\$	(710,475)
from operations to net cash from operating activities				
• • •		245 520		222 670
Depreciation (Increase) decrease in accounts receivables		345,539 (71,117)		333,678
(Increase) decrease in accounts receivables (Increase) decrease in deferred outflows		(71,117) (20,612)		1,523
•		(29,612)		28,863
Increase (decrease) in accounts payable		66,116		537
Increase (decrease) in accrued salaries and other liabilities		18,255		2,148
Increase (decrease) in due to other funds		98,049		90,423
Increase (decrease) in customer deposits		- (22.644)		3,594
Increase (decrease) in compensated absences		(23,611)		2,185
Increase (decrease) in net pension liability		71,920		(29,134)
Increase (decrease) in OPEB liability		(446)		1,641
Increase (decrease) in deferred inflows related to pensions		(21,729)		9,418
Increase (decrease) in deferred inflows related to OPEB		1,000		444.076
Total adjustments		454,364		444,876
Net cash used in operations	\$	(259,086)	\$	(265,599)
Supplemental disclosure of noncash activities				
Contributed capital assets from TxDOT	\$	157,563	\$	26,252

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

For the Fiscal Year Ended September 30, 2019

·		Budget				`	/ariance With	
		Original	aget	Final		Actual	Ci.	with nal Budget
Operating revenues:		Original		rilidi		Actual	ГП	iai buuget
Fuel sales	\$	220,000	\$	220,000	\$	243,703	\$	23,703
Hangar rentals	7	75,000	7	75,000	Y	77,931	7	2,931
Miscellaneous		4,058		4,058		275		(3,783)
Total operating revenues		299,058		299,058		321,909		22,851
Operating expenses:								
Airport operations								
Personnel services		211,816		211,816		247,744		(35,928)
Other charges and services		93,708		103,998		91,802		12,196
Supplies		205,050		207,010		258,497		(51,487)
Capital outlay		62,500		50,250		-		50,250
Depreciation		-		-		345,539		(345,539)
Total airport operations		573,074		573,074		943,582		(370,508)
Airport grant programs								
Other charges and services		100,000		100,000		91,777		8,223
Total airport grant programs		100,000		100,000		91,777		8,223
Total operating expenses		673,074		673,074		1,035,359		(362,285)
Operating (loss)		(374,016)		(374,016)		(713,450)		(339,434)
Transfers in (out) and capital grants								
Transfers in		260,000		260,000		250,000		(10,000)
Capital grants		50,000		50,000		229,365		179,365
Total transfers and capital contributions		310,000		310,000		479,365		169,365
Change in net position	\$	(64,016)	\$	(64,016)		(234,085)	\$	(170,069)
Net position- beginning						10,853,873		
Net position- ending					\$	10,619,788		

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

September 30,	2019	2018		
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$		
Total current assets	-		-	
Non-current assets				
Equipment	4,997,658		4,997,658	
Improvements	70,864		70,864	
improvements	7.0,00		7 0,00 1	
Total non-current assets	5,068,522		5,068,522	
Accumulated depreciation	(4,954,624)		(4,438,228)	
- A Communication and the Communication and	(1,001,001)		( :, :00,==0,	
Total non-current assets, net	113,898		630,294	
Total assets	\$ 113,898	\$	630,294	
Liabilities				
Current liabilities:				
Due to other funds	\$ 250,269	\$	250,269	
Total current liabilities	250,269		250,269	
Noncurrent liabilities:				
Capital lease payable	-		104,119	
Total noncurrent liabilities	-		104,119	
Total liabilities	250,269		354,388	
Net Position				
Net investment in capital assets	113,898		526,175	
Unrestricted	(250,269)		(250,269)	
Total net position	(136,371)		275,906	
Total liabilities and net position	\$ 113,898	\$	630,294	
Total navincies and het position	ý 113,030	٧	030,234	

### 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,	2019	2018		
Operating Revenues				
Miscellaneous	\$ -	\$	1,600	
Total operating revenues	-		1,600	
Operating Expenses:				
Depreciation	516,396		442,178	
Total operating expenses	516,396		442,178	
Operating (loss)	(516,396)		(440,578)	
Non-operating revenues (expenses)				
Interest expense	(522)		(7,414)	
(loss) before transfers	(516,918)		(447,992)	
Transfers in (out)				
Transfers in	104,641		315,046	
Change in net position	(412,277)		(132,946)	
Net position- beginning	275,906		408,852	
Net position- ending	\$ (136,371)	\$	275,906	

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

For the Fiscal Years Ended September 30,	2019			2018		
Cash flows from operating activities						
Cash received from customers	\$	-	\$	103,518		
Net cash provided by						
operating activities		-		103,518		
Cash flows from noncapital financing activities						
Transfers from other funds		104,641		315,046		
Net cash provided by						
noncapital financing activities		104,641		315,046		
Cash flows from capital and related						
financing activities						
Retirement of capital leases		(104,119)		(411,150)		
Interest paid on notes		(522)		(7,414)		
Net cash used in capital						
and related financing activites		(104,641)		(418,564)		
Net increase (decrease) in cash and cash equivalents		-		-		
Cash and cash equivalents, beginning of year		-		-		
Cash and cash equivalents, end of year	\$	-	\$	-		
Reconciliation of operating loss						
to net cash provided by operating activities						
Operating (loss)	\$	(516,396)	\$	(440,578)		
Adjustments to reconcile (loss)	7	(310,330)	Ţ	(440,370)		
from operations to net cash from operating activities						
Depreciation		516,396		442,178		
Increase (decrease) in due to other funds		-		101,918		
Total adjustments		516,396		544,096		
-						
Net cash provided 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, 2019

For the Fiscal Year Ended September 30, 2019		dget	Final	Actual		/ariance With
	Original		Finai	Actual	Fir	nal Budget
Operating revenues:						
Miscellaneous	\$ -	\$	-	\$ -	\$	-
Total operating revenues	-		-	-		-
Operating expenses:						
Depreciation	-		-	516,396		(516,396)
Total operating expenses	-		-	516,396		(516,396)
Operating (loss)	-		-	(516,396)		(516,396)
Non-operating revenues (expenses)						
Interest expense	(7,414)		(7,414)	(522)		6,892
Total non-operating revenues (expenses)	(7,414)		(7,414)	(522)		6,892
(loss) before transfers	(7,414)		(7,414)	(516,918)		(509,504)
Transfers in (out)						
Transfers in	215,046		215,046	104,641		(110,405)
Total transfers	215,046		215,046	104,641		(110,405)
Change in net position	\$ 207,632	\$	207,632	(412,277)	\$	(619,909)
Net position- beginning				275,906		
Net position- ending	 			\$ (136,371)		

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

September 30,	2019		
Assets			
Cash	\$ 11,098	\$	6,646
Investments, at fair value:			
Equities	8,654,278		8,530,660
Corporate bonds	1,292,024		1,284,908
Money market mutual funds	490,555		398,137
Municipal bonds	1,481,884		1,356,827
Total assets	\$ 11,929,839	\$	11,577,178
Park Plant			
Liabilities			
Accounts payable	\$ -	\$	<u>-</u>
Total liabilities	-		-
Net position			
Net position restricted for pensions	11,929,839		11,577,178
Total net position	11,929,839		11,577,178
Total liabilities and net position	\$ 11,929,839	\$	11,577,178

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

For the Fiscal Years Ended September 30,	2019	2018	
Additions			
Contributions			
Employer contributions	\$ 519,8		516,556
Plan member contributions	513,2	:32	509,963
Total contributions	1,033,0	59	1,026,519
Investment income			
Net appreciation in fair value of investments	1,1	.73	764,219
Interest and dividends	269,9	65	226,375
Total investment income	271,1	.38	990,594
Less investment expense	(63,6	45)	(62,417)
Net investment income	207,4	93	928,177
Total additions	1,240,5	552	1,954,696
Deductions			
Benefits paid	601,7	44	633,540
Refunds of contributions	230,3	91	130,640
Administrative expenses	55,7	<b>'</b> 56	42,719
Total deductions	887,8	91	806,899
Net change in fiduciary net position	352,6	661	1,147,797
Net position, beginning of year	11,577,1	.78	10,429,381
Net position, end of year	\$ 11,929,8	3 <b>9</b> \$	11,577,178

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

September 30,	2019	2018	
Assets			
Cash and cash equivalents	\$ 11,612	\$ 251,805	
Investments	492,003	241,393	
Total assets	\$ 503,615	\$ 493,198	
Liabilities			
Accounts payable	1,000	\$ 93	
Total liabilities	1,000	93	
Net position			
Net position restricted for other purposes	502,615	493,105	
Total net position	502,615	493,105	
Total liabilities and net position	\$ 503,615	\$ 493,198	

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

For the Fiscal Years Ended September 30,	2019			2018	
Additions				_	
Interest income	\$	12,548	\$	7,391	
Total additions		12,548	\$	7,391	
Deductions					
Administrative expenses		3,038		6,519	
Total deductions		3,038		6,519	
Net change in fiduciary net position		9,510		872	
Net Position, beginning of year		493,105		492,233	
Net position, end of year	\$	502,615	\$	493,105	

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

September 30,		2019		2018
Assets				
Cash and cash equivalents	\$	4,776,645	\$	3,708,963
Restricted assets:				
Cash and cash equivalents		733,449		576,336
Certificate of deposit		-		695,256
Accounts receivable, net		458,935		623,922
Long-term note receivables		1,969,563		2,472,247
Total Assets	\$	7,938,592	\$	8,076,724
1.1.1.11.1.				
Liabilities	<b>.</b>	F 724	<b>ć</b>	201 270
Accounts payable	\$	5,724	\$	201,370
Accrued salaries and payroll taxes		7,126		7,078
Total Liabilities		12,850		208,448
Deferred Inflows of Resources				
Unavailable revenue- non-current receivables		1,969,563		2,472,247
Total deferred inflows of resources		1,969,563		2,472,247
Fund Balances				
Restricted for:				
Debt service		320,000		695,256
Project development		-		60,000
Capital projects		733,449		576,336
Unassigned		4,902,730		4,064,437
Total Fund Balances		5,956,179		5,396,029
			_	
Total Liabilities, Deferred Inflows of				
Resources and Fund Balances	\$	7,938,592	\$	8,076,724

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

For the Fiscal Year Ended September 30,	2019			2018
Revenues				
Nonproperty taxes	\$	3,354,407	\$	3,118,824
Capital grants		204,340		1,151,202
Program income		897,589		201,808
Investment income		128,854		128,871
Miscellaneous		47,322		48,825
Total Revenues		4,632,512		4,649,530
Expenditures				
Development Services		2,061,420		1,517,195
Capital outlay		44,355		3,147,689
Debt service:				
Principal		1,877,423		890,068
Interest and fees		89,164		124,276
Total Expenditures		4,072,362		5,679,228
Net change in fund balances		560,150		(1,029,698)
Fund balances at beginning of year		5,396,029		5,333,330
Fund balances at end of year	\$	5,956,179	\$	4,303,632

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

September 30, 2019	
Fund balances of component unit	\$ 5,956,179
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	5,000,119
·	
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	1,969,563
deferred in the funds	1,909,303
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the	
component unit balance sheet.	(9,702)
Long term liabilities are not due and payable in the current period	
and, therefore, they are not reported in the component unit	
balance sheet.	(1,155,000)
Net position of governmental activities	\$ 11,761,159

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

For the Fiscal Year Ended September 30, 2019	
Net change in fund balances	\$ 560,150
Amounts reported for governmental activities in the statement of activities are different because:	
The component unit reports capital outlays as expenditures. However in the statement of activities the cost of those assets are allocated over their estimated	
useful lives and reported as depreciation expense. This is the amount by which depreciation (\$105,707) exceeded capital outlay \$44,355 in the current period.	(61,352)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	(502,684)
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 (\$1,877,423) exceeded note proceeds (\$-0-).	1,877,423
The component unit does not report the retirement of fixed assets. In the government-wide statement of activities this is the amount of fixed assets retired in the current period.	(19,710)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the component unit. Interest expense in the statement of activities differs from the amount reported in governmental funds due to the change in accrued interest	
(\$2,988) being calculated for bonds and notes payable.	2,988
Change in net position of governmental activities:	\$ 1,856,815



### City of Weslaco, Texas Schedule of Taxes Receivable – By Funds At September 30, 2019

	General Fund				I & S Fund			
Tax Year	Total	%		Amount	%		Amount	
2009 & Prior	\$ 461,542	Various	\$	313,699	Various	\$	147,843	
2010	59,747	72.47%		43,299	27.53%		16,448	
2011	58,507	72.33%		42,316	27.67%		16,191	
2012	59,197	72.00%		42,620	28.00%		16,577	
2013	70,154	72.90%		51,142	27.10%		19,012	
2014	71,169	71.91%		51,176	28.09%		19,993	
2015	90,051	82.16%		73,989	17.84%		16,062	
2016	117,547	83.79%		98,488	16.21%		19,059	
2017	182,327	77.19%		140,731	22.81%		41,596	
2018	471,293	76.25%		359,384	23.75%		111,909	
	1,641,534			1,216,844			424,690	
Less								
Allowances for								
uncollectible	(597,549)			(452,279)			(145,270)	
Net Amount	\$ 1,043,985		\$	764,565		\$	279,420	

### City of Weslaco, Texas Analysis of Tax Collections, Adjustments, and Allocation to Funds October 1, 2018 to September 30, 2019

#### TAX COLLECTIONS AND ADJUSTMENTS

				Current						
	U	ncollected	Assessments						U	ncollected
Tax Year		10/1/18	8	c Correction	n Collections		Adjustments			9/30/19
2009 & Prior	\$	503,097	\$	-	\$	27,703	\$	(13,852)	\$	461,542
2010		65,431		-		3,543		(2,141)		59,747
2011		66,066		-		5,299		(2,260)		58,507
2012		69,399		-		7,561		(2,641)		59,197
2013		86,029		-		12,545		(3,330)		70,154
2014		96,815		-		18,233		(7,413)		71,169
2015		132,865		-		37,761		(5,053)		90,051
2016		187,284		-		60,034		(9,703)		117,547
2017		380,906		-		166,609		(31,970)		182,327
2018		-		11,882,540		11,480,754		69,507		471,293
Total	\$	1,587,892	\$	11,882,540	\$	11,820,042	\$	(8,856)	\$	1,641,534

#### ALLOCATION TO FUNDS

			General Fund			I & S Fu	ınd	
Tax Year		Collections	%		\$	%		\$
2009 & Prior	\$	27,703	Various	\$	19,099	Various	\$	8,604
2010		3,543	72.48%		2,568	27.52%		975
2011		5,299	72.32%		3,832	27.68%		1,467
2012		7,561	72.00%		5,444	28.00%		2,117
2013		12,545	72.90%		9,145	27.10%		3,400
2014		18,233	71.91%		13,111	28.09%		5,122
2015		37,761	82.16%		31,026	17.84%		6,735
2016		60,034	83.79%		50,300	16.21%		9,734
2017		166,609	77.19%		128,599	22.81%		38,010
2018		11,480,754	77.14%		8,856,386	22.86%		2,624,368
Total	\$	11,820,042		\$	9,119,510		\$	2,700,532
	·							



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

Fiscal	Interest	Interest	Payme	nts	Principal Due	Outstanding		
Year	Rate	15-Feb		15-Aug	15-Feb	30-Sep		
2019		\$ -	\$	-	\$ -	\$	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		\$ 194,934	\$	119,825	\$ 5,665,000			

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

	tember 30, 20	<i>313</i>	Internet	2			Principal	Outstanding
Fiscal	Interest		Interest I 15-Feb	ayme			Due 15-Feb	Outstanding
Year	Rate		12-Len		15-Aug		12-Len	30-Sep
2019		\$	_	\$	_	\$	-	\$ 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	-
	3.55076		11,200		11,200		3,0,000	
Total		\$	1,158,500	\$	1,158,500	\$	6,145,000	

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

Ficeal	Interest	Interest	Dayimaar	.+	Principal	0	Principal
Fiscal	Interest	 Interest I			Due	Outstanding	
Year	Rate	15-Feb		15-Aug	15-Feb		30-Sep
2019		\$ -	\$	-	\$ -	\$	3,200,000
2020	5.00%	77,350		70,225	285,000		2,915,000
2021	5.00%	70,225		62,850	295,000		2,620,000
2022	5.00%	62,850		54,975	315,000		2,305,000
2023	5.00%	54,975		46,725	330,000		1,975,000
2024	5.00%	46,725		35,350	455,000		1,520,000
2025	5.00%	35,350		23,350	480,000		1,040,000
2026	5.00%	23,350		10,600	510,000		530,000
2027	4.00%	10,600		-	530,000		-
Total		\$ 381,425	\$	304,075	\$ 3,200,000		

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

As of	Septemi	ber 30,	2019
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Fiscal	Interest	Interest I	Paymen	ıt	Principal Due	Principal Outstanding		
Year	Rate	15-Feb		15-Aug	15-Feb		30-Sep	
2019		\$ -	\$	-	\$ -	\$	3,790,000	
2020		75,628		75,628	130,000		3,660,000	
2021		72,378		72,378	135,000		3,525,000	
2022		69,003		69,003	145,000		3,380,000	
2023		65,378		65,378	150,000		3,230,000	
2024		61,628		61,628	160,000		3,070,000	
2025		57,628		57,628	165,000		2,905,000	
2026		53,503		53,503	175,000		2,730,000	
2027		49,128		49,128	185,000		2,545,000	
2028		44,503		44,503	195,000		2,350,000	
2029		40,603		40,603	200,000		2,150,000	
2030		36,603		36,603	210,000		1,940,000	
2031		33,453		33,453	215,000		1,725,000	
2032		29,959		29,959	220,000		1,505,000	
2033		26,384		26,384	230,000		1,275,000	
2034		22,503		22,503	235,000		1,040,000	
2035		18,538		18,538	245,000		795,000	
2036		14,250		14,250	255,000		540,000	
2037		9,788		9,788	265,000		275,000	
2038		9,969		-	275,000		-	
Total		\$ 790,827	\$	780,858	\$ 3,790,000			

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

Δcn	t Sp	ntemi	her:	₹∩	2019
	,	p	oc	,,,	-010

Fiscal	Interest	 Interest	Payment		F	Principal Due	Principal utstanding
Year	Rate	15-Feb	15-Aı	Jg		15-Feb	30-Sep
2019		\$ -	\$	-	\$	-	\$ 8,850,00
2020		147,379		5,350		220,000	8,630,00
2021		185,350	180	0,600		190,000	8,440,00
2022		180,600	17!	5,600		200,000	8,240,00
2023		175,600	170	0,350		210,000	8,030,00
2024		170,350	163	1,600		350,000	7,680,00
2025		161,600	152	2,350		370,000	7,310,00
2026		152,350	142	2,600		390,000	6,920,0
2027		142,600	132	2,350		410,000	6,510,0
2028		132,350	12:	1,600		430,000	6,080,0
2029		121,600	112	2,600		450,000	5,630,0
2030		112,600	103	3,300		465,000	5,165,0
2031		103,300	93	3,600		485,000	4,680,0
2032		93,600	83	3,500		505,000	4,175,0
2033		83,500	73	3,000		525,000	3,650,0
2034		73,000	62	2,000		550,000	3,100,0
2035		62,000	50	0,600		570,000	2,530,0
2036		50,600	38	8,700		595,000	1,935,0
2037		38,700	20	5,300		620,000	1,315,0
2038		26,300	13	3,400		645,000	670,0
2038		13,400		-		670,000	-
Total		\$ 2,226,779	\$ 2,079	9,400	\$	8,850,000	

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

					Principal			
Fiscal	Interest	 Interest Payments			Due	Outstanding		
Year	Rate	15-Feb		15-Aug	15-Feb		30-Sep	
2019		\$ -	\$	-	\$ -	\$	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		\$ 53,625	\$	53,625	\$ 2,375,000			

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

	tember 30, 2	1	<b></b>		Principal	Outobout His -
Fiscal Year	Interest Rate	 Interest I 15-Feb	ayme	nts 15-Aug	Due 15-Feb	Outstanding 30-Sep
Teal	Nate	13-1 60		13-Aug	13-1 60	30-3ер
2019		\$ -	\$	-	\$ -	\$ 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		\$ 2,393,080	\$	2,393,080	\$ 9,000,000	

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

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						Principal		Principal		
Fiscal	Interest		Interest Payment			Due		Outstanding		
Year	Rate	1	5-Feb		15-Aug		15-Feb		30-Sep	
2019		\$	-	\$	-	\$	-	\$	15,460,000	
2020	5.000%		-		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		\$ 1	,373,825	\$	1,373,825	\$	15,460,000			

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

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45 A	τ Νρη	ITPM	ner	<b>≺</b> ()	2019

As of Septembe	,			Principal	Principal
Fiscal	Interest	Inter	est Payment	Due	Outstanding
Year	Rate	15-Feb	15-Aug	15-Feb	30-Sep
2019		\$ -	\$ -	\$ -	\$ 19,045,000
2020	3.000%	456,300		-	19,045,000
2021	3.000%	456,300		-	19,045,000
2022	4.000%	456,300		1,230,000	17,815,000
2023	4.000%	431,700		1,280,000	16,535,000
2024	4.000%	406,100		1,455,000	15,080,000
2025 2026	5.000% 5.000%	377,000 339,500		1,500,000	13,580,000
2026	5.000%	300,375		1,565,000 1,640,000	12,015,000 10,375,000
2028	5.000%	259,375		1,875,000	8,500,000
2029	5.000%	212,500		1,970,000	6,530,000
2030	5.000%	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	5 57,125	2,285,000	
Total		\$ 4,027,325	5 \$ 4,027,325	\$ 19,045,000	

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

As of September 30, 2019

Final	latavast	lukawask	Dayuna		Principal	Principal
Fiscal	Interest	 Interest	Payme		Due	Outstanding
Year	Rate	15-Feb		15-Aug	15-Feb	30-Sep
2019		\$ -	\$	-	\$ -	\$ 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	-
		\$ 49,980	\$	30,345	\$ 1,155,000	



### City of Weslaco, Texas Statistical Section

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

#### **CONTENTS**

Financial Trends Tables I-IV

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

Revenue Capacity Tables V-VIII

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

Debt Capacity Schedules IX-XII

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

#### **Demographic and Economic Information**

**Tables XIII-XVII** 

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

#### **Operating Information**

Tables XVIII- XX

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

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

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

Fiscal Year Endina September 30.										TABLE
riscar rear Enamy September 50,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$ 32,298,614	\$ 28,246,600	\$ 26,444,251	\$ 23,122,052	\$ 20,001,901	\$ 11,915,869	\$ 6,236,897	\$ 13,564,135	\$ 14,042,568	\$ 12,006,633
Restricted	1,134,772	1,052,578	952,339	1,211,727	1,787,280	11,967,344	13,059,262	5,760,438	6,259,134	6,455,866
Unrestricted	(7,151,192)	(3,905,194)	588,485	3,639,565	6,148,950	729,653	9,294,414	4,806,131	1,330,224	1,591,672
Total governmental activities										
net position	\$ 26,282,194	\$ 25,393,984	\$ 27,985,075	\$ 27,973,344	\$ 27,938,131	\$ 24,612,866	\$ 28,590,573	\$ 24,130,704	\$ 21,631,926	\$ 20,054,171
Business-type activities										
Net investment in capital assets	\$ 47,630,121	\$ 46,083,251	\$ 40,509,740	\$ 39,969,259	\$ 38,975,364	\$ 34,020,461	\$ 12,912,376	\$ (1,310,318)	\$ 25,204,572	\$ 21,631,773
Restricted	1,010,581	1,025,206	1,020,601	1,212,612	1,623,104	2,019,837	19,656,819	27,959,653	1,054,121	4,875,514
Unrestricted	(2,567,221)	(1,122,171)	3,647,000	2,750,097	2,884,140	2,798,504	3,095,455	5,769,530	2,533,841	1,479,750
Total business-type activities										
net position	\$ 46,073,481	\$ 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
Primary Government										
Net investment in capital assets	\$ 79,928,735	\$ 74,329,851	\$ 66,953,991	\$ 63,091,311	\$ 58,977,265	\$ 45,936,330	\$ 19,149,273	\$ 12,253,817	\$ 39,247,140	\$ 33,638,406
Restricted	2,145,353	2,077,784	1,972,940	2,424,339	3,410,384	13,987,181	32,716,081	33,720,091	7,313,255	11,331,380
Unrestricted	(9,718,413)	(5,027,365)	4,235,485	6,389,662	9,033,090	3,528,157	12,391,770	10,575,661	3,864,065	3,071,422
Total primary government										
net position	\$ 72,355,675	\$ 71,380,270	\$ 73,162,416	\$ 71,905,312	\$ 71,420,739	\$ 63,451,668	\$ 64,257,124	\$ 56,549,569	\$ 50,424,460	\$ 48,041,208

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

For the Fiscal Year ended September 30,										
Tot the ristar rear chaca september 50,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
General government	\$ 7,783,921	\$ 6,439,519	\$ 7,877,473	\$ 7,793,661	\$ 7,475,817	\$ 4,699,927	\$ 4,077,130	\$ 4,079,035	\$ 4,426,526	\$ 4,307,90
Public safety	16,488,279	15,315,946	15,375,565	13,374,018	11,530,338	10,217,398	10,714,272	10,195,023	11,562,667	12,676,09
Emergency medical service	185,668	151,728	144,283	137,335	101,226	269,969	332,102	462,305	398,347	343,81
Health	-	-		-	-	-	90,067	88,459	104,426	132,61
Public works	4,498,314	6,299,328	5,129,113	3,409,500	2,927,110	3,056,584	3,039,309	2,626,866	2,669,907	1,870,27
Culture and recreation	2,319,476	2,367,348	2,197,967	2,195,306	1,793,425	1,660,311	1,692,154	1,693,692	1,144,997	2,486,17
Development services		-	-	-		2,724,236	3,364,499	3,256,023	3,101,439	3,358,82
Interest on long-term debt	1,299,788	919,744	828,514	1,134,675	1,009,379	1,182,183	1,187,398	2,326,416	1,452,443	1,478,83
Total governmental activities expenses	32,575,446	31,493,613	31,552,915	28,044,495	24,837,295	23,810,608	24,496,931	24,727,819	24,860,752	26,654,53
Business-type activities:										
Water and Wastewater	10,599,018	10,412,234	10,639,686	11,042,489	9,955,440	8,687,380	9,435,022	9,054,734	7,768,721	7,433,26
Solid Waste	4,483,587	4,368,411	3,850,543	4,147,973	4,348,050	4,117,588	4,044,683	4,047,757	3,863,097	3,517,00
Airport	1,035,359	925,905	850,901	687,702	668,097	536,560	507,619	505,452	532,689	532,82
Total business-type activities expenses	16,117,964	15,706,550	15,341,130	15,878,164	14,971,587	13,341,528	13,987,324	13,607,943	12,164,507	11,483,09
1,72	,,		,- :-,	,-: -,:	= :,= : =,= = :					
Total primary government expenses	\$ 48,693,410	\$ 47,200,163	\$ 46,894,045	\$ 43,922,659	\$ 39,808,882	\$ 37,152,136	\$ 38,484,255	\$ 38,335,762	\$ 37,025,259	\$ 38,137,62
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
General government	\$ 1,468,352	\$ 959,157	\$ 896,763	\$ 714,548	\$ 725,949	\$ 588,302	\$ 405,601	\$ 381,323	\$ 363,068	\$ 370,89
Public Safety	811,163	978,002	1,156,105	853,586	653,606	748,737	842,122	919,126	695,632	933,00
Emergency medical services	1,979,726	1,487,343	1,501,101	1,350,052	1,693,132	1,250,542	1,223,157	976,167	948,437	976,16
Other activities	-	-	-	-	-	155,378	394,360	399,142	260,053	372,93
Culture and recreation	33,373	43,670	76,676	85,163	73,359	-	-	-	-	-
Operating grants and contributions	889,479	648,763	585,580	484,336	273,122	233,899	99,359	16,179	-	-
Capital grants and contributions	625,616	446,200	137,739	571,469	1,065,726	463,568	454,010	724,994	500,163	702,13
Total governmental activities										
program revenues	5,807,709	4,563,135	4,353,964	4,059,154	4,484,894	3,440,426	3,418,609	3,416,931	2,767,353	3,355,13
Business-type activities:										
Charges for services:										
Water and Wastewater	12,276,613	12,297,037	12,205,565	10,806,055	12,121,383	11,744,692	12,160,485	11,034,905	9,411,060	8,719,98
Solid Waste	5,122,745	5,095,028	5,044,351	4,725,450	5,225,429	4,860,177	4,752,518	4,646,565	4,127,015	4,215,58
Airport	321,909	215,430	245,143	183,291	159,919	207,034	156,302	110,894	111,261	186,18
Operating grants and contributions	-	-	-	-	-	-	-	-	-	8,09
Capital grants and contributions	911,329	1,001,408	2,325,711	1,658,319	4,148,622	481,853	664,218	2,424,601	154,017	80,87
Total business-type activities										
program revenues	18,632,596	18,608,903	19,820,770	17,373,115	21,655,353	17,293,756	17,733,523	18,216,965	13,803,353	13,210,72
Total primary government										
program revenues	\$ 24,440,305	\$ 23,172,038	\$ 24,174,734	\$ 21,432,269	\$ 26,140,247	\$ 20,734,182	\$ 21,152,132	\$ 21,633,896	\$ 16,570,706	\$ 16,565,85
Not (Evnonce)/Payanue										
Net (Expense)/Revenue Governmental activities	¢ (26 767 727)	\$ 126 020 4701	¢ /27 100 0E11	\$ (23,985,341)	¢ (20 252 404)	¢ /20 270 102\	¢ /21 070 222\	¢ (21 210 000)	\$ (22,093,399)	\$ 122 200 40
	2,514,632	2,902,353	\$ (27,198,951) 4,479,640	\$ (23,985,341) 1,494,951	6,683,766	3,952,228	3,746,199	4,609,022	1,638,846	1,727,63
Business-type activities  Total primary government net expense			\$ (22,719,311)			\$ (16,417,954)		\$ (16,701,866)		

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

		2019	2018	2017	2016		2015		2014		2013		2012		2011		2010
Governmental activities:																	
Taxes:																	
Ad valorem	\$	12,127,801	\$ 12,002,082	\$ 11,615,301	\$ 11,264,052	\$	10,352,897	\$	9,767,217	\$	9,823,287	\$	9,710,670	\$	9,632,751	\$	9,729,729
Sales		10,063,222	9,356,472	8,929,546	8,682,523		8,779,266		11,441,937		11,182,267		10,578,320		9,864,624		9,218,352
Occupancy		349,728	365,473	444,151	351,911		384,439		419,960		382,934		336,419		358,390		359,421
Franchise and other		1,992,390	1,926,341	1,890,883	1,893,085		1,855,156		1,664,769		1,640,932		1,631,134		1,724,786		1,486,165
Intergovernmental		-	-	-	-		-		-		16,149		4,421		77,375		144,499
Investment earnings		272,670	191,883	103,608	60,217		31,839		130,602		89,278		66,619		64,147		139,903
Gain (loss) on sale/retirement of																	
capital assets		55,829	-	44,939	-		-		56,720		(348,529)		116,255		100,339		(115,940
Miscellaneous		353,746	858,322	353,902	721,662		232,759		377,674		226,739		249,246		301,972		348,954
Rescindment of contingency		-	-	-	-		-		-		-		-		550,000		-
Absences		-	-	-	-		-		-		-		191,261		-		-
Transfers		2,440,561	2,051,045	3,236,311	1,047,104		2,041,310		1,021,140		1,021,140		1,021,140		996,770		1,475,209
Total governmental activities		27,655,947	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
Business-type activities																	
Investment earnings		13,124	7,672	2,044	1,513		1,350		4,013		19,609		13,629		109		618,350
Transfers		(2,440,561)	(2,051,045)	(3,236,311)	(1,047,104)		(2,041,310)		(1,021,140)		(1,021,140)		(1,021,140)		(996,770)		(1,475,209
Total business-type activities		(2,427,437)	(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)
Total primary government		25,228,510	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
Change in Net Position																	
Governmental activities	Ś	888.210	\$ (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
Business-type activities	,	87,195	858,980	1,245,373	449,360	7	4,643,806	7	2,935,101	~	2,744,668	7	3,601,511	7	642,185	7	870,777
Total primary government	Ś	975,405	\$ 680,120	\$ 665,063	\$ 484,573	ć	7.969.071	ć	7,444,938	ć	5,700,543	ć	6.196.108	ć	2,219,940	ć	357,666

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

		2019		2018		2017		2016		2015		2014		2013		2012		2011		2010
General Fund																				
Pre GASB 54																				
Reserved	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	69,467
Unreserved		-		-		-		-		-		-		-		-		-		(104,146
Post GASB 54																				
Nonspendable	\$	5,138	\$	17,350	\$	18,308	\$	37,392	\$	34,790	\$	180,110	\$	33,249	\$	-	\$	-	\$	-
Restricted		-		179,110		-		104,886		466,288		466,288		696,765		65,791		57,391		-
Committed		-		-		-		-		-		-		-		-		-		-
Assigned		2,874,000	- 1	2,874,000		-		-		-		-		-		-		-		-
Unassigned		7,965,191	6	5,353,316		7,511,496		7,939,293		8,523,908		6,478,642		4,738,640		1,627,107		779,427		-
Total General Fund	\$ :	10,844,329	\$ 9	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
All Other Governmental Funds																				
Pre GASB 54																				
Reserved	\$		Ś	_	Ś		Ś		Ś	_	Ś		\$		\$	_	Ś	_	\$	1,505,458
Unreserved	Ý	-	Ý	-	Ý	-	Ý	-	Ţ	-	7	-	Ý	-	Ý	-	Ý	-	-	4,985,087
Post GASB 54																				
Nonspendable	\$	-	\$	-	\$	-	\$	34,311	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Restricted	:	15,407,807	1	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		2,240,127	3	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		

\$ 5,943,424 \$ 6,762,740 \$ 11,320,946

\$ 12,329,248

\$ 5,247,766

\$ 7,542,973

\$ 6,490,545

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

\$ 17,647,934 \$ 5,451,814

\$ 5,618,250

Total all other governmental funds

<sup>(1)</sup> 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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Taxes:										
Property taxes	\$ 12,087,125	\$12,131,253	\$11,645,836	\$11,273,279	\$ 10,550,931	\$ 9,932,967	\$ 10,011,483	\$ 9,710,637	\$ 9,847,584	\$ 9,717,429
Sales	10,063,222	9,356,472	8,929,546	8,682,523	8,779,266	11,441,937	11,182,267	10,578,320	9,864,624	9,218,35
Occupancy	349,728	365,473	444,151	351,911	384,439	419,960	382,934	336,419	358,390	359,42
Franchise and other	1,992,390	1,926,341	1,890,883	1,893,085	1,855,156	1,664,769	1,640,932	1,631,134	1,724,786	1,486,16
Charges for services	3,094,960	2,051,705	2,003,126	1,644,414	3,471,864	2,783,840	2,832,851	2,540,973	2,565,294	2,905,10
Program income	-	-	-	-	-	360,576	389,134	341,845	150,054	109,44
Intergovernmental	1,390,095	893,763	723,319	1,055,805	1,338,849	697,467	569,518	745,594	577,538	846,63
Licenses and permits	693,682	719,740	664,177	493,175	479,501	446,828	405,601	381,323	363,068	370,89
Investment income	272,670	191,883	103,608	60,217	31,839	130,602	89,278	66,619	64,147	139,90
Fines and forfeitures	503,972	696,728	752,327	698,250	523,767	636,486	668,891	772,752	463,778	583,06
Contributions	-	-	-	-	-	2,736	50	500	142	8,50
Miscellaneous	478,746	1,059,521	314,916	889,172	394,982	374,938	527,110	248,746	301,830	340,45
Total revenues	30,926,590	29,392,879	27,471,889	27,041,831	27,810,594	28,893,106	28,700,049	27,354,862	26,281,235	26,085,36
Expenditures										
General government	6,237,293	6,049,070	6,395,390	6,133,070	5,991,720	4,617,587	3,697,885	3,797,404	4,310,348	3,637,62
Public Safety	15,972,317	15,490,747	15,250,314	12,165,292	10,476,065	10,483,329	10,699,897	10,327,350	11,664,128	12,725,96
Public Works	4,745,924	5,665,443	4,377,328	2,104,864	1,790,960	1,558,496	1,556,054	1,299,033	1,342,074	1,390,19
Health	-	-	-	-	-	-	85,956	84,348	100,315	128,87
Culture and recreation	1,952,185	2,368,044	2,136,834	1,709,199	1,376,551	1,311,421	1,428,512	1,447,298	1,073,525	2,410,33
Economic development	590,635	576,780	581,915	589,640	593,849	1,568,220	2,144,101	1,923,521	2,171,025	3,633,44
Nondepartmental	-	-	-	-	-	565,216	477,223	395,172	684,020	779,28
Capital outlay	-	-	949,108	4,530,211	4,692,755	2,390,421	823,384	2,416,513	633,058	9,608,98
Debt service										
Principal	3,409,100	3,094,444	3,347,137	2,389,617	2,418,462	2,711,314	2,526,603	2,004,577	9,628,025	1,682,17
Interest and fiscal charges	1,051,561	755,633	782,830	786,594	890,033	1,152,048	1,197,893	1,352,412	1,420,192	1,490,12
Advance refunding escrow	-	-	-	77,555	-	-	-	-	-	
Total expenditures	33,959,015	34,000,161	33,820,856	30,486,042	28,230,395	26,358,052	24,637,508	25,047,628	33,026,710	37,487,00
Excess of revenues over (under) expenditures	(3,032,425)	(4,607,282)	(6,348,967)	(3,444,211)	(419,801)	2,535,054	4,062,541	2,307,234	(6,745,475)	(11,401,64
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	\$ 55,829	\$ 92,117	\$ 300,741	\$ -	\$ -	\$ 56,720	\$ 56,950	\$ 124,435	\$ 367,174	\$ 131,82
Debt Proceeds	14,257,349	4,506,702	2,184,974	4,450,281	658,299	ÿ 30,720	22,157,515	1,155,000	9,044,918	7 151,02
Proceeds from 380 Agreements	14,257,545	-,300,702	2,104,374	-,430,201	-	_	-	1,155,000	5,044,510	7,629,30
Bond interest	_	_		_	_		_	_	_	7,023,30
Premium on bond				701,808						
Bond redemption	=	_	-	(4,392,713)	-	-	(14,630,000)	-	-	_
•	-	-	-	(4,392,713)	-	-		(30,323)	(101,814)	-
Debt issuance costs	-	-	-	-	-	-	(366,731)	(30,323)	(101,614)	(611.00
Volunteer separation expense	-	-	-	-	-	(738,139)	(501.040)	(700 503)	(012.644)	(611,90
380 Agreement expenditures	-	-	-	-	-	(738,139)	(581,949)	(780,562)	(912,644)	-
Accrued 380 Agreement Interest	-	-	-	-	-	(500 400)	-	(949,937)	-	-
Sales Tax rebates	. 700 :	-	-			(580,488)	(645,082)	(843,934)	-	
Transfers in	4,780,188	5,065,169	4,686,079	2,208,425	2,419,014	(700 655)	(700 555)	-	- (200.055)	164,04
Transfers out	(2,444,268)	(3,329,170)	(1,699,768)	(1,286,321)	(2,460,758)	(700,000)	(700,000)	(480,000)	(200,000)	(4,33
Total other financing sources (uses)	16,649,098	6,334,818	5,472,026	1,681,480	616,555	(1,961,907)	5,290,703	(1,805,321)	8,197,634	7,308,93
Net change in fund balances	\$ 13,616,673	\$ 1,727,536	\$ (876,941)	\$ (1,762,731)	\$ 196,754	\$ 573,147	\$ 9,353,244	\$ 501,913	\$ 1,452,159	\$ (4,092,71
Debt service as a percentage of noncapital										
expenditures	15%	13%	14%	14%	16%	19%	19%	17%	52%	139
						. 5 70			/-	

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

		Ta	axes Levied for the	Collected w Fiscal Year of			ollections	Total Collect	ions to Date
Fiscal Year	Tax Roll Year		iscal Year	Amount	Percentage of Levy	ın s	Subsequent Years	Amount	Percentage of Levy
2010	2009	\$	9,249,698	\$ 8,628,830	93.29%	\$	553,762	9,182,592	99.27%
2011	2010		9,310,540	8,704,523	93.49%		531,572	9,236,095	99.20%
2012	2011		9,346,948	8,859,282	94.78%		409,852	9,269,134	99.17%
2013	2012		9,559,563	9,095,317	95.14%		378,072	9,473,389	99.10%
2014	2013		9,667,300	9,119,003	94.33%		438,010	9,557,013	98.86%
2015	2014		9,952,186	9,682,147	97.29%		136,897	9,819,044	98.66%
2016	2015		10,995,171	10,562,367	96.06%		228,377	10,790,744	98.14%
2017	2016		11,478,848	10,983,948	95.69%		440,955	11,424,903	99.53%
2018	2017		11,812,045	11,481,619	97.20%		44,169	11,525,788	97.58%
2019	2018		11,882,540	11,480,754	96.62%		-	11,480,754	96.62%

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	ТАХ-ЕХЕМРТ	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT OVERLAPPING TAX RATE
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	2.7357
2019	1,038,039,659	847,999,734	497,055,323	1,886,039,393	2.7357

Source: Hidalgo County Appraisal District

www.hidalgoad.org

2018 2009

TAXPAYER	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
H E Butt Grocery Company	\$ 40,771,625	1	2.16%	\$ 38,475,794	1	2.75%
H E B Weslaco Transportation	20,456,646	2	1.08%	12,594,975	2	0.90%
Wal-Mart Real Estate Business	17,892,244	3	0.95%	8,635,324	5	0.62%
AEP Texas Central Co	16,978,340	4	0.90%	6,298,560	10	0.45%
G3C Weslaco Westgate	16,134,238	5	0.86%			
Capcor Weslaco LTD	14,600,000	6	0.77%			
BOYD Weslaco LTD	10,786,798	7	0.57%			
Lowes Home Centers Inc	8,598,041	8	0.46%			
Jazman RGV Group	8,124,051	9	0.43%			
HD Development Properties LP	8,084,180	10	0.43%	4,642,820		0.33%
Weslaco Palm Plaza	7,638,938	11	0.41%	5,807,190	11	0.41%
Weslaco MHC Limited Partnership	7,577,946	12	0.40%	4 500 000	47	0.000/
HIC Texas LLC	7,432,372	13	0.39%	4,538,362		0.32%
JC Penney #1101 WesFar Apartments LLC	7,395,218 6,999,726	14 15	0.39% 0.37%	6,747,644	8	0.48%
Weslaco Motors LLP	6,609,411	16	0.35%			
535 US Hwy 83 Investors	6,500,000	17	0.34%			
Universal Health Realty Income Trust	6,439,368	18	0.34%			
Weslaco Ford/Mercury Inc	6,439,111	19	0.34%			
RST Texas Retail Estate LP	5,950,824	20	0.32%			
Clearview Weslaco LLP	3,330,62		0.0270	10,878,712	3	0.78%
John Knox Villages				10,501,271		0.75%
Reyna Family Land LTD				8,626,661	6	0.62%
Wal-Mart Property Tax Department				8,164,299		0.58%
2300 Sugar Sweet Realty LLC				5,722,532	12	0.41%
Lowe's #2980				6,410,698	9	0.46%
Home Depot Centers Inc				5,194,551	13	0.37%
Verizon Southwest				4,868,350	14	0.35%
Knapp Medical Center				4,714,172	15	0.34%
SDI Weslaco Holdings				4,524,398	18	0.32%
RGV Express LTD				4,488,802	19	0.32%
Saenz Maximo				4,045,487	20	0.29%
TOTAL	\$ 231,409,077		12.27%	\$ 165,880,602	- -	11.84%

Source:

www.hidalgoad.org

		City	Direct Rates				OVERLAPP	ING RATES		IABLE VIII
FISCAL YEAR	TAX YEAR	MAINTENANCE & OPERATION	INTEREST & SINKING	(PER \$100) CITY	(Per \$100) WISD	STC	(Per \$100) Hidalgo Co	(Per \$100) DD #1	(Per \$100) STISD	(Per \$100) Total
PROPERT	Y TAX RA	TES								
2010	2009	0.5152	0.1815	0.6967	1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
2011	2010	0.5049	0.1918	0.6967	1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
2012	2011	0.5039	0.1928	0.6967	1.1397	0.1497	0.5900	0.0725	0.0492	2.6978
2013	2012	0.5016	0.1951	0.6967	1.1397	0.1507	0.5900	0.0733	0.0492	2.6996
2014	2013	0.5006	0.1861	0.6867	1.1397	0.1500	0.5900	0.0957	0.0492	2.7113
2015	2014	0.4866	0.1901	0.6767	1.1397	0.1850	0.5900	0.0957	0.0492	2.7363
2016	2015	0.5560	0.1207	0.6767	1.1397	0.1850	0.5900	0.0951	0.0492	2.7357
2017	2016	0.5586	0.1081	0.6667	1.1597	0.1850	0.5800	0.0951	0.0492	2.7357
2018	2017	0.5146	0.1521	0.6667	1.1597	0.1850	0.5800	0.0951	0.0492	2.7357
2019	2018	0.5143	0.1524	0.6667	1.1597	0.1850	0.5800	0.0951	0.0492	2.7357
TAX LEVI	ES									
2010	2009			\$ 9,249,698	\$ 20,544,560	\$ 41,736,459	\$ 161,779,404	\$ 18,803,344	\$ 13,870,003	\$ 265,983,468
2011	2010			9,310,540	19,795,607	37,953,268	148,860,984	18,910,655	13,752,694	248,583,748
2012	2011			9,346,948	20,111,115	38,191,930	150,274,322	19,197,219	13,901,594	251,023,128
2013	2012			9,559,563	21,597,467	43,100,124	165,736,613	19,880,682	14,279,092	274,153,542
2014	2013			9,667,300	21,552,277	42,899,924	165,736,613	25,956,088	14,279,092	280,091,295
2015	2014			9,952,186	23,002,324	54,881,207	171,956,770	27,107,682	14,792,577	301,692,745
2016	2015			10,995,171	23,464,321	56,775,623	179,965,377	28,837,880	15,689,081	315,727,453
2017	2016			11,478,848	24,406,360	59,677,412	189,058,158	30,258,335	16,467,923	331,347,036
2018	2017			11,812,045	25,578,128	61,936,282	182,090,796	31,810,341	17,291,319	330,518,911
2019	2018			11,882,540	28,008,489	70,877,607	217,365,496	34,953,292	19,071,850	382,159,273

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# CITY OF WESLACO, TEXAS COMPUTATION OF DIRECT AND OVERLAPPING DEBT AS OF SEPTEMBER 30, 2019 TABLE IX

	GROSS DEBT Less INKING FUND	ESTIMATED % DEBT APPLICABLE TO CITY OF WESLACO	 TY OF WESLACO HARE OF DEBT
City of Weslaco, Texas	\$ 37,489,309	100.00%	\$ 37,489,309
Total Direct Debt	37,489,309		37,489,309
Weslaco Ind School Dist	70,922,000	72.44%	51,375,897
Hidalgo County	350,540,000	5.31%	18,613,674
Hidalgo Co Drainage Dist #1	183,725,000	5.54%	10,178,365
South Texas College	136,110,000	4.99%	6,791,889
Total overlapping debt	741,297,000		86,959,825

Total direct and overlapping debt: \$ 124,449,134

Percent of Assessed Valuation: 6.60%

Direct Overlapping Debt per Capita: \$ 3,023

POPULATION: 41,171

ASSESSED VALUATION \$ 1,886,039,393

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

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

Debt Limit (10% of	•		188,603,939
Debt applicable to	General oustanding de	aht	90,923,453
	Less: Amount set asid		30,323,433
	for repayment o	f general	
	obligation debt		 (382,103)
	Total net debt ap	plicable to limit	90,541,350
Legal debt margin			98,062,589
2010	2011	2012	2013

		2010	2011	LUIL	2015
Debt Limit	\$	133,153,378	\$ 141,124,613	\$ 142,173,949	\$ 139,051,427
Total net debt applicable to limit		24,605,645	24,605,645	21,684,025	26,487,380
Legal debt margin	\$	108,547,733	\$ 116,518,968	\$ 120,489,924	\$ 112,564,047
Total net debt applicable to the lin as a percentage of debt limit	nit	18.48%	17.44%	15.25%	19.05%
, ,					

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.

2014	2015	2016	2017	2018	2019
\$ 159,911,825 \$	151,195,149 \$	166,102,626 \$	173,352,656 \$	181,167,101 \$	188,603,939
 24,605,645	23,040,965	19,704,803	18,296,141	16,806,190	90,541,350
\$ 135,306,180 \$	128,154,184 \$	146,397,823 \$	155,056,515 \$	164,360,911 \$	98,062,589
15.39%	15.24%	11.86%	10.55%	9.28%	48.01%

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

	Fiscal	Utility Service	Less:	Plus: CIP Fee (1)	Net	Debt S	ervice	Coverage
-	Year	Charges	Operating Expenses	Non- Operating	Available	Principal	Interest	Coverage
	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
	2019	12,148,004	8,870,739	642,214	3,919,479	138,151	2,152	27.94

#### **Governmental Activities**

	General											Total				
Fiscal	Ob	ligation	(	Certificate			В	ond	N	otes	Go	vernmental	Percer	ntage of	Per	
Year	E	Bonds	of	Obligation	Сар	ital Leases	Prer	miums	Pa	/able		Activities	Persona	I Income	Capita	
2010	\$	1,276,800	\$	23,755,396	\$	-	\$	-	\$	-	\$	25,032,196		4.87%	721.37	-
2011		620,800		23,223,916		-		-		-		23,844,716		4.49%	668.48	
2012		419,200		21,776,008		-	41	13,195		-		22,608,403		3.96%	613.59	
2013		208,000		26,443,550		-	61	10,724		-		27,262,274		4.70%	734.97	
2014		-		24,894,102		1,693,177	56	63,767		-		27,151,046		4.61%	722.08	
2015		2,006,250		21,110,000		1,947,164	51	16,809		-		25,580,223		4.17%	648.03	
2016		1,532,231		19,285,000		2,099,678	1,17	71,661		-		24,088,570		3.50%	601.72	
2017		1,037,731		17,800,000		2,983,316	1,00	00,740	43	31,333		23,253,120		3.23%	576.17	
2018		527,407		16,425,000		3,921,594	1,01	17,845	39	95,458		22,287,304		2.87%	541.34	
2019		8,850,000		18,800,000		3,199,442	2,07	71,103	35	7,091		33,277,636		4.29%	808.28	

**Business-Type Activities** 

		General															
Fiscal	C	Obligation		Certificate			(	Capital					Tot	tal Business-Type	Percentag	ge of	Per
Year		Bonds	0	f Obligation	Re	venue Bonds		Leases	Tax f	Notes	Bon	d Premiums		Activities	Personal In	come	Capita
2010	\$	718,200	\$	3,135,000	\$	22,724,604	\$	-	\$	-	\$	-	\$	26,577,804		5.17%	765.91
2011		1,300,284		2,845,000		21,290,000		-		-		-		25,435,284		4.79%	713.07
2012		1,089,792		2,470,000		45,215,000		-	8,50	0,000		1,366,793		58,641,585	1	.0.27%	1,591.53
2013		870,768		2,090,000		44,790,000		-	8,04	0,000		1,366,793		57,157,561		9.86%	1,540.93
2014		768,456		1,700,000		44,325,000		-	7,73	5,000		1,800,466		56,328,922		9.56%	1,498.07
2015		529,308		19,230,000		34,700,000		-	6,54	5,000		1,699,141		62,703,449	1	.0.23%	1,588.47
2016		404,029		49,260,000		870,000		-	4,81	0,000		4,734,806		60,078,835		8.74%	1,500.73
2017		273,745		48,090,000		440,000		-	2,62	0,000		6,909,104		58,332,849		8.10%	1,445.39
2018		138,853		48,090,000		-	6,	,501,903		-		6,082,019		60,812,775		7.83%	1,477.08
2019		-		45,880,000		-	6,	,532,513		-		5,233,304		57,645,817		7.42%	1,400.16

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

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#### **Governmental Activities**

		General										bt Service			Percenta	•	
Fiscal	0	bligation		Certificate			Bor	nd	No	tes	Res	tricted Net			Actual Ta	ıxable	Per
Year		Bonds	0	f Obligation	Cap	ital Leases	Premi	iums	Pay	able		Assets	N	let Bonded Debt	Value of P	roperty	Capita
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		-		924,187		21,684,216	1.53	%	588.51
2013		208,000		26,443,550		-	610	,724		-		949,798		26,312,476	1.80	%	709.37
2014		-		24,894,102		1,693,177	563	,767		-		996,317		26,154,729	1.75	%	695.59
2015		2,006,250		21,110,000		1,947,164	516	,809		-		798,285		24,781,938	1.67	%	627.80
2016		1,532,231		19,285,000		2,099,678	1,171	,661		-		540,114		23,548,456	1.42	%	588.23
2017		1,037,731		17,800,000		2,983,316	1,000	,740	433	,333		146,217		23,106,903	1.33	%	572.55
2018		527,407		16,425,000		3,921,594	1,017	,845	39	,458		400,508		21,886,796	1.21	%	531.61
2019		8,850,000		18,800,000		3,199,442	2,071	,103	35	7,091		382,103		32,895,533	1.74	%	799.00

					Busines	ss-Type Activi	ties				_
										Percentage of	='
		General								Actual Taxable	
Fiscal	(	Obligation	Certificate		Capital			Debt Service		Value of	Per
Year		Bonds	of Obligation	Revenue Bonds	Leases	Tax Notes	<b>Bond Premiums</b>	Restricted Net Assets	Net Bonded Debt	Property	Capita
2010	\$	718,200	\$ 3,135,000	\$ 22,724,604	\$ -	\$ -	\$ -	\$ 384,590	\$ 26,193,214	1.87%	754.83
2011		1,300,284	2,845,000	21,290,000	-	-	-	603,258	24,832,026	1.76%	696.16
2012		1,089,792	2,470,000	45,215,000	-	8,500,000	1,366,793	924,187	57,717,398	4.06%	1,566.45
2013		870,768	2,090,000	44,790,000	-	8,040,000	1,366,793	949,798	56,207,763	3.84%	1,515.32
2014		768,456	1,700,000	44,325,000	-	7,735,000	1,800,466	996,317	55,332,605	3.69%	1,471.57
2015		529,308	19,230,000	34,700,000	-	6,545,000	1,699,141	798,285	61,905,164	4.18%	1,568.25
2016		404,029	49,260,000	870,000	-	4,810,000	4,734,806	540,114	59,538,721	3.58%	1,487.24
2017		273,745	48,090,000	440,000	-	2,620,000	6,909,104	146,217	58,186,632	3.36%	1,441.76
2018		138,853	48,090,000	-	6,501,903	-	6,082,019	400,508	60,412,267	3.33%	1,467.35
2019		-	45,880,000	-	6,532,513	-	5,233,304	382,103	57,263,714	3.04%	1,390.87

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

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

#### **CALENDAR YEAR**

Description	2009	2010	2011	2012
Agriculture, Forestry, Fishing, Hunting	\$ 10	\$ -	\$ -	\$ -
Construction	835,222	998,716	1,547,374	2,839,442
Manufacturing	2,568,436	2,301,576	1,043,977	944,415
Wholesale Trade	9,022,657	8,358,327	10,052,972	12,488,875
Retail trade	251,829,708	275,128,934	296,818,500	317,956,827
Transportation and warehousing	205,606	1,417,200	1,311,262	1,637,871
Information	7,063,176	6,916,201	7,440,719	9,086,834
Finance and insurance	1,966,880	2,172,227	2,096,979	1,999,036
Real estate, rental and leasing	11,531,735	3,062,869	2,730,662	2,783,960
Professional, scientific and technical	799,762	891,767	1,136,202	1,072,369
Administration, support, waste				
management, and remediation	3,434,638	1,730,296	3,592,463	6,176,976
Educational Services	27,003	17,608	38,083	57,033
Health care and social assistance	305,582	696,535	512,033	560,036
Arts, entertainment, and recreation	610,900	780,044	1,774,225	1,692,620
Accomodation and food service	66,500,272	70,735,449	76,342,659	82,835,766
Other Services	8,371,356	8,923,286	9,623,843	10,287,220
Other	24,022	16,125	19,346	15,201
Total	\$ 365,096,965	\$ 384,147,160	\$ 416,081,299	\$ 452,434,481
City Direct Sales Tax	2.00%	2.00%	2.00%	2.00%

Source:

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

#### **CALENDAR YEAR**

2013	2014	2015	2016	2017	2018
\$ -	\$ 3,207	\$ 481	\$ -	\$ -	\$ -
4,144,701	3,219,615	4,096,068	4,826,488	4,674,526	9,760,889
1,374,389	2,222,116	2,378,251	2,445,955	2,072,963	2,107,094
12,138,082	11,505,002	10,535,297	19,201,140	16,838,228	15,259,410
321,405,175	331,306,451	321,305,069	309,212,380	305,882,008	328,057,738
303,218	276,655	-	281,022	-	-
13,229,751	13,421,501	12,686,024	12,326,179	13,508,709	14,393,780
2,177,332	2,641,731	1,607,030	2,651,045	2,878,573	3,251,223
2,881,418	2,356,502	2,654,053	5,278,955	6,528,384	7,465,029
838,393	989,140	1,137,739	1,024,656	1,018,046	993,481
5,830,822	5,368,529	2,194,032	1,768,350	2,109,445	2,299,598
60,791	166,539	94,791	350,578	318,639	330,995
560,511	691,519	1,256,497	941,118	704,434	767,353
1,952,878	2,581,663	3,673,234	3,377,805	4,406,081	4,652,256
86,549,881	96,841,186	109,219,280	111,418,585	115,038,118	122,294,284
10,073,577	10,221,189	10,775,234	11,543,232	11,810,678	15,390,148
17,086	19,870	22,000	6,560	16,481	14,056
\$ 463,538,005	\$ 483,832,415	\$ 483,635,080	\$ 486,654,048	\$ 487,805,313	\$ 527,037,334
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

CITY OF WESLACO, TEXAS SALES TAX REVENUE PAYERS BY INDUSTRY CALENDAR YEARS 2018 AND 2009 TABLE XV

		20	018			20	09	
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Construction	71	6.50%	\$ 195,218	1.85%	39	5.43%	\$ 16,704	0.23%
Manufacturing	59	5.40%	42,142	0.40%	23	3.20%	51,369	0.70%
Wholesale Trade	82	7.50%	305,188	2.90%	26	3.62%	180,453	2.47%
Retail trade	388	35.50%	6,561,155	62.25%	290	40.39%	5,036,594	68.98%
Transportation and warehousing	2	0.18%	0	0.00%	5	0.70%	4,112	0.06%
Information	24	2.20%	287,876	2.73%	19	2.65%	141,264	1.93%
Finance and insurance	14	1.28%	65,024	0.62%	17	2.37%	39,338	0.54%
Real estate, rental and leasing	17	1.56%	149,301	1.42%	14	1.95%	230,635	3.16%
Professional, scientific and technical	30	2.74%	19,870	0.19%	32	4.46%	15,995	0.22%
Administration, support, waste								
management, and remediation	49	4.48%	45,992	0.44%	39	5.43%	68,693	0.94%
Educational Services	7	0.64%	6,620	0.06%	8	1.11%	540	0.01%
Health care and social assistance	13	1.19%	15,347	0.15%	10	1.39%	6,112	0.08%
Arts, entertainment, and recreation	22	2.01%	93,045	0.88%	8	1.11%	12,218	0.17%
Accomodation and food service	184	16.83%	2,445,886	23.20%	115	16.02%	1,330,005	18.21%
Other Services	123	11.25%	307,803	2.92%	65	9.05%	167,427	2.29%
Other	8	0.73%	281	0.00%	8	1.11%	480	0.01%
Total	1,093	100.00%	\$ 10,540,747	100.00%	718	100.00%	\$ 7,301,939	100.00%

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

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

FISCAL YEAR	CITY DIRECT STATE  RATE RATE		TOTAL TAX 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, 2019 TABLE XVII

Date of Incorporation:	1	1919		
Date of Adoption of City Charter:	Dece	ember 14, 1927		
Form of Government:	Single Member District			
Area:	14.72	2 Square Miles		
Miles of Street:		City:		
Graded	1.65	Number of City Employees	317	,
Paved	227	Number of Street Lights	1600	
	221	· ·	1000	,
Miles of Sewers:		Municipal Water Plant:		
Storm	97.3	Number of Connections:	11,609	
Sanitary	214.2	Miles of Water Mains	131.0	)
Building Permits:		Average Daily:	Gallons	
Permits Issued	2039	Consumption	5,150,000	)
Estimated Cost	\$ 58,919,796	Daily Plant Capacity	8,000,000	)
Fire Protection:		Water Sold for Year	1,430,876,700	
Number of Stations	3			
Number of Employees	72	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	109	1990 Census	25,608	
		2000 Census	26,935	
Recreation		2010 Census	35,670	
Parks-Number of Acres (Developed)	171.97	2019-Estimated	41,171	
Parks-Number of Acres (Undeveloped)	57.99			
Skateboard Parks	1			
Tennis Courts	9	Number of Hospitals/ER's		
Golf Courses	2	KNAPP Medical Center	1 No. of beds	233
Swimming Pools	1	South Texas ER	1 No. of beds	10
Parks	7	Valley Baptist Micro-Hospital	1 No. of beds	22
Education:				
Public/Private Schools				
Weslaco ISD, Grades Prek-12	_			
High School	3			
Alternative Schools	2	Airports	1	L
Middle Schools	4			
Elementary Schools	11			
IDEA Public Schools, Grades PreK-12				
South Texas ISD, Grades 9-12				
Horizon Montessori II, Grades K-8	l Conde D I 5			
San Martin De Porres Catholic Schoo				
Mid Valley Christian School, Grades F	rek-12		Carren	
Callagae / Hairrand Car			Source:	
Colleges/Universities			City of Weslaco	
South Texas College Mid Valley Camp		aaalain	Finance Department	
UTRGV-Robert C. Vackar College of B		eursnip	www.weslacoedc.com Weslaco ISD	
Texas A&M University of Kingsville C			wesiaco isd	

Texas A&M University AgriLife Research & Extension Center

Valley Grande Institude for Academic Studies

South Texas Vo-Tech

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

CALENDAR YEAR	POPULATION	PERSONAL INCOME	P	R CAPITA ERSONAL NCOME	UNEMPLOYMENT RATE
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%
2018	41,171	776,443,889		18,859	7.4%

Source: www.census.gov

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Building permits issued	2,088	1,964	1,946	1,935	1,998	2,001	2,039	2,099	2,309	1,688
Building inspections conducted	4,054	3,625	3,488	3,260	3,985	4,670	4,991	5,066	5,117	6,179
Police		•	·	· ·	·	•	•	•	•	•
Physical Arrests-Adults	1,733	2,624	2,619	2,747	2,308	2,572	2,531	2,693	2,774	2,460
Physical Arrests-Juveniles	674	620	639	385	474	306	274	352	363	318
Fire										
Fire responses	1,825	1,876	1,704	1,696	1,751	2,097	1,897	1,876	2,197	2,410
EMS responses	5,219	5,042	5,486	5,251	5,919	5,443	5,880	6,424	6,511	6,614
Library										
Volumes in collection	58,246	58,814	67,800	66,368	69,903	72,514	76,787	80,723	83,145	90,066
Total volumes borrowed	57,252	60,876	64,790	46,606	53,185	53,416	52,469	49,769	50,267	55,688
Water										
New connections	140	133	133	126	74	121	168	281	281	377
Average daily consumption										
(thousands of gallons)	5,765	6,010	6,010	5,289	4,804	5,262	5,809	5,232	5,232	5,150
Peak daily consumption										
(thousands of gallons)	7,685	8,860	-	6,806	7,953	6,174	6,740	5,145	5,145	6,450
Wastewater										
Average daily wastewater treatment										
(thousands of gallons)	4,669	4,133	-	4,917	3,793	3,680	3,680	4,100	4,100	3,677
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1	1	1
Patrol Units	75	26	70	56	59	59	59	60	60	75
Fire Stations	3	3	3	3	3	3	3	3	3	3
Other public works										
Street (miles)	97.54	97.54	97.54	223.00	223.00	223.00	223.00	223.00	223.00	227.00
Streetlights	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Parks & Recreation										
Acreage (Developed)	153.53	153.53	153.53	171.97	171.97	171.97	171.97	171.97	171.97	171.97
Acreage (Undeveloped)	-	-	-	-	-	-	-	-	-	57.99
Playgrounds	11	11	11	16	16	16	16	16	16	16
Golf courses (private)	1	1	1	2	2	2	2	2	2	2
Water										
Water main (miles)	126.00	126.0	126.0	128.0	129.6	129.6	129.6	129.6	129.6	131.0
Fire hydrants	-	-	-	-	1,670	1,670	1,670	1,670	1,670	1,682
Storage capacity										
(thousands of gallons)	2,385	7,900	7,900	2,385	6,385	6,385	6,385	6,385	6,385	6,385
Wastewater										
Sanitary sewer (miles)	118.01	118.01	118.01	213.00	213.31	213.31	213.31	213.31	213.31	214.20
Storm Sewer (miles)	50.94	50.94	50.94	96.00	96.39	96.39	96.39	96.39	96.39	97.30
Treatment capacity										
(thousands of gallons)	7,250	7,250	7,250	7,250	8,250	8,250	8,250	8,250	8,250	8,250

CITY OF WESLACO, TEXAS TOP TEN PRINCIPAL EMPLOYERS CALENDAR YEAR 2018 AND 2009 TABLE XX

		2018			2009	
EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Weslaco ISD	2,400	1	36.99%	2,817	1	44.30%
Knapp Medical Center	888	2	13.68%	1,000	2	15.73%
South Texas College	500	3	7.71%	214	8	3.37%
IDEA Academy	500	4	7.71%	-	-	-
Border Patrol	450	5	6.93%	-	-	-
Wal-Mart	394	6	6.07%	260	7	4.09%
Woodcrafters	365	7	5.62%	592	3	9.31%
HEB (3 Locations)	350	8	5.39%	407	4	6.40%
Payne Auto Group	325	9	5.01%	389	5	6.12%
City of Weslaco	317	10	4.89%	351	6	5.52%
Foremost Paving	-	-	-	168	9	2.64%
Valley Grande Manor	-	-	-	161	10	2.53%
Total	6,489		100.00%	6,359		100.00%

Source: Municipal Advisory County of Texas

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

Full - time Equivalent Employees as of September 30

FUNCTION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	54	38	31	36	40	53	49	51	53	53
Legislative	7	7	7	7	7	7	7	7	7	7
Other	47	31	24	29	33	46	42	44	46	46
Public Safety	181	141	132	140	136	152	162	167	171	178
Public Works	29	25	37	22	42	45	45	44	44	44
Health & Welfare	3	2	1	2	2	3	3	3	4	4
Culture & Recreation	39	3	3	2	7	12	12	12	14	11
Refuse Collection	17	4	3	3	1	1	1	2	4	2
Library	20	12	11	17	16	16	16	15	15	15
Water	19	23	22	31	22	23	17	15	14	14
Wastewater	10	0	0	14	11	12	3	4	4	5
Airport	4	4	4	3	3	3	3	4	4	4
Museum	2	0	0	0	0	0	0	0	0	0
Total	378	252	244	270	280	320	311	317	327	330





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, 2019, 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 March 17, 2020. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component unit, as described in our report on the City of Weslaco, Texas' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

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#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Weslaco, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2019-002.

#### 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 March 17, 2020

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## City of Weslaco, Texas Schedule of Findings and Responses

#### Section I - Summary of Auditors' Results

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

## City of Weslaco, Texas Schedule of Findings and Responses

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

**Schedule Reference Number: (2019-001)** 

#### A. Significant Deficiency in Internal Control

**Emergency medical service billing and reconciliation process** 

Criteria:	Internal controls should be designed and implemented over emergency medical service (EMS) billing and receipt collection to ensure financial statement amounts related to accounts receivable and allowance for doubtful accounts is based on accurate and up to date records. Also, internal controls should be designed and implemented over the reconciliation process for EMS billings, cash collections, adjustments, and write-offs.
Condition Found:	The reconciliation of EMS cash receipts processed through the City's accounting system and the City's billing software for EMS services did not encompass all cash receipts received. Amounts collected were not reflected in the City's billing software, EMS billings, posting of payments received, and follow up on returned bills were not performed timely.
Context:	Financial statement amounts related to the EMS accounts receivable and allowance for doubtful accounts do not reflect current activity throughout the year due to the timeliness of posting and inclusion of all cash receipts received.
Effect:	The City's accounts receivable balance and allowance for doubtful accounts could potentially be misstated due to timeliness of posting items related to EMS billings and collections as well as failing to include all payments received in the reconciliation process.
Cause:	The EMS department was behind in billing during the fiscal year and focused on posting past and current payments received against receivable balances in the City's billing software. This, along with reduction in staff, led to falling behind in the billing process.
Recommendation:	Develop cutoff dates for billing and posting EMS bills and collections to ensure all activity is accurately reflected in the accounting period. Reconciliation of EMS payments receipted through the City's accounting software should also be reconciled monthly to postings against accounts receivable in the City's separate billing software.
Views:	Management agrees with the findings. See corrective action plan beginning on page 204.

## City of Weslaco, Texas Schedule of Findings and Responses

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

Schedule Reference Number: (2019-002)	Budgetary process and expenditures in excess of appropriations
Criteria:	Internal controls should be designed to effectively monitor the budget and ensure the legal level of budgetary control is followed and any necessary amendments are processed timely. Also, City ordinance requires budget amendments to be made prior to exceeding appropriations at the department level, which is the legal level of budgetary control.
Condition Found:	As indicated in the notes to the City's financial statements, we noted instances in which the City's budget had been exceed in multiple departments in the general fund.
Context:	We noted nine departments with negative variances between the final budgeted amounts and actual expenditures for an aggregate total of \$394,580.
Cause:	Lack of proper budgeting techniques or timely action by administration to amend the budget appropriately.
Effect:	The City incurs expenditures that are not budgeted in advance by the City Commission.
Recommendation:	Monitoring of the budget versus actual comparison should continue to be made on a monthly basis, and control over expenditures should include a review of available budget amounts prior to approval of purchase orders for the expenditure of funds.
Views:	Management agrees with the findings. See corrective action plan beginning on page 204.



### **City of Weslaco**

"The City on the Grow"



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

Mike R. Perez, City Manager

### Schedule of Findings and Responses Corrective Action Plan

#### PROGRAM DESCRIPTION

Reference Number: (2019-001)

Corrective Action Plan:

Reference Number: (2019-002) appropriations

Corrective Action Plan:

Contact Person:

Implementation Time Frame:

#### **CORRECTIVE ACTION PLAN**

#### **Emergency medical service billing and reconciliation process**

Management will implement procedures that include reconciliations of EMS collections receipted through the City's accounting software and amounts posted to the separate billing software to make certain balances include all relevant EMS activity. In addition, the City shall implement cutoff dates for posting billings and collections to ensure all activity is reflected in appropriate accounting period.

#### Budgetary process and expenditures in excess of

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.

Vidal Roman, Finance Director

Ongoing during current fiscal year

#### City of Weslaco, Texas Schedule of Findings and Responses Summary Schedule of Prior Audit Findings

#### STATUS OF PRIOR YEAR'S FINDINGS/COMPLIANCE

variances. See current year finding (2019-002).

Reference Number: (2018-001)	Accounting for capital leases in proprietary fund activities and other capital outlay items and liabilities related to capital outlay items
Status:	Finding has been resolved, no further corrective action is currently deemed necessary. No adjustments were identified for capital leases in proprietary fund activities and other capital outlay items and liabilities related to capital outlay items
Reference Number: (2018-002)	Accounting for long-term liabilities associated with bond premiums, landfill post-closure cost, deferred charges on refunding, capital lease payments, and obligation under Chapter 380 Agreement.
Status:	Finding has been resolved, no further corrective action is currently deemed necessary. No adjustments were identified for long-term liabilities mentioned in finding.
Reference Number: (2018-003)	Accounting period closing procedures
Status:	Finding has been resolved, no further corrective action is currently deemed necessary.
Reference Number: (2018-004)	Expenditures in excess of budget appropriations
Status:	The City formally amended the budget several times during the year due to several supplements needed for expenditures that were not budgeted. However, the final budget amendments were insufficient to provide for the functional