

**CITY OF DONNA, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2014**

City of Donna, Texas

This page intentionally left blank

**CITY OF DONNA, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
September 30, 2014

Council – Manager Form of Government

**MAYOR**

Irene Munoz

**COUNCIL MEMBERS**

Simon Saucedo, II  
Jose G. Garza, Jr.  
Sonia Gallegos  
Catarina Silva Alvarado

**CITY MANAGER**

Fernando Flores

**FINANCE DIRECTOR**

David R. Vasquez

**CITY SECRETARY**

Martha Alvarado

City of Donna, Texas

This page intentionally left blank

CITY OF DONNA, TEXAS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2014

- TABLE OF CONTENTS -

<u>INTRODUCTORY SECTION</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Title Page		i
Table of Contents		ii
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report		1
Management's Discussion and Analysis		5-15
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1-A	18-19
Statement of Activities	1-B	20-21
Fund Financial Statements:		
Balance Sheet – Governmental Funds	2-A	25
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	2-B	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	2-C	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	2-D	28
Statement of Net Position – Proprietary Funds	3-A	29-30
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	3-B	31
Statement of Cash Flows – Proprietary Funds	3-C	32-33
Statement of Fiduciary Net Position – Fiduciary Funds	4-A	34
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	4-B	35
Notes to Financial Statements		37-81
Required Supplementary Information:		
Budgetary Comparison Schedule – General Fund	5-A	85-90
Schedule of Funding Progress	5-B	91
Notes to Budgetary Comparison Schedule		92

(Continued)

CITY OF DONNA, TEXAS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2014

- TABLE OF CONTENTS -  
(Continued)

	<u>EXHIBIT</u>	<u>PAGE</u>
Other Supplementary Information and Combining Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	6-A	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	6-B	96
Combining Balance Sheet – Nonmajor Special Revenue Funds	6-C	98-99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	6-D	100-101
Budgetary Comparison Schedule - Debt Service Fund	7-A	102
Budgetary Comparison Schedule – Hotel Occupancy Tax Fund	8-A	103
Budgetary Comparison Schedule – Fire Equipment Service Fee Fund	8-B	104
Budgetary Comparison Schedule – City International Bridge Fund	9-A	107
Discretely Presented Component Units – Governmental		109
Balance Sheet – Donna Economic Development Corporation (4A) – Component Unit	10-A	110
Statement of Revenues, Expenditures and Changes in Fund Balance – Donna Economic Development Corporation (4A) – Component Unit	10-B	111
Balance Sheet – Development Corporation of Donna, Inc (4B) – Component Unit	10-C	112
Statement of Revenues, Expenditures and Changes in Fund Balance – Development Corporation of Donna, Inc (4B)	10-D	113
Balance Sheet – Tax Increment Reinvestment Zone Number Two – Component Unit	10-E	114
Statement of Revenues, Expenditures and Changes in Fund Balance – Tax Increment Reinvestment Zone Number Two – Component Unit	10-F	115
Other Schedules - Unaudited		
Governmental Information Tables:		
Net Position by Component		118-119
Changes in Net Position		120-123
Changes in Fund Balance – Governmental Funds		124-125
Fund Balances – Governmental Funds		126-127
Government-Wide Expenses by Function		128-129
Government-wide Revenues		130

(Continued)

CITY OF DONNA, TEXAS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2014

- TABLE OF CONTENTS -  
(Continued)

PAGE

Other Schedules – Unaudited (Continued)

Governmental Information Tables: (Continued)

General Fund Revenues by Source	131
General Fund Expenditures by Function	132
Water and Sewer Fund Revenues by Source	133
Water and Sewer Fund Expenses by Function and Transfers Out	134-135
Property Tax Rates and Assessed Values	136
Property Tax Rates Direct and Overlapping Governments	137
Schedule of Insurance in Force	138-139

Continuing Financial Disclosure Tables:

Valuation, Exemption and Debt Obligation	140
Taxable Assessed Valuation by Category	141
Valuation and Funded Debt History	142
Tax Rate, Levy, and Collections History	143
Principal Taxpayers	144
Tax Supported Debt Service Requirements	145
Other Obligations	146
Computation of Direct and Overlapping Debt	147
General Fund Revenues, Expenditures History	148
Municipal Sales Tax History	149
Interest and Sinking Fund Budget Projection	150
Current Investments	151
Principal Employers	152

City of Donna, Texas

This page intentionally left blank



## **FINANCIAL SECTION**

City of Donna, Texas

This page intentionally left blank

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Donna, Texas

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Donna, Texas (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Basis for Adverse Opinion on Governmental Activities***

The City of Donna does not have a property control ledger for its governmental capital assets. Furthermore, as discussed in Note 1 to the financial statements, the City was unable to determine depreciation expense, related accumulated depreciation and gain/loss on sale of land, and has therefore not recorded these for the capital assets in governmental activities. Accounting principles generally accepted in the United States of America require that these capital assets be depreciated and a gain/loss reported upon the disposition of a capital asset, which would decrease the assets and net position, decrease revenues and increase expenses of governmental activities. The amount by which this departure would affect the assets, revenues, expenses and net position of governmental activities is not reasonably determinable.

### ***Adverse Opinion***

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities for the City of Donna, Texas as of September 30, 2014, and the changes in financial position thereof for the year then ended.

### ***Basis for Qualified Opinions on Business-Type Activities and the Water Sewer Fund***

The City of Donna does not have a complete property control ledger for its capital assets and has not performed physical inventories of capital assets for business-type activities. Consequently, we were not able to determine the historical cost of capital assets in the water and sewer fund and business-type activities. Without historical costs, a reliable estimate of depreciation expense and related accumulated depreciation for the water and sewer fund and business-type activities is not reasonably determinable. The amount by which this would affect the assets, net position, and expenses of the water and sewer fund and business-type activities is not reasonably determinable.

### ***Qualified Opinions***

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to determine the valuation of capital assets in the water and sewer fund and the business-type activities and the related accumulated depreciation and depreciation expense associated therewith, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the water and sewer fund of the City of Donna, Texas as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, the city international bridge fund, the debt service fund, the discretely presented component units, and the aggregate remaining fund information of the City of Donna, Texas as of September 30, 2014, 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.

## ***Other Matters***

### ***New Accounting Principle***

As discussed in Note 1 to the financial statements, management has implemented GASB 65 *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to that matter.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedule of Funding Progress for the Texas Municipal Retirement System and Firemen's Relief and Retirement Fund, and Notes to Budgetary Comparison Schedule, as listed in the table of contents, 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's basic financial statements. The introductory section, the other supplementary information and combining schedules section, and the other schedules – unaudited section, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Other Information (Continued)*

The introductory and other schedules – unaudited section 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.

*Long Chilton, LLP*  
LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
March 9, 2015

# Management's Discussion and Analysis

As management of the City of Donna, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities and financial position of the City of Donna for the fiscal year ended September 30, 2014.

## Financial Highlights In Brief

In regards to the City's government-wide level financial statements, the 2014 and 2013 amounts are included in this discussion and analysis for comparative purposes.

- The net position of the City is \$62,953,838 at the close of the 2014. This amounted to an increase of \$4,545,439 over last year's net position of \$58,408,398. At the end of the 2014 and 2013 fiscal years the statement of net position reflects a deficit amount for unrestricted net position of \$3,993,712 and a deficit amount of \$5,182,012, respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,055,416, an increase of \$855,214 or 20.36 percent over the prior year.
- At the end of the current fiscal year, the unreserved undesignated fund balance for the general fund was \$2,349,252 or a positive 36.40 percent of total current year general fund expenditures.
- The City of Donna's total debt decreased by a net amount of \$1,703,444 or 3.8 percent during the current fiscal year.
- On October 1, 2013, the City adopted GASB 65 *Items Previously Reported as Assets and Liabilities*. The significant accounting policies related to the implementation of this statement is located in Note 1-F, *Deferred Outflows of Resources and Deferred Inflows of Resources/Other Assets and Liabilities*.

## Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the year. All changes in net position are reported when 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 compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, public health and welfare, economic development and tourism development. The business-type activities of the City include a utility system (water and sanitary sewer), and international bridge passenger vehicle crossing services that started operating in December 2010.

The government-wide financial statements include not only the City of Donna itself (known as the primary government), but also component units for which the City of Donna is financially accountable. Financial information for the three discretely presented component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found as referenced in the table of contents 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 of Donna, 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 of Donna maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and debt service funds, which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. The basic governmental fund financial statements can be found as referenced in the table of contents on pages of this report.

**Proprietary funds.** The City of Donna maintains one type of proprietary fund. *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 sanitary sewer system, and international bridge.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system fund and the City international bridge fund, which are considered to be major funds. The basic proprietary fund financial statements can be found as referenced in the table of contents of this report.



**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of individuals, private organizations, and other governments. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Donna maintains one fiduciary fund. The Firemen's Relief and Retirement Fund is reported as a fiduciary pension fund. The basic fiduciary fund financial statements can be found as referenced in the table of contents of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as referenced in the table of contents of this report.

**Other information.** The City of Donna adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This *required supplementary information* can be found as referenced in the table of contents of this report.

In addition to the basic financial statements and accompanying notes, this report presents certain additional *required supplementary information* concerning the City of Donna's progress in funding its obligation to provide pension benefits to its employees. The City contributes to the TMRS Plan at the full actuarially determined rate as compiled by TMRS.

*Other supplementary information*, which includes the combining statements referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information on pensions. Combining statements and individual fund schedules can be found as referenced in the table of contents of this report.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Donna, assets exceeded liabilities by \$62,953,838 at the close of fiscal year 2014 and by \$58,408,398 at the close of fiscal year 2013.

### City of Donna

#### Net Position

September 30,

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 7,579,837	\$ 6,302,458	\$ 10,489,242	\$ 9,261,425	\$ 18,069,079	\$ 15,563,883
Capital assets	26,456,062	25,014,867	62,969,100	63,416,743	89,425,162	88,431,610
Total assets	34,035,899	31,317,325	73,458,342	72,678,168	107,494,241	103,995,493
Deferred Outflows of Resources	76,784	107,497	178,992	250,589	255,776	358,086
Long-term liabilities	2,035,419	3,160,505	39,193,430	41,318,135	41,228,849	44,478,640
Other liabilities	1,455,583	511,923	2,111,746	954,616	3,567,329	1,466,539
Total liabilities	3,491,002	3,672,428	41,305,176	42,272,751	44,796,178	45,945,179
Net Position						
Net Investment						
in capital assets	24,260,086	22,480,178	36,537,530	35,952,838	60,797,616	58,433,016
Restricted	3,439,698	2,786,431	2,710,237	2,370,963	6,149,935	5,157,394
Unrestricted (deficit)	2,921,896	2,485,784	(6,915,609)	(7,667,796)	(3,993,713)	(5,182,012)
Total net position	\$ 30,621,680	\$ 27,752,393	\$ 32,332,158	\$ 30,656,005	\$ 62,953,838	\$ 58,408,398

The largest portion of the City's net position (96.57 percent in 2014 and 100 percent in 2013) reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment, net of accumulated depreciation under the business-type activities); less any related debt used to acquire those assets that are still outstanding. The City of Donna uses these capital assets to provide services to citizens and to customers of its business-type activities; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Donna's net position (9.77 percent in 2014 and 8.83 percent in 2013) represents resources that are subject to external restrictions on how they may be used.

The City's unrestricted net position under governmental activities reflect positive balances of \$2,921,896 for 2014 and \$2,485,784 for 2013.

The City's unrestricted net position under business-type activities reflect a deficit balance of \$6,915,609 at 2014 and a deficit of \$7,667,796 at 2013.

The Water and Sewer Fund has unrestricted net position of \$4,094,835 at 2014, which reflects an increase of \$640,238 or 18.53 percent over fiscal year 2013. The City International Bridge Fund has an unrestricted deficit of \$11,010,443 at 2014, which reflects a decrease in the deficit of \$111,950 from 2013. The City International Bridge Fund went into operation on December 14, 2010.

The following table presents a summary of the government-wide statement of changes in net position for both governmental activities and business-type activities for 2014 and 2013.

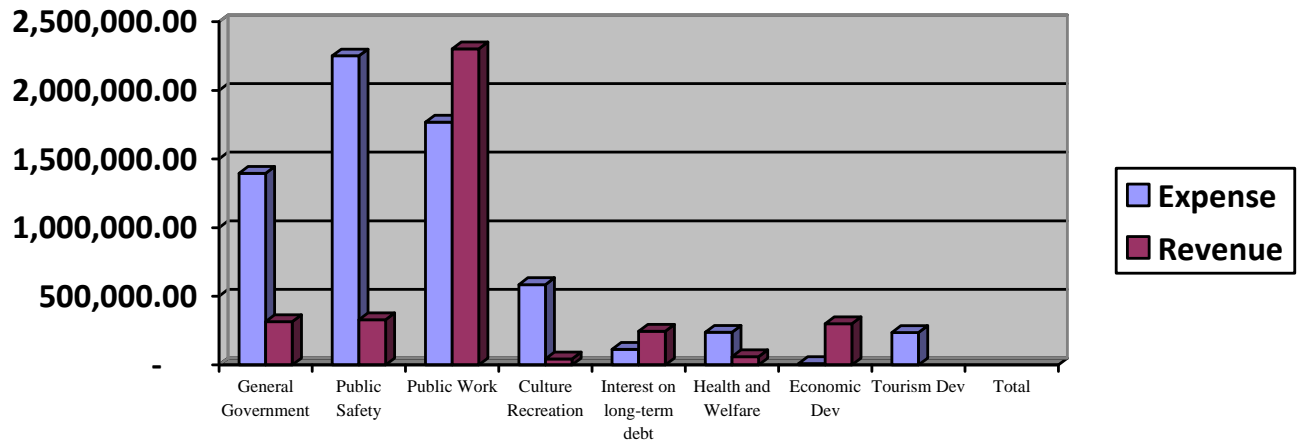
**City of Donna**  
**Changes in Net Position**  
**September 30,**

	<b>Governmental Activities</b>		<b>Business-type</b>	<b>Activities</b>	<b>Total</b>	
	<b>Restated</b>			<b>Restated</b>	<b>Restated</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Revenues:						
Program revenues:						
Charges for services	\$ 1,663,576	\$ 1,502,025	\$ 6,907,284	\$ 6,943,895	\$ 8,570,860	\$ 8,445,920
Operating grants and contributions	664,438	88,950	153,115	-	817,553	88,950
Capital grants and contributions	1,267,992	-	1,518,832	127,000	2,786,824	127,000
General Revenues:						
Property taxes	5,442,523	5,038,673	-	-	5,442,523	5,038,673
Other taxes	1,941,849	1,866,447	-	-	1,941,849	1,866,447
Other	583,403	131,733	13,862	7,178	597,265	138,911
Total revenues	<u>11,563,781</u>	<u>8,627,828</u>	<u>8,593,093</u>	<u>7,078,073</u>	<u>20,156,874</u>	<u>15,705,901</u>
Expenses:						
General government	1,395,999	1,150,560	-	-	1,395,999	1,150,560
Public safety	2,251,531	1,956,753	-	-	2,251,531	1,956,753
Public works	1,769,246	1,459,303	-	-	1,769,246	1,459,303
Culture and recreation	637,715	591,910	-	-	637,715	591,910
Public Health and welfare	185,602	155,716	-	-	185,602	155,716
Economic Development	9,715	-	-	-	9,715	-
Tourism development	236,107	75,771	-	-	236,107	75,771
Interest on long-term debt	113,604	96,566	-	-	113,604	96,566
Utility system operations	-	-	5,160,233	5,041,237	5,160,233	5,041,237
International Bridge Fund	-	-	3,851,680	3,568,683	3,851,680	3,568,683
Total expenses	<u>6,599,519</u>	<u>5,486,579</u>	<u>9,011,913</u>	<u>8,609,920</u>	<u>15,611,432</u>	<u>14,096,499</u>
Changes in net position before transfers	4,964,262	3,141,249	(418,820)	(1,531,847)	4,545,442	1,609,402
Transfers	(2,094,974)	(1,942,184)	2,094,974	1,942,184	-	-
Changes in net position	<u>2,869,286</u>	<u>1,199,065</u>	<u>1,676,153</u>	<u>410,337</u>	<u>4,545,439</u>	<u>1,609,402</u>
Net Position – beginning of year	<u>27,752,393</u>	<u>26,553,330</u>	<u>30,656,005</u>	<u>30,245,668</u>	<u>58,408,398</u>	<u>56,798,997</u>
Net Position – end of year	<u>\$ 30,621,680</u>	<u>\$ 27,752,393</u>	<u>\$ 32,332,158</u>	<u>\$ 30,656,005</u>	<u>\$ 62,953,838</u>	<u>\$ 58,408,398</u>

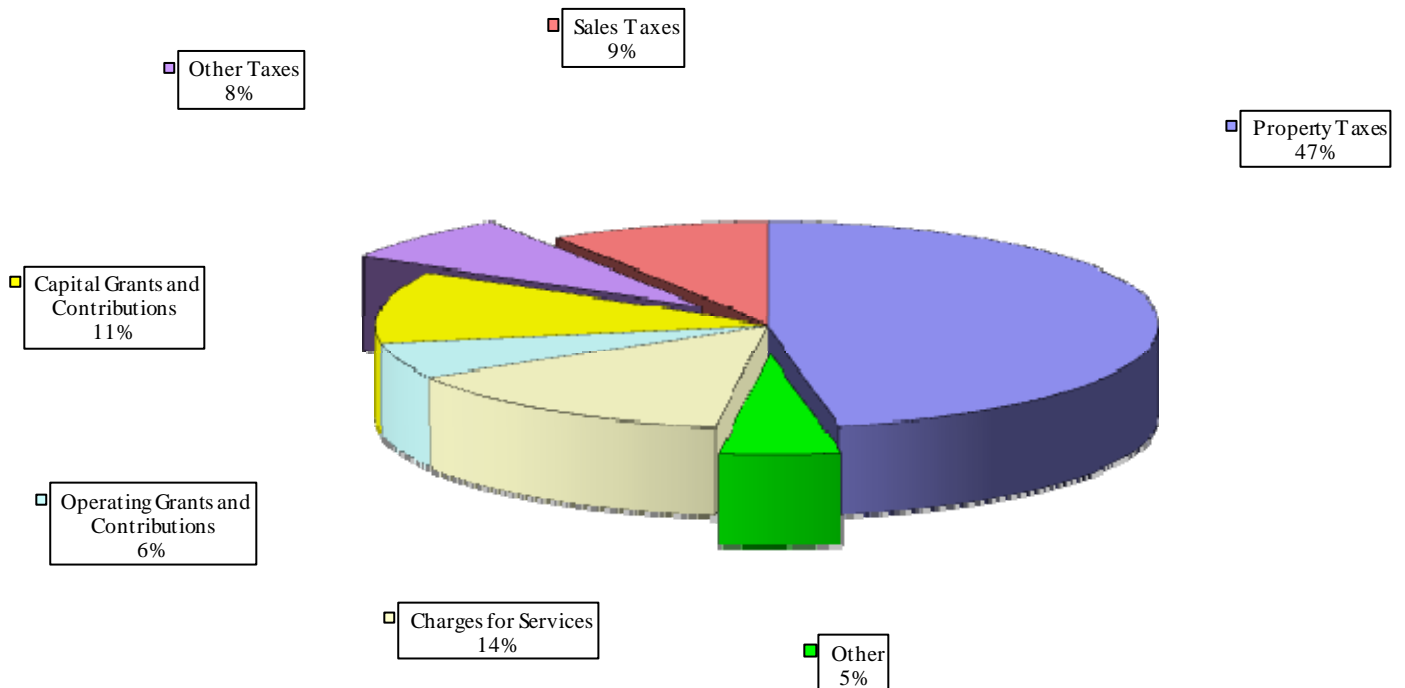
Total revenues generated from both governmental and business-type activities for 2014 amounted to \$20,156,874 with expenses of \$15,611,433 resulted in a net position increase of \$4,545,442 for 2014. Compared to 2013, there was \$15,705,901 in revenues with expenses of \$14,196,499 that resulted in a net position increase of \$1,609,402 for 2013.

**Governmental activities.** Governmental activities increased the City of Donna's net position by \$2,869,286 thereby accounting for an increase of 10.23 percent in governmental net position for 2014.

### Expenses and Program Revenues-Governmental Activities

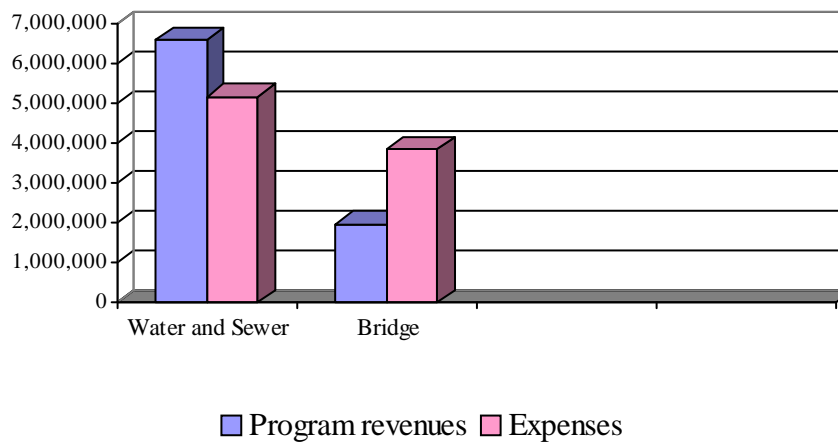


### Revenues by Source-Governmental Activities

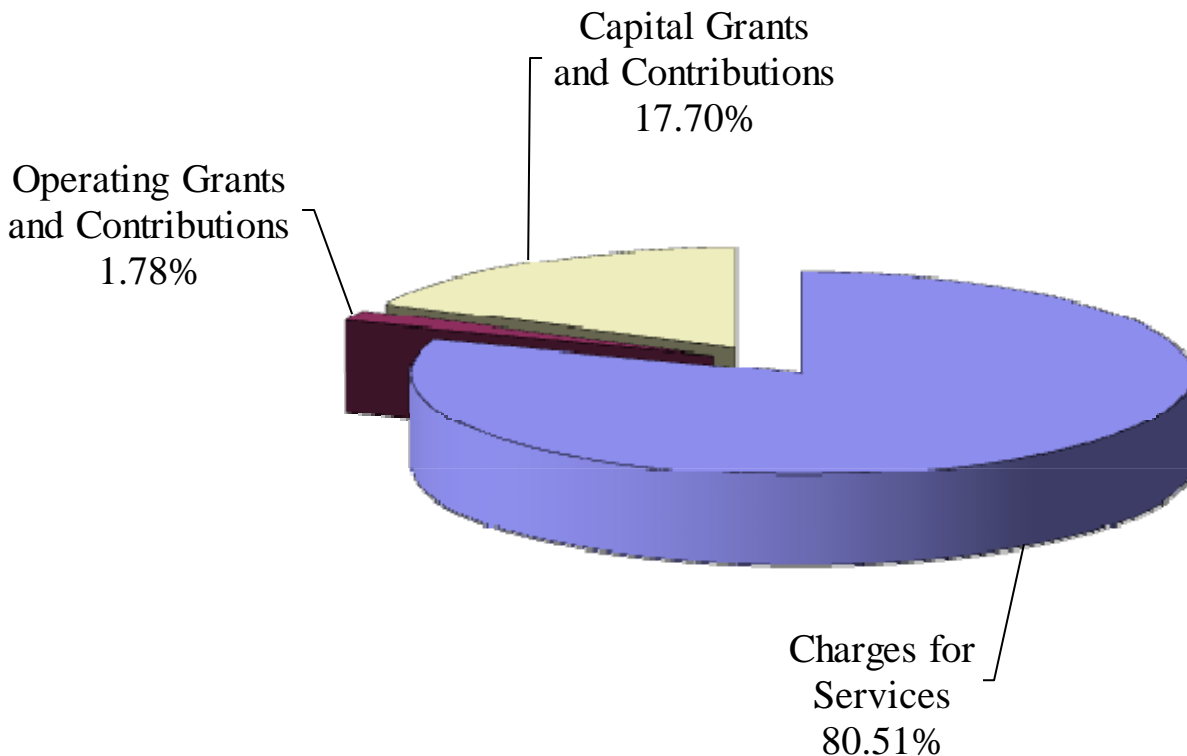


**Business-type activities.** Business-type activities increased the City of Donna's net position by \$1,676,153 thereby accounting for an increase of 1.69 percent in total net position in 2014. Capital contributions recorded were \$1,518,832, an increase of \$1,391,832 over 2013. Interfund Transfers totaled \$2,094,974, an increase of \$152,790 or 8.4 percent over 2013.

### Expenses and Program Revenues-Business Type Activities



### Revenues by Source-Business-Type Activities



## Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,055,416 an increase of \$855,214 or 20.3 percent. A positive amount of \$2,349,252 constitutes unassigned fund balance for all governmental funds. Good financial management indicates that the City should maintain an unassigned fund balance on a continuing basis in order to have working capital to operate the City and as a reserve hedge against emergencies. The remainder of the fund balance of \$2,706,165 is restricted and \$94,146 is for capital projects.

The General Fund is the chief operating fund of the City of Donna. At the end of the 2014 fiscal year unreserved undesignated fund balance of the General Fund was \$2,349,252. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. At the end of 2014 unreserved undesignated fund balance represents a positive 36.40 percent of total General Fund expenditures.

During the 2014 fiscal year, the net change in fund balance of the City's General Fund increased by \$290,359. The key components and factors in this increase are as follows:

- An increase in Property Tax Collections above budget of \$114,928 or 3.80 percent
- An increase in Other Taxes (Sales & Franchise) over budget of \$22,273 or 1.24 percent
- Actual Expenditures under Budget of \$142,188 or 1.52 percent of Total Expenditures

The Debt Service Fund has a total fund balance of \$1,143,789, all of which is reserved for the payment of debt service. There was a net increase in fund balance in the Debt Service fund during fiscal year 2014 of \$49,629 and a net increase of \$216,603 in 2013. The Debt Service fund was budgeted with a balanced budget in 2014. The City is trying to maintain a fund balance in the Debt Service Fund to assist with the debt service requirements to help support the City International Bridge Fund.

**Proprietary funds.** The City of Donna proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail.

The combined unrestricted net position balance deficit of \$6,915,609 at 2014 is comprised of the respective proprietary funds as follows; Water and Sewer Fund \$4,094,835, City International Bridge Fund deficit of \$11,010,443. Please refer to the discussion of these amounts under the government-wide financial analysis above. The City International Bridge went into operation on December 14, 2010, therefore, this is the third consecutive year of 12 months of operation at the bridge.

## General Fund Budgetary Highlights

The original General Fund budget was increased by \$528,230 (Expenditures) or 9.21 percent compared to prior year. While budget variances were incurred at the department level, Revenues over Expenditures was a positive \$244,913.

## Capital Assets

The City of Donna's investment in capital assets for its governmental and business type activities as of September 30, 2014 and 2013 amounts to \$89,425,159 and \$88,431,610, respectively (net of accumulated depreciation on the business-type activities capital assets). This investment in capital assets includes land, buildings and improvements, machinery and equipment, streets, a waterworks system, a sanitary sewer system and the development of an international bridge with related service assets. The overall increase in the City of Donna's investment in capital assets for the current year was 1.12 percent (a 5.76 percent increase for governmental activities and a .71 percent decrease for business-type activities, net of accumulated depreciation). The current year depreciation expense for business-type activities was \$2,535,545 for the Water and Sewer Fund and the International Bridge Fund.

The City needs to inventory much of its major general capital assets so that it may account for and depreciate them. In business-type activities the City needs to inventory its older major water and sewer infrastructure assets. The City's intention is to inventory these capital assets. The City did not provide for depreciation of its general government capital assets used by funds categorized as governmental activities, therefore depreciation expense is not included in the government-wide Statement of Activities. While the City does report these general government capital assets in the governmental activities column of the government-wide Statement of Net Position, there is no accumulated depreciation reported because the City did not depreciate these general government capital assets.

Additional information on the City of Donna's capital assets can be found in Note 3, Section F of this report.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,027,449	\$ 1,027,449	\$ 1,237,616	\$ 1,237,616	\$ 2,265,065	\$ 2,265,065
Buildings	2,725,574	2,725,574	2,748,410	2,809,716	5,473,984	5,535,290
Improvements other than buildings	9,284,841	8,931,391	478,238	505,107	9,763,079	9,436,498
Infrastructure	6,371,429	5,354,258	57,887,026	58,437,918	64,258,455	63,792,176
Furniture and equipment	7,046,767	6,976,195	246,498	318,465	7,293,265	7,294,660
Other developments in progress	-	-	371,311	107,921	371,311	107,921
Total	<u>\$ 26,456,060</u>	<u>\$ 25,014,867</u>	<u>\$ 62,969,099</u>	<u>\$ 63,416,743</u>	<u>\$ 89,425,159</u>	<u>\$ 88,431,610</u>

## Debt Administration

The City of Donna's total long-term debt for its governmental and business-type activities as of September 30, 2014 and 2013 amounts to \$42,775,195 and \$44,478,639, respectively.

City of Donna						
Outstanding Debt at Year End						
General Obligation, Revenue Bonds, and Other Debt						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds - net	\$ 1,891,126	\$ 2,170,984	\$ 38,508,874	\$ 39,419,016	\$ 40,400,000	\$ 41,590,000
Less issuance face discount	-	-	-	(83)	-	(83)
Claims payable	-	-	1,624,795	1,833,162	1,624,795	1,833,162
Capital leases	242,728	415,618	9,458	15,579	252,186	431,197
Notes and loans payable	233,051	233,051	-	-	233,051	233,051
Compensated absences	247,537	340,852	17,626	50,460	265,163	391,312
Total	<u>\$ 2,614,442</u>	<u>\$ 3,160,505</u>	<u>\$ 40,160,753</u>	<u>\$ 41,318,134</u>	<u>\$ 42,775,195</u>	<u>\$ 44,478,639</u>

The City's total debt decreased by a net \$1,703,444 or 3.8 percent, during the current fiscal year. Additional information on the City of Donna's long-term debt can be found in note 3, Section G of this report.

During and after the construction of the international bridge and related bridge service assets, bridge related debt service payments are funded primarily by the general government's Debt Service Fund via transfers to the City International Bridge Fund. Operating Income from the international bridge (excluding depreciation and amortization) contributed to debt service payments. For the current year the general government's Debt Service Fund has paid \$2,094,974 of the debt service payments on the 2007 Bonds. However, since the international bridge opened only as a passenger traffic international bridge, the City's general government Debt Service Fund will be required to continue providing a significant level of debt service funding for the debts of the international bridge. The Border Master Plan related to the Lower Rio Grande Valley includes the construction of north-bound and south-bound federal inspection facilities for processing full commercial truck traffic.



## **Economic Factors and Next Year's Budgets and Rates**

- The assessed taxable valuations used in preparing the 2015 budget were up \$20,594,660, or 4.91 percent from the prior year.
- The City decreased the tax rate to \$1.142421 per \$100 valuation, a decrease of \$0.11 or 8.78 percent.
- In the 2015 Budget, the General Fund revenues and expenditures are budgeted at an increase of 26.13 percent. The 2015 General Fund budget is a balanced budget.
- In March 2015, the toll bridge passenger fees were raised with the expectation of generating approximately \$200, 000 in toll revenues over prior year. The toll bridge crossings should also assist in increasing other economic activity within the City.

## **Request for Information**

This financial report is designed to provide a general overview of the City of Donna'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 City Secretary, 307 12<sup>th</sup> Street, City of Donna, Texas, 78537.

City of Donna, Texas

This page intentionally left blank

# **BASIC FINANCIAL STATEMENTS**

City of Donna, Texas

This page intentionally left blank

CITY OF DONNA, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,656,868	\$ 3,620,815	\$ 8,277,683
Receivables, net	2,301,592	777,437	3,079,029
Internal balances	387,295	(387,295)	-
Due from primary government	-	-	-
Inventories	4,284	-	4,284
Restricted assets			
Cash and cash equivalents	-	4,750,910	4,750,910
Intergovernmental receivables	-	244,955	244,955
Long-term investments	220,139	1,249,095	1,469,234
Capital assets:			
Land	1,027,449	1,237,616	2,265,065
Construction in progress	-	371,311	371,311
Other capital assets, net of accumulated depreciation	25,428,613	61,360,173	86,788,786
Other assets	9,660	233,325	242,985
<b>Total assets</b>	<b>34,035,899</b>	<b>73,458,342</b>	<b>107,494,241</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding (net)	76,784	178,992	255,776
<b>LIABILITIES</b>			
Accounts payable	86,190	93,409	179,600
Accrued interest payable	13,770	291,231	305,000
Accrued liabilities	390,879	24,897	415,776
Liabilities payable from restricted assets	-	263,390	263,390
Due to component unit	237,628	51,339	288,967
Due to fiduciary	208	-	208
Deposits	118,845	420,156	539,002
Unearned revenue	29,039	-	29,039
Non-current liabilities:			
Due within one year	579,024	967,324	1,546,348
Due in more than one year	2,035,419	39,193,430	41,228,849
<b>Total liabilities</b>	<b>3,491,002</b>	<b>41,305,176</b>	<b>44,796,178</b>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	24,260,086	36,537,530	60,797,616
Restricted for:			
Capital projects	26,529	464,869	491,398
Operations and maintenance	-	869,037	869,037
Restricted for repairs and replacements	-	350,041	350,041
Debt service	2,329,370	1,026,290	3,355,660
Tourism	802,432	-	802,432
Tax increment zone purposes	277,998	-	277,998
Other purposes	3,369	-	3,369
Unrestricted (deficit)	2,921,896	(6,915,609)	(3,993,712)
<b>Total net position (deficit)</b>	<b>\$ 30,621,680</b>	<b>\$ 32,332,158</b>	<b>\$ 62,953,838</b>

The accompanying notes are an integral part of this statement.

EXHIBIT 1-A

Component Units		
Donna Economic Development Corporation	Development Corporation of Donna, Inc.	Tax Increment Reinvestment Zone Number Two
\$ 188,991	\$ 516,059	\$ -
94,293	226,684	11,127
-	-	-
143,157	93,248	52,562
-	-	-
409,802	399,373	-
-	-	-
-	-	-
-	-	-
248,216	-	-
-	-	-
-	-	-
-	-	-
1,084,461	1,235,363	63,689
-	-	-
71,843	72,058	15,000
28,309	26,978	-
1,043	876	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
135,000	135,000	-
3,777,768	3,684,978	2,177,627
4,013,963	3,919,891	2,192,627
248,216	-	-
-	-	-
-	-	-
-	-	-
409,802	399,373	-
-	-	-
-	-	-
-	-	-
(3,587,520)	(3,083,900)	(2,128,938)
\$ (2,929,502)	\$ (2,684,528)	\$ (2,128,938)

CITY OF DONNA, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 1,395,999	\$ 315,141	\$ -	\$ -
Public safety	2,251,531	241,697	87,651	-
Public works	1,769,246	1,004,919	29,629	1,267,992
Culture and recreation	637,715	28,292	14,481	-
Public health and welfare	185,602	59,858	-	-
Economic development	9,715	13,669	286,930	-
Tourism development	236,107	-	-	-
Interest on long-term debt	113,604	-	245,747	-
Total governmental activities	6,599,519	1,663,575	664,438	1,267,992
Business-type activities:				
Water and sewer	5,160,233	5,236,681	-	1,352,536
International Bridge	3,851,680	1,670,603	153,115	166,296
Total business-type activities	9,011,914	6,907,284	153,115	1,518,832
Total primary government	<u>\$ 15,611,433</u>	<u>\$ 8,570,860</u>	<u>\$ 817,553</u>	<u>\$ 2,786,824</u>
<b>COMPONENT UNITS:</b>				
Economic Development	\$ 942,357	\$ -	\$ -	\$ -
Total component units	<u>\$ 942,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes - general purposes/tax increment				
Sales taxes				
Franchise taxes				
Hotel occupancy tax				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit)-beginning				
Prior period adjustment				
Net position (deficit)-ending				

The accompanying notes are an integral part of this statement.

## Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total	Component Units		
			Donna Economic Development Corporation	Development Corporation of Donna, Inc.	Tax Increment Reinvestment Zone Number Two
\$ (1,080,858)	\$ -	\$ (1,080,858)			
(1,922,183)	-	(1,922,183)			
533,293	-	533,293			
(594,942)	-	(594,942)			
(125,744)	-	(125,744)			
290,884	-	290,884			
(236,107)	-	(236,107)			
132,143	-	132,143			
(3,003,515)	-	(3,003,515)			
-	1,428,984	1,428,984			
-	(1,861,667)	(1,861,667)			
-	(432,683)	(432,683)			
<u>\$ (3,003,515)</u>	<u>\$ (432,683)</u>	<u>\$ (3,436,198)</u>			
			\$ (389,147)	\$ (384,935)	\$ (168,275)
			<u>\$ (389,147)</u>	<u>\$ (384,935)</u>	<u>\$ (168,275)</u>
5,442,523	-	5,442,523	-	-	52,373
1,052,265	-	1,052,265	526,132	526,132	-
762,260	-	762,260	-	-	-
127,324	-	127,324	-	-	-
3,893	12,570	16,463	748	5,267	-
579,510	1,292	580,802	-	-	-
(2,094,974)	2,094,974	-	-	-	-
5,872,801	2,108,836	7,981,637	526,880	531,399	52,373
2,869,286	1,676,153	4,545,439	137,733	146,465	(115,902)
27,780,612	31,794,454	59,575,066	(2,824,487)	(2,602,209)	(2,013,037)
(28,219)	(1,138,449)	(1,166,668)	(242,747)	(228,784)	-
<u>\$ 30,621,680</u>	<u>\$ 32,332,158</u>	<u>\$ 62,953,838</u>	<u>\$ (2,929,502)</u>	<u>\$ (2,684,529)</u>	<u>\$ (2,128,938)</u>



City of Donna, Texas

This page intentionally left blank

# **FUND FINANCIAL STATEMENTS**

City of Donna, Texas

This page intentionally left blank

CITY OF DONNA, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 2,423,767	\$ 1,110,678	\$ 1,122,423	\$ 4,656,868
Receivables, net:				
Property taxes	1,019,993	714,637	-	1,734,629
Accounts	416,917	-	79,299	496,216
Intergovernmental	70,746	-	-	70,746
Inventories	4,285	-	-	4,285
Due from other funds	191,610	3,209	43,635	238,454
Prepaid items	160	-	9,500	9,660
Long-term investments	-	-	220,139	220,139
Advances to other funds	166,175	-	-	166,175
Total Assets	<u>\$ 4,293,653</u>	<u>\$ 1,828,524</u>	<u>\$ 1,474,996</u>	<u>\$ 7,597,173</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 86,190	\$ -	\$ 23,502	\$ 109,692
Accrued liabilities	367,377	-	-	367,377
Due to other funds	9,610	548	7,176	17,335
Due to component units	185,066	-	52,562	237,628
Due to fiduciary	208	-	-	208
Unearned revenues	29,039	-	-	29,039
Deposits	118,845	-	-	118,845
Total Liabilities	<u>796,335</u>	<u>548</u>	<u>83,240</u>	<u>880,124</u>
Deferred Inflows of Resources:				
Total Deferred Inflows of Resources -				
Property taxes	<u>977,446</u>	<u>684,187</u>	<u>-</u>	<u>1,661,633</u>
<u>Fund Balances</u>				
Nonspendable - prepaid and inventory	4,445	-	-	4,445
Nonspendable - long term advances to funds	166,175	-	-	166,175
Restricted for:				
Tourism	-	-	802,432	802,432
Law enforcement	-	-	3,369	3,369
Fire equipment debt service	-	-	187,282	187,282
Equipment purchases	-	-	25,925	25,925
Park improvements	-	-	604	604
Debt service	-	1,143,789	-	1,143,789
Tax increment zone one purposes	-	-	277,998	277,998
Capital projects	-	-	94,146	94,146
Unassigned	2,349,252	-	-	2,349,252
Total Fund Balances	<u>2,519,871</u>	<u>1,143,789</u>	<u>1,391,756</u>	<u>5,055,416</u>
Total Liabilities, Deferred Inflows of				
Resources and Fund Balances	<u>\$ 4,293,653</u>	<u>\$ 1,828,524</u>	<u>\$ 1,474,996</u>	<u>\$ 7,597,173</u>

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2014

Total fund balances- governmental funds balance sheet	\$ 5,055,416
Amounts reported for governmental activities in the statement of net position ("SNP") are different because:	
Deferred charges on refunding (net) are not reported in the funds.	76,784
Capital assets used in governmental activities are not reported in the funds.	26,456,060
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,661,633
Payables for bond principal, which are not due in the current period are not reported in the funds.	(2,124,178)
Payables for debt interest, which are not due in the current period are not reported in the funds.	(13,770)
Payables for capital lease obligations, which are not due in the current period are not reported in the funds.	(242,728)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(247,537)
	<hr/>
Net position of governmental activities- statement of net position	<u><u>\$ 30,621,680</u></u>

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES-GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 4,953,773	\$ 2,251,171	\$ 127,324	\$ 7,332,268
Licenses and permits	165,471	-	-	165,471
Charges for services	1,238,179	-	70,698	1,308,877
Fines and forfeitures	175,558	-	-	175,558
Intergovernmental	130,074	-	247,434	377,508
Interest	1,250	1,065	1,578	3,893
Other	34,882	-	300,599	335,480
Total Revenues	6,699,187	2,252,236	747,632	9,699,056
Expenditures:				
Current:				
General government	1,405,244	-	9,715	1,414,959
Public safety	2,357,686	-	-	2,357,686
Public works	1,685,840	-	-	1,685,840
Culture and recreation	684,125	-	-	684,125
Health and welfare	185,602	-	-	185,602
Tourism development	-	-	306,797	306,797
Capital outlay	-	-	117,424	117,424
Debt Service:				
Principal retirements	127,227	279,858	47,099	454,184
Interest and other charges	8,549	73,522	4,808	86,879
Total Expenditures	6,454,273	353,380	485,842	7,293,495
Excess (Deficiency) of Revenues Over Expenditures	244,914	1,898,856	261,790	2,405,560
Other Financing Sources (Uses):				
Sale of land	-	-	544,628	544,628
Transfers in	45,445	245,747	-	291,193
Transfers out	-	(2,094,974)	(291,193)	(2,386,167)
Total Other Financing Sources (Uses)	45,445	(1,849,227)	253,435	(1,550,346)
Net Change in Fund Balances	290,359	49,630	515,225	855,214
Fund Balances at Beginning of Year	2,229,512	1,094,160	876,530	4,200,202
Fund Balances at End of Year	\$ 2,519,871	\$ 1,143,789	\$ 1,391,756	\$ 5,055,416

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net change in fund balances- total governmental funds	\$ 855,214
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	173,202
Capital contributions are not recognized in the funds, but are recognized in the SOA.	1,267,992
Certain property tax revenues are deferred in the funds. This is the change in these amounts for this year.	52,104
Repayment of principal on long-term debt is an expenditure in the funds, but is not an expense in the SOA.	454,184
Amortization of refunding loss in the SOA not in the funds	(30,714)
(Increase) decrease in accrued interest payable from beginning of the period to end of period.	5,427
Other	(1,439)
Compensated absences are reported as the amount is incurred in the SOA, but as paid in the funds	93,315
Change in net position of governmental activities-statement of activities	<u>\$ 2,869,286</u>

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2014

	Business-type Activities		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
<u>Assets</u>			
Current Assets			
Cash and cash equivalents	\$ 3,371,958	\$ 248,856	\$ 3,620,815
Restricted assets			
Cash and cash equivalents	2,180,201	2,570,709	4,750,910
Intergovernmental receivables	244,955	-	244,955
Receivables, net:			
Accounts	775,607	1,830	777,437
Due from other funds	-	548	548
Prepaid Items	164,227	-	164,227
Total Current Assets	6,736,948	2,821,944	9,558,892
Noncurrent assets			
Advances to other funds	241,692	-	241,692
Long-term investments	1,249,095	-	1,249,095
Other assets	69,098	-	69,098
Capital assets	57,654,529	25,349,990	83,004,519
Less accumulated depreciation	(16,980,495)	(3,054,924)	(20,035,419)
Net Capital Assets	40,674,034	22,295,067	62,969,100
Total Noncurrent Assets	42,233,919	22,295,067	64,528,985
Total Assets	48,970,867	25,117,010	74,087,877
Deferred Outflows of Resources			
Deferred charges on refunding (net)	178,992	-	178,992

The accompanying notes are an integral part of this statement.



CITY OF DONNA, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2014

	Business-Type Activities		Total Proprietary Funds
	Water and Sewer Fund	City International Bridge Fund	
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 88,771	\$ 4,638	\$ 93,409
Accrued liabilities	10,388	14,509	24,897
Accrued interest payable	57,991	233,240	291,231
Liabilities payable from restricted assets			
Construction payables	263,390	-	263,390
Compensated absences payable	198	12,017	12,215
Due to other funds	96,512	125,156	221,668
Due to component unit	-	51,339	51,339
Current portion of bonds	160,000	554,818	714,818
Current portion of capital leases payable	-	5,456	5,456
Current portion of claims payable	240,000	-	240,000
Deposits	417,906	2,250	420,156
Total Current Liabilities	1,335,155	1,003,424	2,338,578
Noncurrent liabilities			
Bonds net of unamortized discount	8,134,400	29,659,656	37,794,056
Capital leases payable, net of current portion	-	4,003	4,003
Claims payable, net of current portion	1,384,795	-	1,384,795
Compensated absences, net of current portion	-	5,411	5,411
Advances from other funds	-	407,868	407,868
Total Noncurrent Liabilities	9,519,195	30,076,938	39,596,133
Total Liabilities	10,854,350	31,080,362	41,934,711
Net Position (Deficit)			
Net investment in capital assets	32,078,464	4,459,066	36,537,530
Restricted for capital projects	464,869	-	464,869
Restricted for operations and maintenance	631,052	237,985	869,037
Restricted for repairs and replacements	-	350,041	350,041
Restricted for debt service	1,026,290	-	1,026,290
Unrestricted (deficit)	4,094,835	(11,010,443)	(6,915,609)
Total Net Position (Deficit)	\$ 38,295,510	\$ (5,963,351)	\$ 32,332,158

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION- PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities		Total
	Water and Sewer Fund	City International Bridge Fund	Proprietary Funds
Operating Revenues:			
Charges for services	\$ 5,236,681	\$ 1,643,603	\$ 6,880,284
Rent building	-	27,000	27,000
Total Operating Revenues	5,236,681	1,670,603	6,907,284
Operating Expenses:			
Salaries, wages and employee benefits	267,851	669,290	937,141
Supplies and materials	441,969	19,792	461,760
Property occupancy	112,385	11,878	124,263
Equipment maintenance	116,763	9,850	126,613
Other services	632,959	204,118	837,077
Depreciation and amortization	1,403,044	811,837	2,214,881
Operating contractor fees	1,721,967	-	1,721,967
Total Operating Expenses	4,696,938	1,726,763	6,423,701
Operating Income (Loss)	539,743	(56,160)	483,583
Non-Operating Revenues (Expenses):			
Interest income	12,175	395	12,570
Interest expense	(391,699)	(1,896,440)	(2,288,139)
Other	1,375	-	1,375
Contributions	-	153,115	153,115
Consultant services	-	(228,477)	(228,477)
Amortization of refunding loss	(71,597)	-	(71,597)
Total Non-Operating Revenues (Expenses)	(449,829)	(1,971,407)	(2,421,236)
Income (Loss) Before Contributions and Transfers	89,914	(2,027,567)	(1,937,653)
Capital Contributions	1,352,536	166,296	1,518,832
Transfers In	-	2,094,974	2,094,974
Change in Net Position	1,442,451	233,702	1,676,153
Net Position Beginning of Year	37,269,318	(5,474,864)	31,794,454
Prior Period Adjustment	(416,259)	(722,190)	(1,138,449)
Net Position at End of Year	\$ 38,295,510	\$ (5,963,351)	\$ 32,332,158

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities -		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
Cash Flows From Operating Activities:			
Cash received from customers	\$ 5,175,433	\$ 1,668,948	\$ 6,844,381
Cash payments to employees for services	(263,715)	(675,512)	(939,227)
Cash payments to other suppliers for goods and services	(3,306,546)	(479,930)	(3,786,476)
Cash payments received for deposits	6,656	-	6,656
Net Cash Provided (Used) by Operating Activities	1,611,828	513,506	2,125,334
Cash Flows From Noncapital Financing Activities:			
Other	1,375	-	1,375
Contributions from component units	-	153,115	153,115
Interfund loan or loan payments received (paid)	(10,671)	(96,099)	(106,770)
Transfers from (to) other funds	-	2,094,974	2,094,974
Net Cash Provided (Used) By Noncapital Financing Activities	(9,296)	2,151,990	2,142,694
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(390,240)	(6,027)	(396,267)
Principal paid on long-term debt	(449,602)	(707,861)	(1,157,463)
Interest paid on long-term debt	(394,555)	(1,900,986)	(2,295,541)
Capital contributions	-	166,296	166,296
Net Cash Provided (Used) By Capital and Related Financing Activities	(1,234,397)	(2,448,578)	(3,682,975)
Cash Flows from Investing Activities:			
Purchase of investments	(1,249,095)	-	(1,249,095)
Interest from investments	12,175	395	12,570
Net Cash Provided (Used) for Investing Activities	(1,236,920)	395	(1,236,525)
Net Increase (Decrease) in Cash and Cash Equivalents	(868,785)	217,313	(651,472)
Cash and Cash Equivalents at Beginning of Year	6,420,944	2,602,252	9,023,196
Cash and Cash Equivalents at End of Year	\$ 5,552,159	\$ 2,819,565	\$ 8,371,724

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities-		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 539,743	\$ (56,160)	\$ 483,583
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	1,403,044	811,837	2,214,881
Other non-operating expenses	-	(228,477)	(228,477)
Change in Assets and Liabilities:			
Decrease (increase) in receivables	(61,248)	(1,655)	(62,903)
Decrease (increase) prepaids	(164,227)	-	(164,227)
Increase (decrease) in accounts payable	(116,276)	(5,817)	(122,093)
Increase (decrease) in accrued liabilities	4,136	(6,222)	(2,086)
Increase (decrease) in deposits	6,656	-	6,656
Total Adjustments	1,072,085	569,666	1,641,751
Net Cash Provided (Used) by Operating Activities	\$ 1,611,828	\$ 513,506	\$ 2,125,334
Noncash Capital and related Financing Activities:			
Capital assets from developers	\$ 1,107,581	\$ -	\$ 1,107,581
Accounts receivable and capital contribution recognized for capital asset reimbursement	244,955	-	244,955

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2014

	Fireman's Pension Fund
<hr/>	
<u>Assets</u>	
Restricted assets:	
Cash and cash equivalents	\$       608
Due from other funds	<u>208</u>
Total Assets	<u>816</u>
<u>Liabilities</u>	<u>-</u>
<u>Net Position</u>	
Held in trust for pension benefits	<u>816</u>
Total Net Position	<u>\$       816</u>

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Fireman's Pension Fund
	<hr/>
Additions	
Contributions:	
City	\$ 2,500
	<hr/>
Total Additions	2,500
	<hr/>
Deductions	
Benefits	2,458
	<hr/>
Total Deductions	2,458
	<hr/>
Change in Net Position	42
	<hr/>
Net Position- Beginning of the Year	774
	<hr/>
Net Position - End of the Year	\$ 816
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

City of Donna, Texas

This page intentionally left blank

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Donna, Texas, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

*A. Reporting Entity*

The City of Donna, Texas was incorporated in 1908 under the Constitution of the State of Texas. The City's home rule charter was adopted on February 19, 1957, and amended on January 17, 1981 and May 7, 1994. In addition to the power indicated in the City charter, the City may exercise powers enumerated in Chapter 13, Title 28, Article 1175, of the Revised Civil Statutes of the State of Texas of 1925 conferred and granted to home rule cities. The City operates under the Council-Manager form of government and provides a full range of municipal services as authorized by its charter. The services include public safety, public works, culture and recreation, waterworks and general government.

The accompanying financial statements include financial statements for related organizations in accordance with generally accepted accounting principles. Organizations are included if they are financially accountable to the City, or the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading or incomplete (discretely presented). Inclusion is determined on the basis of the City's ability to exercise significant influence. Significant influence or accountability is based primarily on its operational or financial relationship with the City (as distinct from legal relationship). The City is financially accountable if it appoints a voting majority of an organization's governing body and is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Governmental discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize their legal separateness from the City.

Following are the City's discretely presented governmental component units:

**The Donna Economic Development Corporation (DEDC-4A) and Development Corporation of Donna, Inc. (DCD-4B)**

These two corporations were organized exclusively for the purposes of benefiting and accomplishing public purposes of the City of Donna, by promotion and development of commercial, industrial and manufacturing enterprises, and in promoting and encouraging employment and the public welfare for the City by the State Act, Sections 4A and 4B, respectively, as amended. DEDC-4A is governed by a five member board of directors. DCD-4B is governed by a seven member board. Each of the boards is appointed by the Donna City Council. Any director of DEDC-4A and DCD-4B may be removed from office by the City Council for cause or at will. Their primary source of revenue is sales tax restricted by State statute that allows for this type of tax and by the City general election that adopted this sales tax.



CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

*A. Reporting Entity (continued)*

Exercise of all powers to affect the purposes of the two corporations is subject at all times to the control of the Donna City Council. In addition, the City Council must approve DEDC-4A and DCD-4B budgets and amendments to Bylaws and Articles of Incorporation.

***Tax Increment Reinvestment Zone Number Two (TIRZ #2)***

This reinvestment zone was created pursuant to Chapter 311 of the Texas Tax Code by and between the City of Donna, Hidalgo County, TIRZ #2 (the Zone), and Rhodes Enterprises, Inc. (the developer and petitioner for creation of the TIRZ #2) to provide property tax increment funding to the Zone to support qualifying development activities (public improvements) within the Zone to the extent that property tax increment collections are available. The Zone is managed by the Zone Board and has all powers allowed under Chapter 311 of the Texas Tax Code to manage the Zone and carry out the project and finance plan. However, the costs incurred by the developer are not, and shall never become obligations or the debt of any participating entity.

An interlocal agreement provides that the City shall pay all of their respective property tax increment collections from taxpayers within the Tax Increment Zone to the TIRZ #2 and that the County shall pay 50% of all their respective M&O property tax increment collections to TIRZ #2, except that 50% of the M&O property tax increments from the County shall not exceed an M&O tax rate of .5191 cents per \$100 valuation. The tax increment base is \$2,249,946. The City and County participation in this reinvestment zone shall end the earlier of the termination date in 2038 or when they have contributed all of their respective tax increment collections as follows, \$79,665,000 for the City and \$33,818,213 for the County. As per City ordinance, TIRZ #2 is the southern sector of Donna consisting of approximately 1,528 acres. At this time, the project plan approved by Donna City Council is approximately 930 acres in size.

The priority of payment within the Zone is (1) the payment of debt service on any Bonds issued pursuant to 311.015 of the Texas tax code; (2) to reimburse eligible initial startup administrative costs of each participating taxing entity; and (3) to reimburse the developer for public improvements, including financing costs, as provided in the Project Plan.

The City has financial accountability because the voting majority of the board members are nominated by the City Council, a financial benefit/burden relationship exists, and the City maintains the ability to impose its will.

These three discretely presented component units do not issue separate financial statements. Each has a year end of September 30.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*A. Reporting Entity (continued)*

*New Pronouncement.*

Governmental Accounting Standards Board has issued the following pronouncement, which is relevant to the City, became effective this fiscal year and has been implemented:

*GASB 65 Items Previously Reported As Assets and Liabilities.* This Statement addresses important practice issues for state and local governments. Statement No. 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

Concepts Statement No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.

The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

*B. 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 non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been removed from the primary government statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*B. Government-wide and fund financial statements(Continued)*

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. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

*C. Measurement focus, basis of accounting, and financial statement presentation*

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

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 the payment is due.

Those revenues susceptible to accrual are property taxes and franchise taxes, special assessments, interest revenue and charges for services. Sales taxes collected and held by the intermediary collecting governments at year-end on behalf of the City also are recognized as revenue. Fines, permits and licenses revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports the following major governmental funds:

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

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term tax supportable general obligation debt of the primary government.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

*C. Measurement focus, basis of accounting, and financial statement presentation (continued)*

Additionally, the government reports the following other governmental fund types:

The *special revenue funds* are used to account for the proceeds of specific revenue sources (other than private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The government reports the following major proprietary funds:

The *water and sewer fund* accounts for the water and sewer services provided to customers. All the capital assets net of related liabilities, along with revenues and expenses of providing these services are accounted for within this fund.

The *City international bridge fund* accounts for the international toll bridge. All the capital assets net of related liabilities, along with revenues and expenses of providing these services are accounted for within this fund.

The government reports the following fiduciary fund types:

The Fireman's Pension Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes in a fiduciary (trustee) capacity for individuals, private organizations, and other governments.

As a general rule the effect of interfund activity has been eliminated from the primary government government-wide financial statements. The exception to this general rule are the charges for water and sewer services to the other primary government funds and payment-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

*C. Measurement focus, basis of accounting, and financial statement presentation (continued)*

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources.

*D. Assets, liabilities, and net position or equity*

*1. Deposits and investments*

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.

Money market investments which are short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations are reported at amortized cost. All other investments are reported at fair value.

The City can legally invest in adequately secured investments in accordance with the Public Funds Investment Act. The City may also participate in any public funds investment pool created under the Interlocal Cooperation Act.

The Donna Economic Development Corporation, the Development Corporation of Donna, Inc., and the Tax Increment Zone #2 funds are authorized to invest in adequately secured investments in accordance with the Public Funds Investment Act.

Investments for the component units are reported at fair value.

*2. Receivables and payables*

Lending/borrowing between funds that results in amounts outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds". "Due to/from other funds" represents the current portion of interfund loans. "Advances to/from other funds" represents the non-current portion of interfund loans. With respect to the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible, as applicable.

Included in accounts receivable of the City's Water and Sewer proprietary fund is an estimated amount for services rendered but not billed as of the close of the year. The receivable was estimated by prorating subsequent cycle billings, based on meter readings, sent to customers.

Property taxes are levied on October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in the City in conformity with Subtitle E, Texas Property Code. Assessed values are an approximation of market values. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. No discounts are offered. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

*D. Assets, liabilities, and net position or equity (continued)*

*2. Receivables and payables (continued)*

Property taxes are prorated between the general and debt service funds based on rates adopted for the year of the levy. Allowances for uncollectible taxes are based on historical experience in collecting property taxes.

*3. Inventories and prepaid items*

Inventory in the cemetery fund consists of cemetery lots and is valued at cost. Inventories are recorded under the “consumption” method. Under the consumption method, inventory acquisitions are recorded in inventory accounts and charged as expenses (business-type activities) when used. On the government-wide statement of activities consumption of inventory is recorded as an expense.

Prepaid items, recorded in both the government-wide and fund financial statements are goods and services that are paid for in advance and are applicable to future accounting periods. Using the consumption method, prepaid items are recorded as expenditures (governmental fund types) or expenses (proprietary fund types) as the goods or services are used. On the government-wide statement of activities consumption of prepaid items is recorded as an expense.

*4. Restricted Assets of the Proprietary Funds and DEDC-4A, DCD-4B Component Units*

Water and sewer bond ordinances, the international bridge bond ordinance and DEDC-4A and DCD-4B component units’ ordinances require that during the period the bonds are outstanding, the City must maintain certain separate accounts and funds to account for the proceeds from the issuance of the bonds and the debt service deposits made from revenues or from bond proceeds. These restricted assets can be used only in accordance with the bond ordinances.

*5. Capital Assets*

Capital assets, which consist of property, plant and equipment, include land, buildings, improvements other than buildings (e.g., fences, retaining walls, parking lots and landscaping), infrastructure (e.g., streets, sidewalks, water and sewer systems, drainage systems, bridges, lighting systems and similar items), and furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. City policy through the years has been to capitalize and report the carrying cost of capital assets in both the governmental and business-type activities. However, the City needs to inventory much of its major general capital assets so that it may account for and depreciate them. In business-type activities the City needs to inventory its older major water and sewer infrastructure assets. The City’s intention is to inventory these capital assets.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

*D. Assets, liabilities, and net position or equity (continued)*

*5. Capital Assets (continued)*

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The City defines capital assets, other than infrastructure assets, as assets with a cost or fair value of \$5,000 or more and an estimated useful life in excess of one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest expense is not allowed to be capitalized on general government capital assets.

Depreciation of capital assets used by proprietary funds is charged as an expense against their operations in the fund financial statements as well as the business-type activities in government-wide Statement of Activities. Capital assets, net of accumulated depreciation, are reported on proprietary funds Statement of Net Position and in the business-type activities column of the government-wide Statement of Net Position.

Depreciation of general government capital assets used by funds categorized as governmental activities is not allowed in the governmental fund financial statements, nor are the capital assets allowed to be reported on the balance sheets in the governmental fund financial statements in connection with their measurement focus. Depreciation of general government capital assets used by funds categorized as governmental activities in the government-wide Statement of Activities is required.

Capital assets, net of accumulated depreciation, are required to be reported in the governmental activities column of the government-wide Statement of Net Position. However, the City did not provide for depreciation of these general government capital assets used by funds categorized as governmental activities, therefore depreciation expense is not included in the government-wide Statement of Activities. While the City does report these general government capital assets in the governmental activities column of the government-wide Statement of Net Position, there is no accumulated depreciation reported because the City did not depreciate these general government capital assets.

Neither the Donna Economic Development Corporation or Development Corporation of Donna, Inc. component units has any depreciable capital assets. Therefore, depreciation expense is not required in the government-wide Statement of Activities. Capital assets are reported for these component units in the government-wide Statement of Net Position.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

*E. Assets, liabilities, and net position or equity (continued)*

*5. Capital Assets (continued)*

Depreciation on capital assets in the proprietary funds has been provided using the straight-line method over the estimated useful lives. The estimated useful lives are as follows:

Buildings	40-50 years
Improvements other than buildings	20-25 years
Infrastructure	10-90 years
Furniture and equipment	5-15 years

*6. Compensated Absences*

It is the City's policy to allow employees to accumulate earned but unused vacation and sick pay benefits. Sick leave does not vest. Vacation leave is accrued as a liability as the benefits are earned by employees when both the employees' rights are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits. Compensated absences directly related to and expected to be paid from proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees.

Vacation that is expected to be liquidated with expendable available financial resources is reported as expenditure and a liability of the governmental fund that will pay it in the fund financial statements. Amounts not expected to be liquidated with expendable available financial resources are only reported in the government-wide financial statement in the governmental activities column.

*7. Long-Term Obligations*

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental/business-type activities or the specific proprietary fund to which each relates, as applicable. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts. The face amount of debt issued is reported as other financing sources. Premiums received and discounts incurred on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from debt proceeds, are reported as debt service expenditures.



CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

8. *Fund Balance Reporting*

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.

There are two major categories of fund balances, which are nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and long-term receivables. The City has inventories and long-term advances to funds that are considered nonspendable.

In addition to the nonspendable fund balance, there is a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The responsibility to commit funds rests with the City Council. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The responsibility to assign funds rests with the City Council. The City does not have any assigned fund balances. Unlike commitments, assignments generally only exist temporarily. An additional action does not have to be taken for the removal of an assignment.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

*Fund balance flow assumptions:*

When expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. 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. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

*9. Deferred Outflows of Resources and Deferred Inflows of Resources/Other Assets and Liabilities*

Certain defined transactions that do not qualify for treatment as either assets or liabilities are required to be accounted for and reported as either deferred outflows of resources (a separate subheading following assets but before liabilities) or deferred inflows of resources (a separate subheading following liabilities but before equity).

*Deferred outflows of resources*—a consumption of net assets by the government that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expenditure/expenses) until then. It has a positive effect on net position, similar to assets.

*Deferred inflows of resources*—an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

In the government-wide financial statements, insurance costs arising from the issuance of debt are reported as deferred outflows and amortized over the term of the related debt. Deferred amounts from a refunding of debt (debits) are reported as deferred outflows of resources and deferred amounts from refunding debt (credits) are reported as deferred inflows of resources and amortized over the lesser life of the refunded bonds or refunding debt.

Grant amounts received in advance of meeting timing requirements and advances of revenue from imposed nonexchange transactions such as property taxes or transactions recorded as a receivable prior to the period when resources are required to be used or are available, are reported as deferred inflows of resources at the fund level and are recognized as revenues at the government-wide level.

*Continued Use of Other Assets and Liabilities*—Prepayments continue to be reported as assets. Grant amounts received in advance of meeting requirements other than timing and receipts of prepayments continue to be reported as liabilities.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*A. Budgetary Information*

The City Council adheres to the following procedures in establishing the budgetary data:

1. Prior to August 15 of each year, the City Manager is required to submit to City Council a proposed budget for the fiscal year beginning on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (*Continued*)**

*A. Budgetary Information (continued)*

4. The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. The budget amounts shown in the financial statements are the original and final authorized amounts as revised, as applicable, during the year.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, the debt service fund and certain special revenue and enterprise funds. The special revenue funds for which a budget is adopted are the Hotel Occupancy Tax Fund and the Fire Equipment Service Fee Fund. A budget is adopted for the City International Bridge Fund, an enterprise fund, for internal use and continuing compliance purposes. A budget is maintained for internal use only for the Water and Sewer fund, an enterprise fund.
6. All City budgets are adopted on a basis consistent with generally accepted accounting principles.
7. Annual budgeted expenditures are adopted at the departmental level within funds. As described above, the City Manager is authorized to make transfers within a department. Accordingly, the level at which expenditures cannot legally exceed appropriations is the department level.
8. Appropriations for annually budgeted funds lapse at year end.

*B. Net Position Deficits*

The City International Bridge Fund, a proprietary fund, has an unrestricted net position deficit of \$11,010,443. See related Note 3.L.3.

The component unit Donna Economic Development Corporation and the component unit Development Corporation of Donna, Inc. both reflect in the government-wide Financial Statements an unrestricted net position deficit of \$2,929,502 and \$2,684,529, respectively. These economic development component units provide economic development stimulus, which intends that the funding is provided in the form of grants. These are planned unrestricted net position deficits from the leveraging of economic stimulus that these entities are able to provide with an amount of debt that is able to be serviced from cash flows available from the sales taxes they receive. Both component units assisted in the Donna-Rio Bravo international bridge project, which was a large economic development project for the City of Donna.

The Tax Increment Reinvestment Zone #2 (TIRZ) component unit reflects a net position deficit of \$2,128,938. This component unit provides tax increment financing to support revitalization and development activities in the zones as discussed at the reporting entity. This is a planned net position deficit, which has resulted from recording the liability to developers for improvements in the zone areas. This deficit will remain until the tax increment payments from the City and Hidalgo County are collected and remitted to the TIRZ. No funds shall be disbursed from the Tax Increment funds without the prior written approval of the Zone Board.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

*A. Deposits and investments*

*1. Primary Government*

*Deposits*

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits, excluding the amount covered by Federal Deposit Insurance Corporation insurance. The City's deposits were fully insured and collateralized as required by State statutes at September 30, 2014.

At September 30, 2014, the carrying amount of the City's deposits with financial institutions was \$1,047,121 and the bank balance was \$1,119,335. Bank balances of the City were covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's Investment Policy and its Depository Agreement.

*Investments*

At September 30, 2014, the City had the following investments:

	Fair Value	Weighted Average Maturity	Credit Rating
Local Government Investments			
Cooperative (LOGIC)	\$ 9,297,666	57 days	AAAm
Invesco Treasury Portfolio Trust	2,678,425	< 90 days	AAAm
Cash and Cash Equivalents on the Statement of Net Position	\$ 11,976,092		
First Empire Securities, Inc.			
Negotiable CD's	\$ 719,379	2-4 years	N/A
Government securities	749,855	3-4 years	AAA
Long-term Investments on the Statement of Net Position	\$ 1,469,234		

*Custodial Credit Risk- Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. The City's cash deposits at September 30, 2014 and during the year ended September 30, 2014 were covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's Investment Policy and its Depository Agreement.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

*A. Deposits and investments (continued)*

*1. Primary Government (continued)*

*Investments (continued)*

*Custodial Credit Risk- Deposits (continued)*

The LOGIC and Invesco Treasury Portfolio Trust Investments are considered cash equivalents on the government-wide statement of net position and the governmental and proprietary fund-level statements.

LOGIC was organized on May 6, 1994 to conform to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

This Act permits the creation of investment pools to which a majority of political subdivisions (local governments) in Texas may delegate, by contract, the authority to make investments purchased with local investment funds and to hold legal title as custodian of the investment securities.

The LOGIC Fund is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company but is operated in a manner consistent with the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended. The LOGIC Fund will invest only in authorized investments under the Public Funds Investment Act. The stated objective of the fund is to maintain a stable value of \$1.00 per unit; however, the \$1.00 net position value is not guaranteed or insured by the Fund, its Board, the Co-Administrators, their agents, or any other governmental or other entity.

Invesco Treasury Portfolio Trust is a no-load money market mutual fund. Invesco is an investment company regulated by the SEC. Invesco has a dollar-weighted average stated maturity of 90 days or less, and includes in its investments objectives the maintenance of a stable net position value of \$1 for each share. GASB Statement 31 allows investment company money market mutual funds to use amortized cost rather than fair value to report net position to compute share price. The fair value of the City's position in the money market mutual fund is the same as the value of Invesco shares.

The LOGIC and Invesco Treasury Portfolio Trust Investments are stated at amortized cost, which does not vary materially from fair value due to the short term nature of the investments, unless there is permanent impairment of value in which case the investments are valued at market.

The First Empire Securities Investments are held in the City's name in negotiable certificates of deposit of various financial institutions and government treasuries and are valued at market. These investments have varying maturities ranging from two to four years.

*Concentration of Credit Risk*

The City's investment policy recognizes that risk is controlled through portfolio diversification that is achieved by diversifying investments to avoid over-concentration, prohibiting investments with greater credit risks, varying maturities, and continuously investing a portion of the portfolio in alternatives that offer same-day liquidity.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

*A. Deposits and investments (continued)*

*1. Primary Government (continued)*

*Concentration of Credit Risk (continued)*

As of September 30, 2014, the Local Government Investment Cooperative (LOGIC) reported the following concentrations of investments in its portfolio:

Commercial paper	65.22%
Repurchase Agreements	27.53%
Government Securities	7.25%

The Invesco Treasury Portfolio Trust has concentrations in U.S. Treasury securities and repurchase agreements.

As of September 30, 2014, the City's long-term investments through First Empire Securities included the following:

	<u>Maturities</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Barclay's	4/15/2016	\$ 248,218	17%
Citizen's State Bank	12/30/2015	220,139	15%
Wells Fargo	10/17/2018	251,022	17%
Negotiable CDs		<u>719,379</u>	
Federal Home Loan Mortgage Association	1/30/2017	499,685	34%
Federal National Mortgage Association	10/30/2018	250,170	17%
Government Treasuries		<u>749,855</u>	
Total		<u>\$ 1,469,234</u>	100%

*Credit Risk*

LOGIC invests in short-term securities including: bonds, securities and other obligations of the United States or an agency or instrumentality of the United States; commercial paper; repurchase agreements collateralized by government securities; and SEC registered money market funds rated in the highest rating category by at least one nationally recognized rating service. Certain investments purchased by LOGIC must be rated in the highest rating category for debt obligations by at least two nationally recognized statistical rating organizations (NSROs), or, if unrated, be of comparable quality as determined in accordance with procedures established by LOGIC's Board of Directors.

Per the most recently issued audited financial statements of LOGIC, it only invested in assets, including collateral of underlying repurchase agreements, classified as First Tier Securities and

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

*A. Deposits and investments (continued)*

*1. Primary Government (continued)*

*Credit Risk (continued)*

Second Tier Securities as defined by rule 2a-7. Invesco invests in direct obligations of the U.S. Treasury, and in repurchase agreements secured by treasuries.

*Interest Rate Risk*

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Per the City's investment policy, the City seeks to:

- minimize interest rate risk by structuring investments to meet cash requirements.
- investing operating funds primarily in certificates of deposit, short-term securities, money market mutual funds, or local government investment pools functioning as money market mutual funds.
- diversifying maturities and staggering purchase dates to minimize the impact of market movements over time.

The City's investments in LOGIC and Invesco are payable on demand and function as money market mutual funds. The investments in certificates of deposit have varying maturities ranging from less than a month to one and three months.

The City's long-term investments in First Empire Securities consisting of negotiable certificates of deposit and government treasuries have varying maturities ranging from two to four years.

*2. Component Units*

*Donna Economic Development Corporation (DEDC-4A) and Development Corporation of Donna, Inc. (DCD-4B)*

Deposits for DEDC-4A and DCD-4B are held separately from those of the City's funds. At September 30, 2014, the reported amount of deposits for DEDC-4A totaled \$188,991, and the bank balances totaled \$189,114. The reported deposits for DCD-4B totaled \$516,059 and the bank balances totaled \$516,182.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*A. Deposits and investments (continued)*

*2. Component Units (continued)*

At September 30, 2014, DEDC-4A and DCD-4B deposits were each covered by federal deposit insurance or were secured by collateral held by the component unit's agent in the component unit's name.

*Investments*

The DEDC-4A's investments at September 30, 2014, are as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Invesco Treasury Portfolio Trust	\$ 409,802	< 90 days	AAAm

The DCB-4B's investments at September 30, 2014, are as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Invesco Treasury Portfolio Trust	\$ 399,373	< 90 days	AAAm

Invesco Treasury Portfolio Trust is a no-load money market mutual fund.

Invesco is an investment company regulated by the SEC. Invesco has a dollar-weighted average stated maturity of 90 days or less, and includes in its investment objectives the maintenance of a stable net position value of \$1 for each share. GASB Statement 31 allows investment company money market mutual funds to use amortized cost rather than fair value to report net position to compute share price. The fair value of DEDC-4A's and DCB-4B's position in the money market mutual fund is the same as the value of Invesco shares.

Please refer to the descriptions of concentration of credit risk, interest rate risk, credit risk, and custodial credit risk above relating to the primary government. The DEDC-4A, DCD-4B and the TIRZ#2 follow the same policies relating to investments.



CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*A. Deposits and investments (continued)*

*3. Reconciliation*

The meaning of “investments” in this note may differ from the meaning of the caption “investments” in the basic financial statements. A reconciliation of cash and cash equivalents as shown on the Statement of Net Position is as follows:

	Primary Government	Component Units	
		Donna Economic Development Corporation	Development Corporation of Donna
Cash on hand	\$ 5,988	\$ -	\$ -
Carrying amount deposits	1,047,121	188,991	516,059
Short-term investments	11,976,092	409,802	399,373
Less: Statement of Fiduciary Net Assets	(608)	-	-
Cash and cash equivalents	<u>\$ 13,028,593</u>	<u>\$ 598,793</u>	<u>\$ 915,432</u>
Cash and cash equivalents	\$ 8,277,683	\$ 188,991	\$ 516,059
Cash and cash equivalents - restricted	<u>4,750,910</u>	<u>409,802</u>	<u>399,373</u>
Cash and cash equivalents Statement of Net Position	<u>\$ 13,028,593</u>	<u>\$ 598,793</u>	<u>\$ 915,432</u>

Virtually all funds of the City international bridge fund and both economic development corporations are held in respective trust accounts in connection with the City bond ordinance for the international bridge project and the respective sales tax revenue bond resolutions.

*B. Property Taxes*

The City’s property tax is levied each October 1, on the assessed value listed as of the prior January 1 for all real and business personal property in the City in conformity with Subtitle E, Texas Property Code. Assessed values are an approximation of market values. A receivable for property taxes is recognized and recorded at the levy date. The adjusted assessed value for the roll as of January 1, 2013, upon which the 2013 levy was based, was \$419,514,607.

Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. No discounts are offered. During the fiscal year, 89% of the current year tax levy (October 1, 2013) was collected. The statutory lien date is January 1.

Taxes are prorated between general and debt service funds based on rates adopted for the year of the levy.

The methods of property assessment and tax collection are determined by Texas statute. The statutes provide for a property tax code, county-wide appraisal districts and certain exemptions from taxation, such as intangible personal property, household goods and family-owned automobiles.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*B. Property Taxes (continued)*

The appraisal of property within the City is the responsibility of the Hidalgo County Appraisal District. The Hidalgo County Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value.

The tax rate to finance general governmental purposes, other than the payment of principal and interest on tax supported general obligation long-term debt, for the year ended September 30, 2014, was \$.734764 per \$100 assessed valuation. The tax rate for debt service on the principal and interest requirements on general obligation long-term debt, for the year ended September 30, 2014, was \$.517612 per \$100 of assessed valuation. The combined tax rate for the City is \$1.252376 per \$100 of assessed valuation. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy up to \$2.50 per \$100 of assessed valuation for general governmental purposes, including the payment of principal and interest on general obligation long-term debt.

On the modified accrual basis, property taxes that are measurable and available (receivable within the current period and collected within the current period or within 60 days thereafter to be used to pay liabilities of the current period) are recognized as revenue in the year of the levy. Property taxes that are measurable, but not available, are recorded, net of estimated uncollectible amounts, as deferred inflows of resources in the year of levy. Such deferred inflows are recognized as revenue in the fiscal year in which they become available.

*C. Receivables*

*1. Primary Government*

The balance of delinquent property taxes receivable and property tax are as follows:

Governmental Activities as of September 30, 2014:

	General Fund	Debt Service Fund	Total
Property taxes receivable	\$ 1,310,188	\$ 902,536	\$ 2,212,724
Less allowance for uncollectibles	(290,195)	(187,899)	(478,094)
Net property taxes receivable	<u>\$ 1,019,993</u>	<u>\$ 714,637</u>	<u>\$ 1,734,629</u>

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*C. Receivables (continued)*

*1 Primary Government (continued)*

Receivables at year end for the primary government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Water and Sewer Fund	City International Bridge Fund	Total
Receivables:						
Property taxes	\$ 1,310,188	\$ 902,536	\$ -	\$ -	\$ -	\$ 2,212,724
Accounts	505,337	-	86,895	1,215,896	1,830	1,809,958
Intergovernmental - grant	70,746	-	-	244,955	-	315,701
Gross receivables	1,886,271	902,536	86,895	1,460,850	1,830	4,338,383
Less: Allowance for uncollectible	(378,615)	(187,899)	(7,596)	(440,289)	-	(1,014,399)
Net total receivables	<u>\$ 1,507,656</u>	<u>\$ 714,637</u>	<u>\$ 79,299</u>	<u>\$ 1,020,562</u>	<u>\$ 1,830</u>	<u>\$ 3,323,984</u>

Revenues of the Water and Sewer Fund are reported net of a provision for estimated uncollectible amounts in the amount of \$35,088.

*2. Component Units*

*Accounts Receivable*

At September 30, 2014, the DEDC-4A and the DCD-4B each had a sales tax receivable of \$94,293.

*Loans Receivable*

At September 30, 2014 the Development Corporation of Donna (DCD-4B) had U.S. Department of Agriculture, Rural Business Enterprise Grant program loans outstanding in the amount of \$132,390. These loans were funded \$114,200 by the grant and the City provided matching funds of \$57,442.

*D. Deferred Outflows and Inflows of Resources*

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the government-wide financial statements, deferred outflows include deferred charges on refunding of the bonds.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*D. Deferred Outflows and Inflows of Resources (continued)*

As of September 30, 2014 the various components of deferred outflows and inflows of resources are as follows:

At the fund level financial statements, the City has the following Deferred Inflows of Resources:

	General Fund	Debt Service Fund	Total
Property Taxes, unavailable	\$ 977,446	\$ 684,187	\$ 1,661,633
Totals Exhibit 2-A	<u>\$ 977,446</u>	<u>\$ 684,187</u>	<u>\$ 1,661,633</u>

At the government-wide financial statements (Exhibit 1-A), the City reports cumulative deferred charges on refundings as Deferred Outflows of Resources in the amount of \$ 138,211, net of cumulative amortization of \$ 61,427, or \$76,784 for governmental activities and \$ 322,186, net of cumulative amortization of \$ 143,194, or \$178,992 of unamortized deferred charges on refunding in business-type activities.

*E. Interfund Payables/ Receivables, Advances and Transfers*

Interfund receivable and payable balances at September 30, 2014 were as follows:

*Governmental Funds – Receivable Fund*

Receivable Entity	Payable Entity	Amount
General Fund	Water and Sewer Fund	\$ 57,482
General Fund	City International Bridge Fund	125,156
General Fund	Nonmajor Governmental Fund	8,972
Debt Service Fund	General Fund	3,209
Nonmajor Governmental Fund	General Fund	4,605
Nonmajor Governmental Fund	Water and Sewer Fund	39,030
		<u>\$ 238,454</u>

*Proprietary Funds – Receivable Fund*

Receivable Entity	Payable Entity	Amount
City International Bridge Fund	Debt Service Fund	\$ 548
		<u>\$ 548</u>

The balances generally result from a routine lag between the dates that transactions are recorded in the accounting system and payments between the funds are made. All amounts are scheduled to be repaid within one year.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*E. Interfund Payables/ Receivables, Advances and Transfers (continued)*

Certain interfund loans were not expected to be repaid within the next year. These loans are reported as long-term advances. The following advances were made to sustain operations of the City International Bridge Fund, which did not generate revenues to meet operating and debt obligations.

Advances receivable and payable balances at September 30, 2014 were as follows:

Governmental Funds – Receivable Fund

Receivable Fund	Payable Fund	Amount
General Fund	City International Bridge Fund	\$ 166,175
		<u>\$ 166,175</u>

Proprietary Funds – Receivable Fund

Receivable Fund	Payable Fund	Amount
Water & Sewer	City International Bridge Fund	\$ 241,692
		<u>\$ 241,692</u>

Advances are interfund loans which are not scheduled to be repaid within one year.

Due to/from the primary government and component units at September 30, 2014 were as follows:

Receivable Entity	Payable Entity	Amount
Component Unit - DEDC (4A)	Primary Government-General Fund	\$ 91,818
Component Unit - DEDC (4A)	Primary Government-City International Bridge Fund	51,339
Component Unit - DCD (4B)	Primary Government-General Fund	93,248
Component Unit - TIRZ #2	Primary Government-Nonmajor governmental fund	52,562
		<u>\$ 288,967</u>

Interfund transfers during the year were as follows:

Transfer Out:	Transfer In:			
	Debt Service	City International Bridge Fund	General Fund	Total
Nonmajor Governmental	\$ -	\$ -	\$ 45,445	\$ 45,445
Debt Service Fund	-	2,094,974	-	2,094,974
Nonmajor Governmental	245,747	-	-	245,747
Total	<u>\$ 245,747</u>	<u>\$ 2,094,974</u>	<u>\$ 45,445</u>	<u>\$ 2,386,167</u>

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*F. Capital assets*

*1. Primary Government*

Transfers were used primarily to 1) move funds from the Parks Improvement Fee Fund to the General Fund to pay for park improvements, 2) move tax revenues levied for debt service of bonds from the Debt Service Fund to the City International Bridge Fund, and 3) to move funds from the Urban County Program Fund to pay preauthorized debt service payments.

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance at October 1, 2013	Increases	Decreases	Balance at September 30, 2014
<b><u>Governmental Activities:</u></b>				
Capital assets, not subject to depreciation:				
Land	\$ 1,027,449	\$ -	\$ -	\$ 1,027,449
Total capital assets, not to be depreciated	<u>1,027,449</u>	<u>-</u>	<u>-</u>	<u>1,027,449</u>
Capital assets, depreciable:				
Buildings	2,725,574		-	2,725,574
Improvements other than buildings	8,931,391	353,450	-	9,284,841
Infrastructure	5,354,258	1,017,172	-	6,371,430
Furniture and equipment	6,976,195	70,572	-	7,046,767
Total capital assets, depreciable	<u>23,987,418</u>	<u>1,441,194</u>	<u>-</u>	<u>25,428,613</u>
Governmental Activities Capital Assets	<u>\$ 25,014,867</u>	<u>\$ 1,441,194</u>	<u>\$ -</u>	<u>\$ 26,456,062</u>

As discussed in Note 1, capital assets of governmental activities have not been depreciated and therefore are not shown net of accumulated depreciation.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*F. Capital assets (continued)*

*1. Primary Government*

	Balance at October 1, 2013	Increases	Decreases	Balance at September 30, 2014
<b><u>Business-type Activities:</u></b>				
Capital assets, not subject to depreciation:				
Land	\$ 1,237,616	\$ -	\$ -	\$ 1,237,616
Construction in progress	107,921	263,390	-	371,311
Total assets, not to be depreciated	<u>1,345,537</u>	<u>263,390</u>	<u>-</u>	<u>1,608,927</u>
Capital assets, being depreciated:				
Buildings	3,006,302	-	-	3,006,302
Improvements other than buildings	576,647	-	-	576,647
Infrastructure	75,574,160	1,497,821	-	77,071,981
Furniture and equipment	734,636	6,027	-	740,663
Total assets, being depreciated	<u>79,891,744</u>	<u>1,503,848</u>	<u>-</u>	<u>81,395,593</u>
Less accumulated depreciation:				
Buildings	196,586	61,307	-	257,893
Improvements other than buildings	71,540	26,868	-	98,408
Infrastructure	17,136,241	2,080,553	-	19,216,794
Furniture and equipment	416,170	46,153	-	462,323
Total accumulated depreciation	<u>17,820,538</u>	<u>2,214,881</u>	<u>-</u>	<u>20,035,419</u>
Total capital assets, being depreciated, net	<u>62,071,206</u>	<u>(711,033)</u>	<u>-</u>	<u>61,360,173</u>
Business-Type Activities Capital Assets, Net	<u>\$ 63,416,743</u>	<u>\$ (447,643)</u>	<u>\$ -</u>	<u>\$ 62,969,100</u>

No interest was capitalized in the Business-Type Activities in 2014.

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

<b><u>Business-type Activities:</u></b>	
Water and Sewer	\$1,403,044
City International Bridge Fund	<u>811,837</u>
Total depreciation expense - business-type activities	<u>\$2,214,881</u>

As discussed in Note 1, depreciation expense was not provided for by the City on its capital assets in governmental activities in the government-wide Statement of Activities. Thus, depreciation expense is not included in any of the functional expenses of the governmental activities expenses.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*F. Capital assets (continued)*

*2. Component Units*

*Donna Economic Development Corporation - DECD 4A*

A summary of changes in capital assets for the Development Corporation of Donna, Inc. is as follows:

	Balance at October 1, 2013	Increases	Decreases	Balance at September 30, 2014
Capital assets, not subject to depreciation:				
Land	\$ 248,216	\$ -	\$ -	\$ 248,216
Total capital assets, not being depreciated	248,216	-	-	248,216
Governmental Activities Capital Assets, Net	<u>\$ 248,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,216</u>

*G. Long Term Debt*

*1. Primary Government*

*Bond Obligations in Governmental Funds*

The government issues bond obligations to provide funds for the acquisition and construction of major capital facilities and equipment. Bond obligations have been issued for governmental activities. Bond obligations are direct obligations and pledge the full faith and credit of the government. The original amount of outstanding general obligation bonds issued in prior years was \$4,352,374.

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 other taxes are levied, the rate of tax required to provide (in each year the bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

Governmental bond obligations currently outstanding are as follows:

Governmental activities:

Series 2001 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in variable annual installments of \$50,000 to \$320,000 through February 1, 2016; interest at 4.0% to 4.8%, payable semi-annually.

The original issuance amount of these bonds was \$3,050,000. \$ 620,000



CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

Series 2006 Limited Tax Refunding Bonds due in variable annual installments of \$20,000 to \$165,000 through February 1, 2016; interest at 3.82% to 4.27%, payable semi-annually. Approximately 3.24% is accounted for with governmental activities and 96.76% is accounted for with business-type activities. The original issuance amount of these bonds was \$41,774 accounted for with governmental activities and \$1,248,226 accounted for with business-type activities.

10,526

Series 2012 Limited Tax Refunding Bonds due in variable annual installments of \$525,000 to \$680,000 through February 1, 2025; interest at 2.84%, payable semi-annually. Approximately 26.40% is accounted for with governmental activities and 73.60% is accounted for with business-type activities. The original issuance amount of these bonds was \$1,260,600 accounted for with governmental activities and \$3,514,400 accounted for with business-type activities.

1,260,600

Total General Obligation Bonds

1,891,126

Less Current Portion of Bonds Payable

(305,182)

General Obligation Bonds Payable,

Net of Current Portion

\$ 1,585,944

Debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2015	\$ 305,182	\$ 58,624
2016	325,344	43,595
2017	-	35,801
2018	149,160	33,683
2019	138,600	29,597
2020-2024	793,320	82,380
2025	<u>179,520</u>	<u>2,549</u>
Total	<u>\$ 1,891,126</u>	<u>\$ 286,229</u>

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*1. Primary Government (continued)*

*G. Long Term Debt (continued)*

Business – type activities:

*Bond Obligations in the Proprietary Funds*

The City also issues bonds where the City plans to service the debt from income derived from the acquired or constructed assets for business-type activities. The original amount of outstanding bonds issued in prior years was \$40,862,626.

Bonds outstanding at September 30, 2014 are as follows:

Series 2006 Limited Tax Refunding Bonds due in variable annual installments of \$20,000 to \$165,000 through February 1, 2016; interest at 3.82% to 4.27%, payable semi-annually. Approximately 3.24% is accounted for with governmental activities and 96.76% is accounted for with business-type activities. The original issuance amount of these bonds was \$41,774 accounted for with governmental activities and \$1,248,226 accounted for with business-type activities. \$ 314,474

Series 2007 Combination Tax and International Toll Bridge Revenue Certificates of Obligation due in variable annual installments of \$100,000 to \$2,400,000 from February 15, 2012 through February 15, 2037; interest rate at 6.25%, payable semi-annually. This debt is for the international bridge and related infrastructure. The original issuance amount of these bonds was \$30,600,000. 29,900,000

Series 2009 Combination Tax and Revenue Certificates of Obligation due in variable annual installments of \$50,000 to \$385,000 through February 1, 2034; interest at 3.76% to 4.86%, payable semi-annually. This debt is for the wastewater collection system. The original issue amount of these bonds was \$5,500,000. 4,780,000

Series 2012 Limited Tax Refunding Bonds due in variable annual installments of \$525,000 to \$680,000 through February 1, 2025; interest at 2.84%, payable semi-annually. Approximately 26.40% is accounted for with governmental activities and 73.60% is accounted for with business-type activities. The original issuance amount of these bonds was \$1,260,600 accounted for with governmental activities and \$3,514,400 accounted for with business-type activities. 3,514,400

Total Bonds Payable 38,508,874

Less Current Portion Payable from Restricted Assets (714,818)

Bonds Payable, Net of Current Portion \$ 37,794,056

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

Business – type activities (continued):

Business-type activities debt service requirements to maturity are as follows:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2015	\$ 714,818	\$ 2,184,258
2016	724,656	2,145,944
2017	875,000	2,101,086
2018	1,295,840	2,043,868
2019	1,376,400	1,977,533
2020-2024	7,996,680	8,749,859
2025-2029	8,370,480	6,513,251
2030-2034	10,355,000	3,741,882
2035-2037	6,800,000	656,248
Total	<u>\$ 38,508,874</u>	<u>\$ 30,113,929</u>

The City International Bridge Fund accounts and reports for all the bridge related activities including debt. \$2,094,974 of the bridge debt service payments was funded by the general government's Debt Service Fund via transfers to the City International Bridge Fund. The remaining requirements were made using the funds available from the 2007 Bonds proceeds capitalized interest account and advances from the General Fund.

It is presently the City's intention to continue these debt service payments with the levy of taxes at current levels and transfers in from other funds of the City (as needed) to meet the remaining requirement until the bridge operations provide for these requirements.

*Utility and Bridge Revenues Pledged*

*Water and Sewer Fund*

The City currently has pledged future water and sewer fund revenues, net of specified operating expenses, to repay approximately \$8.3M in combination tax and revenue bonds issued in varying years as described above. Proceeds from the bonds provided financing for projects as detailed above. The bonds are payable through 2034. Annual principal and interest payments on the bonds are expected to require approximately 36 percent of net revenues. Principal and interest paid for the current year and total water and sewer fund net revenues were \$697,767 and \$1,942,787, respectively.

*City International Bridge Fund*

The City is currently servicing the debt requirements of the City International Bridge Fund's bonded debt with a levy of taxes, assistance from other funds of the City, and bridge operations. Budgets approved for 2014-2015 continue that debt servicing arrangement.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

Business – type activities (*continued*):

*Prior Years Long-Term Debt Refunding*

The City refunded Limited Tax Refunding Bonds, Series 2009 and Tax Notes, Series 2009. The refunded bonds were due in varying installments of \$565,000 to \$615,000 with a final payment in 2017 and \$325,000 to \$360,000 with a final payment in 2016 respectively.

As a result, the refunded bonds are considered to be defeased and the liability for the Bonds, has been removed from the City's books. At September 30, 2014 the amount of defeased debt outstanding was \$2,480,000.

The City refunded Combination Tax and Limited Pledge Certificates of Obligation, Series 1995 and Combination Tax and Limited Pledge Certificates of Obligation, Series 1997. The refunded bonds were due in varying installments of \$20,000 to \$75,000 with a final payment in 2015 and \$215,000 to \$600,000 with a final payment in 2017, respectively.

As a result, the refunded bonds are considered to be defeased and the liability for the Bonds, has been removed from the City's books. At September 30, 2014 the amount of defeased debt outstanding was \$1,770,000.

*Capital Lease Obligations*

Governmental Activities:

The City has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. The following summarizes the City's debt relating to these assets:

4.98% Lease payable due in annual installments of \$51,906, including interest, collateralized by a fire truck.	
This lease is payable from the Fire Equipment Service Fee Fund.	\$ 49,444
Lease payable due in annual installments of \$1,224, including interest, collateralized by a Ricoh multifunctional copier.	425
Lease payable due in annual installments of \$90,851, including Interest, collateralized by (6) 2013 Ford Crown Victoria, (2) 2013 Ford Focus and (2) 2013 Ford F150.	162,212

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

*Capital Lease Obligations (continued)*

Governmental Activities: (continued)

Lease payable due in annual installments of \$31,663, including Interest, collateralized by a Cisco UC Phone 7942 System.	<u>30,647</u>
--	---------------

Total Capital Lease Obligations	242,728
Less: Current Portion of Capital Lease Obligations	<u>(174,827)</u>
Capital Lease Obligations, Net of Current Portion	<u>\$ 67,901</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 are as follows:

Fiscal Year Ending September 30,	Governmental Activities
2015	\$ 174,827
2016	<u>75,709</u>
Total Payments	\$ 250,536
Less: Amounts Representing Interest	<u>7,808</u>
Present Value of Payments	<u>\$ 242,728</u>

Business-type Activities:

Lease payable due in annual installments of \$118, including interest, collateralized by a Ricoh multifunctional copier.	\$ 351
---	--------

Lease payable due in annual installments of \$5,101, including interest, collateralized by a 2013 Ford Focus.	<u>9,108</u>
--	--------------

Total Capital Lease Obligations	9,459
Less: Current Portion of Capital Lease Obligations	<u>(5,456)</u>
Capital Lease Obligations, Net of Current Portion	<u>\$4,003</u>

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

*Capital Lease Obligations (continued)*

Business-type Activities (continued):

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 are as follows:

Fiscal Year Ending September 30,	Business-type Activities
2015	\$ 5,456
2016	4,251
Total Payments	\$ 9,707
Less: Amounts Representing Interest	248
Present Value of Payments	<u>\$ 9,459</u>

The City's commitment under operating leases and related 2014 rent expense is not material to its combined financial position. None of the City's leasing arrangements involve contingent or sublease rentals.

*Notes Payable*

On May 21, 2004, the City of Donna entered into an interlocal agreement with the Donna Independent School District in order to share the costs of road improvements to Valley View Road that would enhance access to a newly constructed middle school. The interlocal agreement specifies that the City and the school district will share the costs equally and that the School District will fund the financial obligation of the City's share wherein the City will reimburse the School District. Upon final completion of the road improvements, the City will begin to reimburse the School District in seven equal annual installments for its share of the costs. As of September 30, 2014, the City's accumulated share of costs is \$233,052, which is recorded as a liability of the City at that date. At this time, it is uncertain when the road improvements will be completed, thus uncertain when the City will begin to repay the School District.

*Claims Payable*

In 2004 the City entered into an agreement with a consultant to perform services regarding the coordination, planning, development and management of the City's financial applications to the Texas Water Development Board and the Border Environmental Cooperation Commission in order to obtain financing for water and sewer improvements. This agreement stipulated that the consultant would be paid a 10% fee of all grants and loans received by the City. The City was awarded significant grants and a loan in 2008 and 2009, wherein the City was billed a total of \$2,062,513 for these types of fees plus an additional fixed fee contract amount of \$213,733

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

*Claims Payable (continued)*

Business-type activities: (continued)

for other services. Since the City was unable to pay this, the consultant offered a payment agreement that the City accepted and became effective September 30, 2009.

The payment agreement has no stated interest rate and therefore has been discounted to reflect the present values of the claims payable based on interest rates of debts with comparable terms as shown below.

Claims payable by Water and Sewer Fund to consultant are due in monthly installments of \$20,000 including interest through June 1, 2022 with a payment of \$15,609 including interest due July 1, 2022. These claims payable were discounted to a rate of 3.73%.

	<u>\$ 1,624,795</u>
Total Present Value of Claims Payable to Consultant	1,624,795
Less Current Portion of Claims Payable	<u>(240,000)</u>
Total Present Value of Claims Payable, Net of Current Portion	<u>\$ 1,384,795</u>

The future minimum claims obligations and the net present value of these minimum claims payments as of September 30, 2014 are as follows:

Fiscal Year Ending September 30,	Business-Type Activities
2015	\$ 240,000
2016	240,000
2017	240,000
2018	240,000
2019	240,000
2020-22	<u>675,610</u>
Total Payments	\$ 1,875,610
Less: Amounts Representing Interest	<u>250,815</u>
Present Value of Payments	<u>\$ 1,624,795</u>

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

*Changes in Long-Term Liabilities*

Long-term liability activity for the year ended September 30, 2014 is as follows:

	Balance at September 30, 2013	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2014	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
Bonds payable	\$ 2,170,984	\$ -	\$ 279,858	\$ 1,891,126	\$ 305,182
Capital leases	415,618	-	172,890	242,728	174,827
Notes and loans payable	233,051	-	-	233,051	-
Compensated absences	340,852	122,714	216,029	247,537	99,015
Total Governmental Activities					
Long-term Liabilities	<u>\$ 3,160,505</u>	<u>\$ 122,714</u>	<u>\$ 668,777</u>	<u>\$ 2,614,442</u>	<u>\$ 579,024</u>
<b><u>Business-type Activities:</u></b>					
Bonds payable	\$ 39,419,016	\$ -	\$ 910,142	38,508,874	\$ 714,818
Less issuance face discount	(83)	-	(83)	-	-
Capital Leases	15,579	-	6,120	9,459	5,456
Claims Payables	1,833,162	-	208,367	1,624,795	240,000
Compensated absences	50,460	10,975	43,809	17,626	7,050
Total Business-Type Activities					
Long-term Liabilities	<u>\$ 41,318,134</u>	<u>\$ 10,975</u>	<u>\$ 1,168,355</u>	<u>\$ 40,160,754</u>	<u>\$ 967,324</u>

*2. Component Units*

*Donna Economic Development Corporation (DEDC-4A):*

Bonds outstanding at September 30, 2014 are:

Series 2009 Sales Tax Revenue and Refunding Bonds due in variable installments of \$70,000 to \$290,000 through August 1, 2034; interest is between 4.16% to 4.75%, payable semi-annually.

	<u>\$ 3,950,000</u>
Total DEDC -4A Bonds Payable	3,950,000
Less Current Portion	(135,000)
Less Unamortized Face Discount on Bonds	<u>(38,097)</u>
Total DEDC-4A Bonds, Net of Current Portion and Discount	<u>\$ 3,776,903</u>



CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*G. Long Term Debt (continued)*

*2. Component Units (continued)*

*Donna Economic Development Corporation (DEDC-4A (continued) :*

The bonds payable annual debt service requirements to maturity are:

Fiscal Year Ending September 30,	Bonds Payable	
	Principal	Interest
2015	\$ 135,000	\$ 171,744
2016	135,000	167,019
2017	140,000	162,294
2018	145,000	156,694
2019	155,000	150,894
2020-2024	860,000	656,619
2025-2029	1,060,000	458,638
2030-2034	1,320,000	194,036
Total	<u>\$ 3,950,000</u>	<u>\$ 2,117,938</u>

*Development Corporation of Donna, Inc. (DCD-4B):*

Bonds outstanding at September 30, 2014 are:

Series 2009 Sales Tax Revenue and Refunding Bonds due in variable installments of \$70,000 to \$285,000 through August 1, 2034; interest is between 4.07% to 4.75%, payable semi-annually.

	<u>\$ 3,875,000</u>
Total DCD-4B Bonds Payable	3,875,000
Less Current Portion	( 135,000)
Less Unamortized Face Discount on Bonds	<u>(55,887)</u>
Total DCD-4B Bonds, Net of Current Portion and Discount	<u>\$ 3,684,113</u>

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*G. Long Term Debt (continued)*

*2. Component Units (continued)*

*Development Corporation of Donna, Inc. (DCD-4B): (continued)*

The bonds payable annual debt service requirements to maturity are:

Fiscal Year Ending September 30,	Bonds Payable	
	Principal	Interest
2015	135,000	163,669
2016	135,000	159,450
2017	140,000	155,063
2018	145,000	150,513
2019	150,000	145,619
2020-2024	840,000	639,994
2025-2029	1,035,000	449,369
2030-2034	1,295,000	190,473
Total	<u>\$ 3,875,000</u>	<u>\$ 2,054,150</u>

The following are summaries of changes in long-term debt obligations for DEDC-4A and DCD-4B for the year ended September 30, 2014:

*Donna Economic Development Corporation (DEDC-4A)*

	Balance at September 30, 2013	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2014	Amounts Due within One Year
Bonds Payable	\$ 4,080,000	\$ -	\$ 130,000	\$ 3,950,000	\$ 135,000
Less Discount	(40,002)	-	(1,905)	(38,097)	-
Claims Payable	-	865	-	865	-
Totals	<u>\$ 4,039,998</u>	<u>\$ 865</u>	<u>\$ 128,095</u>	<u>\$ 3,912,768</u>	<u>\$ 135,000</u>

*Prior Years Long-Term Debt Refunding*

The Donna Economic Development Corporation refunded Sales Tax Revenue Bonds, Series 2006. The refunded bonds were due in varying installments of \$90,000 to \$310,000 with a final payment in 2026.

As a result, the refunded bonds are considered to be defeased and the liability for the Bonds, has been removed from the Donna Economic Development Corporation's books. At September 30, 2014 the amount of defeased debt outstanding was \$2,895,000.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*G. Long Term Debt (continued)*

*2. Component Units (continued)*

*Development Corporation of Donna, Inc. (DCD-4B) (continued)*

	Balance at September 30, 2013	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2014	Amounts Due within One Year
Bonds Payable	\$ 4,005,000	\$ -	\$ 130,000	\$ 3,875,000	\$ 135,000
Less Discount	(58,682)	-	(2,794)	(55,887)	-
Claims Payable	-	865	-	865	-
Totals	<u>\$ 3,946,318</u>	<u>\$ 865</u>	<u>\$ 127,206</u>	<u>\$ 3,819,978</u>	<u>\$ 135,000</u>

*Prior Years Long-Term Debt Refunding*

The Development Corporation of Donna, Inc. refunded Sales Tax Revenue Bonds, Series 2006. The refunded bonds were due in varying installments of \$85,000 to \$305,000 with a final payment in 2026.

As a result, the refunded bonds are considered to be defeased and the liability for the Bonds, has been removed from the Development Corporation of Donna, Inc.'s books. At September 30, 2014 the amount of defeased debt outstanding was \$2,830,000.

*Revenues Pledged in Connection with Component Unit Debt*

*Donna Economic Development Corporation (4A)*

The City has pledged future sales tax revenues to repay \$3.95 million in sales tax revenue and refunding bonds issued in December, 2009. Proceeds from the bonds provided a refunding of prior bonds and financing for projects related to the bridge projects, industrial park and related infrastructure. The bonds are payable through 2034. Annual principal and interest payments on the bonds are expected to require 100 percent of net revenues.

The total principal and interest remaining to be paid on the bonds to be paid by the Donna Economic Development Corporation (4A) is \$6,067,938. Principal and interest paid for the current year and total customer net revenues as defined by the pledge agreements were \$305,644 and \$320,885, respectively.

*Development Corporation of Donna, Inc. (4B)*

The City has pledged future sales tax revenues to repay \$3.88 million in sales tax revenue and refunding bonds issued in December, 2009. Proceeds from the bonds provided a refunding of prior bonds and financing for projects related to the bridge projects, industrial park and related infrastructure. The bonds are payable through 2034. Annual principal and interest payments on the bonds are expected to require 100 percent of net revenues. The total principal and interest remaining to be paid on the bonds to be paid by the Development Corporation of Donna, Inc. (4B) \$5,929,150. Principal and interest paid for the current year and total customer net revenues as defined by the pledge agreements were \$297,569 and \$376,849, respectively.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*G. Long Term Debt (continued)*

*Bond Compliance Requirements*

The combination tax and revenue bond ordinances require that during the period in which the bonds are outstanding the City must create and maintain certain accounts or funds to receive the proceeds from the sale of the bonds and to account for the revenues, which are pledged to the extent the City elects to not levy a tax. The assets can be used only in accordance with the terms of the bond ordinance and for the specific purpose(s) designated therein. The City is generally required to make a monthly transfer to debt service funds equal to one-twelfth of the annual debt service. The City has complied with these requirements.

The City is also required under its present ordinances to provide certain monthly reports, set aside certain funds for future requirements, submit continuing disclosure reporting and annual financial statements. The City was current on these reporting and funding requirements with the exception of the operations and maintenance set-aside for the City Bridge operations. The funding of this account was short by approximately \$30K.

*H. Other Assets and Payables*

*1. Primary Government*

Business-type activities:

Water and sewer bond indentures and the bridge bond indentures require that during the period the bonds are outstanding, the City must maintain certain separate accounts and funds to account for the proceeds from the issuance of the bonds and the debt service deposits made from revenues and from bond proceeds. These restricted assets can be used only in accordance with the bond indentures.

Restricted assets included in business-type activities as of September 30, 2014 consist of:

Water and Sewer:	
O&M Reserve	\$ 631,052
Construction	709,824
Debt Service	<u>1,084,280</u>
Total Water and Sewer	<u>\$ 2,425,156</u>
City International Bridge:	
O&M Reserve	\$ 237,985
Repairs & Replacement Reserve	350,041
Debt Service	<u>1,982,683</u>
Total International Bridge	<u>\$ 2,570,709</u>
Restricted Assets on the Statement of Net Position	<u>\$ 4,995,865</u>

Liabilities payable from restricted assets included in business-type activities as of September 30, 2014 are construction payables.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*H. Other Assets and Payables (continued)*

*2. Component Units*

*Other Non-Current Liabilities - Component Unit*

The Tax Increment Reinvestment Zone #2 has accrued expenses of \$2,177,627 for completed infrastructure by developers. These amounts will be reimbursed to the extent that future tax increment funding becomes available.

*I. Retirement Benefit Plans*

*1. Texas Municipal Retirement System*

*Plan Description*

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provides service and disability retirement benefits, and death benefits to plan members and beneficiaries. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within actuarial constraints also in the statutes.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides a detail explanation of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153 North Interstate Highway 35, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City are as follows:

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	5%	5%
Matching ratio (city to employee)	1 to 1	1 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*I. Retirement Benefit Plans (continued)*

*1. Texas Municipal Retirement System (continued)*

*Contributions*

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

1. Annual Required Contribution (ARC)	\$ 77,328
2. Interest on Net Pension Obligation	-
3. Adjustment to the ARC	-
4. Annual Pension Cost (APC)	<u>77,328</u>
5. Contributions Made	<u>(77,328)</u>
6. Increase (decrease) in net pension obligation	-
7. Net Pension Obligation/(Asset), beginning of year	-
8. Net Pension Obligation/(Asset), end of year	<u><u>\$ -</u></u>

<u>Three Year Trend Information</u>			
<u>Fiscal Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
<u>September 30,</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2014	\$ 77,328	100%	\$ -
2013	70,278	100%	-
2012	80,771	100%	-

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)**

*I. Retirement Benefit Plans (continued)*

*1. Texas Municipal Retirement System (continued)*

*Contributions (continued)*

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	25.3 years; closed period	24.8 years; closed period	25.0 years; closed period
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.00%	7.00%	7.00%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at Cost-of-Living Adjustments	3.00%	3.00%	3.00%
	2.10%	2.10%	2.10%

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	\$ 4,149,859	\$ 4,116,323	100.8%	\$ (33,536)	\$ 2,912,722	-1.2%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

*2. Firemen's Relief and Retirement Fund*

*Plan Description*

The Board of Trustees of the Donna Firemen's Relief and Retirement Fund (FRRP) is the administrator of a single-employer defined benefit pension plan. The Donna Firemen's Relief and Retirement Fund is considered part of the City of Donna financial reporting entity and is

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

*I. Retirement Benefit Plans (continued)*

*2. Firemen's Relief and Retirement Fund (continued)*

*Plan Description (continued)*

included in the City's financial reports as a pension trust fund. Participants in FRRP are volunteers who are not covered by City payrolls.

The Donna Firemen's Relief and Retirement Fund consists of the following members:

	<u>2014</u>
Current Firefighters	7
Current Firefighters' beneficiaries	1
Active Firefighters	26

FRRP provides service retirement, death, disability and withdrawal benefits. These benefits vest after 20 years of credited service. Employees may retire at age 55 with 20 years of service. The monthly benefit at retirement, payable in a Joint and Full to spouse form of annuity, is equal to \$300 annually. Monthly death benefits payable to spouses and dependent children of firefighters who died after service retirement or whose deaths occurred in active service and were duty related are equal to \$200 and \$72 annually, respectively. The Board of the Donna Firemen's Relief and Retirement Fund may change the benefits or eligibility requirements for benefits only after the proposed change has been approved by an eligible actuary selected by the Board and by a majority of the participating members of the retirement system. The benefit and contribution provisions of this Plan are authorized by the Texas Local Fire Fighters Retirement Act (TELFRA).

*Contributions and Covered Payroll*

For the plan in effect December 31, 2014, the City's contribution was \$2,500. The City's contribution is not based upon payroll, since all participants are volunteers.

*Funding Status and Progress*

Actuarial valuations, if any, are not available to provide information regarding funding status and progress.

*Trend Information*

Trend information is intended to provide an indication of the progress made in accumulating sufficient assets to pay benefits when due. FRRP has elected to have an actuarial valuation performed less frequently than that required by GASB. As a result, information concerning historical trend information is not available.



CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

*I. Retirement Benefit Plans (continued)*

*3. Other Post Employment Benefits – Texas Municipal Retirement System-Supplemental Death Benefits*

*Plan Description*

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating municipalities may elect, by ordinance, to provide group-term life insurance coverage (“supplemental death benefits”) for their active members and/or retirees. 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.

*Benefits*

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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); retired employees are insured for \$7,500. This coverage is an “other post employment benefit”, or OPEB.

*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 life insurance during employees’ entire careers.

Annual Pension Cost – The City’s OPEB cost for the year ended September 30, 2014 was as follows:

Actuarial valuation date	12/31/13
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Payroll
Amortization period	25 years – Open period
Asset valuation method	Fund Value
Assumptions:	
Investment return	4.25 %
Projected salary increases	none
Includes inflation at	3 %
Cost-of-living adjustments	none

The City’s contributions to the TMRS SDBF for the years ended September 30, 2014, 2013 and 2012 were \$1,274, \$1,134, and \$770, respectively, which equaled the required contributions each year.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

*J. Construction and Improvement Commitments*

At September 30, 2014, the City did not have any significant contractual commitments outstanding.

*K. Risk Management*

*1. Primary Government*

The City maintains insurance for all business and government functions for which it may be liable for claims. The more significant of these include general liability insurance in an aggregate amount of \$1,000,000 and \$500,000 per occurrence. Property insurance covering the City's buildings and properties in an aggregate amount of approximately \$25,063,100; and in public officials and law enforcement legal liability in an aggregate amount of \$2,000,000 and \$1,000,000 per occurrence. There have been no significant reductions in insurance coverage. There were \$192,500 in claim settlements during the current year, \$8,000 during 2013, and \$0 during 2012. Additionally, full time employees are covered by a fully insured health insurance plan.

*L. Fund Balances*

The City has classified its fund balances with the following hierarchy:

Nonspendable: The City's nonspendable fund balances totaled \$170,620 and represented \$4,445 in inventory and \$166,175 in long term advances to funds.

Spendable: The City has classified the spendable fund balances as *Restricted and Unassigned* and considered each to have been spent when expenditures are incurred. The City currently has no funds classified as *Assigned*.

- Restricted for Federal and State Programs, Debt Service, tax increment and capital projects:

Federal Laws, Texas Statutes and local ordinances require that certain revenues be specifically designated for the purposes as determined by state and local regulations, debt service, and capital projects. The funds have been included in the restricted category of fund balance. The restricted fund balances totaled \$2,535,545 and represented \$1,019,612 in local and state, \$277,998 for tax increment zone purposes, \$94,146 in capital projects and \$1,143,789 in debt service.

- Unassigned:

The unassigned fund balance for the General Fund is \$2,349,252.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

*M. Contingencies*

*1. Litigation*

Various lawsuits are pending against the City involving general liability, automotive liability, and various contractual matters. The City maintains general liability and automotive liability insurance in addition to contractor, law enforcement and public officials' policies designed to minimize the City's exposure to these claims. The extent to which insurance coverage may satisfy claims, if any, is not known. The City, in consultation with its attorney, is presently unable to estimate the City's liability, if any, in any of these matters.

The City participates periodically in Federal and State assisted grant programs. The principal grant programs the City currently participates in are with the Community Development Block Grant and the Disaster Recovery Texas CDBG. Under the terms of the Community Development Block Grant, Hidalgo County (the County) includes the surface area and population of the City of Donna in its application to the Department of Housing and Urban Development. Consequently, the County is the grantee of these funds. Also, the County assumes responsibility for the eligibility of activities, environmental assessments, awarding of contracts, approval and payment for completed contracts, project close out, and audits for the projects. The City's grant programs are subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

*2. City International Bridge Fund*

All financial projections for the City International Bridge Fund operations were based on having both passenger and commercial traffic. The projections for a combination of both passenger and commercial traffic indicated that in the near term the international bridge would have been a self-supporting operation. However, since the bridge opened in December 2010 as a passenger traffic only international bridge, the City has and will have to continue providing a significant level of debt service funding for the debts of the international bridge with a levy of taxes and assistance from other funds of the City.

*N. Subsequent Events*

On December 18, 2014, Tax Notes, Series 2014 in the amount of \$1,200,000 were issued for the purchase of fire vehicles and related fire equipment; the purchase of police vehicles and related police equipment; the purchase of heavy utility equipment and various related equipment (the "Projects"); and the costs of various professional services necessary for and related to the design and installation of the Projects.

Subsequent to year end, the Council approved work authorization No. 2 for \$146,809 and No. 3 in the amount of \$659,462 for a professional services contract regarding the bridge X-ray system and south bound inspection facilities.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

*N. Subsequent Events (continued)*

On October 14, 2014, the Council approved a resolution to issue \$9,870,000 Combination Tax and Revenue Certificates of Obligation, Series 2015 to finance design, acquisition, construction, renovation of (1) construction of new reservoir, (2) water treatment plant improvements, (3) elevated storage tanks improvements, (4) water treatment plant expansion, (5) City international bridge commercial inspection facility, (6) fiber optic system for City international bridge, and (7) payment of contractual obligations for professional services in connection therewith.

On October 14, 2014, the Council approved a resolution to issue \$3,850,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015 for the following purposes: (1) streets and drainage, (2) fire trucks and equipment, (3) library improvements and computer technology, (4) police department building improvements and equipment, (5) fire station improvements and equipment, and (6) payment of contractual obligations for professional services in connection therewith.

On February 26, 2015 the Texas Transportation Commission approved an update to the Unified Transportation Program (UTP) which includes a total project cost of \$11,961,555 for improvements at the southbound inspection facility at the City International Bridge. Programmed funding authorized thus far is \$9,000,000.

*O. Adjustments to Beginning Net Position*

*Implementation of GASB 65 Items Previously Reported as Assets and Liabilities*

Due to the implementation of GASB 65, as discussed in Note 1, most issuance costs for debt are no longer capitalized and amortized but rather expensed as incurred. This statement, then, requires the removal of deferred charges for issuance costs previously capitalized and reduces the beginning net position in the amount of \$1,166,668 for the Primary Government, \$242,747 for the Donna Economic Development Corporation Component Unit and \$228,784 for the Development Corporation of Donna, Inc. Component Unit.

City of Donna, Texas

This page intentionally left blank

## **REQUIRED SUPPLEMENTARY INFORMATION**

City of Donna, Texas

This page intentionally left blank

CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Ad valorem	\$ 2,862,512	\$ 3,024,320	\$ 3,139,248	\$ 114,928
Sales	1,045,623	1,045,623	1,052,265	6,642
Franchise	657,167	657,173	660,805	3,632
Other	89,461	89,455	101,456	12,001
Total Taxes	4,654,763	4,816,571	4,953,773	137,202
Licenses and permits:				
Licenses	8,075	8,075	9,460	1,385
Permits	121,244	145,657	156,011	10,354
Total Licenses and Permits	129,319	153,732	165,471	11,739
Charges for services	1,268,926	1,268,926	1,238,179	(30,747)
Fines and forfeitures:				
Municipal court	87,765	136,866	141,936	5,070
Other fines	9,518	33,842	33,622	(220)
Total Fines and Forfeitures	97,283	170,708	175,558	4,850
Intergovernmental	70,100	99,729	130,074	30,345
Other revenues:				
Interest	300	300	1,250	950
Other	41,050	41,050	34,882	(6,168)
Total Other Revenues	41,350	41,350	36,132	(5,218)
Total Revenues	6,261,741	6,551,016	6,699,187	148,171
<b>Expenditures:</b>				
General Government:				
City Council:				
Supplies	404	404	418	(14)
Other services	75,828	75,828	36,369	39,459
Total City Council	76,232	76,232	36,787	39,445

(Continued)



CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Expenditures (Continued) :</b>				
General Government (continued):				
City Management:				
Personnel services	\$ 149,989	\$ 149,989	\$ 122,804	\$ 27,185
Supplies	3,931	3,931	6,821	(2,890)
Equipment maintenance and repairs	1,350	1,350	2,447	(1,097)
Other services	97,783	97,783	182,946	(85,163)
Total City Management	253,053	253,053	315,019	(61,966)
Finance/Accounting:				
Personnel services	179,689	190,725	194,840	(4,115)
Supplies	4,800	4,800	7,366	(2,566)
Equipment maintenance and repairs	13,600	13,600	11,303	2,297
Other services	60,550	60,550	55,685	4,865
Total Finance/Accounting	258,639	269,675	269,193	482
City Hall:				
Personnel services	54,567	57,172	46,586	10,586
Supplies	8,230	8,230	11,681	(3,451)
Property occupancy	2,750	12,235	15,597	(3,362)
Equipment maintenance and repairs	7,450	7,450	5,013	2,437
Other services	155,900	155,900	133,858	22,042
Capital outlay	-	19,631	19,631	-
Total City Hall	228,897	260,618	232,367	28,251
City Secretary:				
Personnel services	72,827	74,615	60,964	13,651
Supplies	1,875	1,875	3,288	(1,413)
Equipment maintenance and repairs	-	-	295	(295)
Other services	20,750	20,750	697	20,053
Total City Secretary	95,452	97,240	65,244	31,996
Business Rental Properties:				
Other services	5,000	5,000	4,046	954
Total Business Rental Properties	5,000	5,000	4,046	954
Municipal Court:				
Personnel services	44,569	50,069	48,856	1,213
Supplies	4,674	4,974	5,363	(389)
Equipment maintenance and repairs	11,400	11,200	14,121	(2,921)
Other services	37,200	37,100	36,366	734
Total Municipal Court	97,843	103,343	104,706	(1,363)

(Continued)

CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Expenditures (Continued) :</b>				
General Government(continued):				
Planning and Community Development:				
Personnel services	\$ 128,086	\$ 128,086	\$ 124,842	\$ 3,244
Supplies	6,250	5,750	4,830	920
Equipment maintenance and repairs	1,050	1,550	703	847
Other services	76,500	76,500	93,533	(17,033)
Capital outlay	-	19,631	19,631	-
Total Planning and Community Development	211,886	231,517	243,540	(12,023)
Tax/Assessor Collector:				
Personnel services	56,027	61,669	61,314	355
Supplies	5,025	5,025	5,058	(33)
Equipment maintenance and repairs	12,275	12,275	14,711	(2,436)
Other services	50,700	53,330	53,258	72
Total Tax Assessor Collector	124,027	132,299	134,341	(2,042)
Total General Government	1,351,029	1,428,977	1,405,244	23,733
Public Safety:				
Police:				
Personnel services	1,748,271	1,837,129	1,783,086	54,043
Supplies	141,650	144,129	191,798	(47,669)
Property occupancy	8,700	1,221	16,685	(15,464)
Equipment maintenance and repairs	65,004	63,004	51,965	11,039
Other services	39,270	39,270	55,566	(16,296)
Capital outlay	-	10,000	3,145	6,855
Total Police	2,002,895	2,094,753	2,102,244	(7,491)
Fire:				
Personnel services	53,516	53,516	53,674	(158)
Supplies	23,720	58,241	56,762	1,479
Property occupancy	1,800	1,800	1,821	(21)
Equipment maintenance and repairs	20,850	20,850	22,334	(1,484)
Other services	46,900	46,900	47,624	(724)
Capital outlay	-	37,036	37,036	0
Total Fire	146,786	218,343	219,250	(907)
Emergency Medical Services:				
Other services	18,000	18,000	6,931	11,069
Total Emergency Medical Services	18,000	18,000	6,931	11,069

(Continued)

CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Expenditures (Continued) :</b>				
Public Safety (continued):				
Safety Inspections:				
Personnel services	\$ 37,967	\$ 29,063	\$ 16,186	\$ 12,877
Supplies	3,300	3,300	2,230	1,070
Equipment maintenance and repairs	2,700	2,700	2,483	217
Other services	2,925	11,925	8,361	3,564
Total Safety Inspections	46,892	46,988	29,260	17,728
Total Public Safety	2,214,573	2,378,084	2,357,686	20,398
Public Works:				
Public Works Department:				
Personnel services	513,028	513,841	467,325	46,516
Supplies	49,950	49,950	65,726	(15,776)
Property occupancy	38,300	45,468	75,400	(29,933)
Equipment maintenance and repairs	49,100	49,100	44,810	4,290
Other services	35,300	35,300	28,296	7,004
Capital outlay	23,000	15,832	5,083	10,750
Total Public Works Department	708,678	709,491	686,641	22,850
City Vehicle Maintenance				
Personnel services	30,848	30,848	32,905	(2,057)
Supplies	2,875	2,875	1,788	1,087
Equipment maintenance and repairs	700	700	13	687
Other services	100	100	910	(810)
Total City Vehicle Maintenance	34,523	34,523	35,617	(1,094)
Sanitation Services:				
Other services	736,432	736,432	772,835	(36,403)
Total Sanitation Services	736,432	736,432	772,835	(36,403)
Street and Roadway Lighting				
Property occupancy	5,000	5,000	24,794	(19,794)
Other services	206,820	206,820	165,954	40,866
Total Street and Roadway Lighting	211,820	211,820	190,748	21,072
Total Public Works	1,691,453	1,692,266	1,685,840	6,426
Culture and Recreation:				
Parks/Donna Recreation Center:				
Personnel services	145,443	145,443	128,808	16,635
Supplies	22,850	22,500	22,884	(384)
Property occupancy	32,150	32,150	34,914	(2,764)
Equipment maintenance and repairs	6,140	6,140	3,928	2,212
Other services	43,850	44,200	42,758	1,442
Capital outlay	-	60,786	60,785	1
Total Parks	250,433	311,219	294,076	17,143

(Continued)

CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Expenditures (Continued) :</b>				
Culture and Recreation (continued):				
Library:				
Personnel services	\$ 253,976	\$ 253,976	\$ 229,847	\$ 24,129
Supplies	14,300	14,300	11,052	3,249
Property occupancy	6,000	6,000	1,649	4,351
Equipment maintenance and repairs	7,500	7,500	1,707	5,793
Other services	43,750	43,750	43,879	(129)
Capital outlay	16,000	16,000	-	16,000
<b>Total Library</b>	<b>341,526</b>	<b>341,526</b>	<b>288,134</b>	<b>53,392</b>
Swimming Pool:				
Personnel services	26,586	26,586	25,585	1,001
Supplies	3,500	3,500	6,750	(3,250)
Property occupancy	3,300	3,300	2,397	903
Equipment maintenance and repairs	1,200	1,200	527	673
Other services	13,000	13,000	7,549	5,451
<b>Total Swimming Pool</b>	<b>47,586</b>	<b>47,586</b>	<b>42,809</b>	<b>4,777</b>
Community Support Services:				
Supplies	650	650	91	559
Property occupancy	10,050	10,050	15,492	(5,442)
Other services	48,400	48,400	43,524	4,876
<b>Total Community Support Services</b>	<b>59,100</b>	<b>59,100</b>	<b>59,106</b>	<b>(6)</b>
<b>Total Culture and Recreation</b>	<b>698,645</b>	<b>759,431</b>	<b>684,125</b>	<b>75,306</b>
Public Health:				
Health Inspection/Code Enforcement:				
Personnel services	67,351	67,351	68,455	(1,104)
Supplies	10,475	10,475	5,766	4,709
Equipment maintenance and repairs	9,400	9,400	7,293	2,107
Other services	9,950	9,950	4,565	5,385
<b>Total Inspection/Code Enforcement</b>	<b>97,176</b>	<b>97,176</b>	<b>86,080</b>	<b>11,096</b>
Animal Control:				
Personnel services	24,035	24,035	26,465	(2,430)
Supplies	5,175	4,425	432	3,993
Equipment maintenance and repairs	3,400	4,150	2,080	2,070
Other services	34,000	34,000	34,271	(271)
<b>Total Animal Control</b>	<b>66,610</b>	<b>66,610</b>	<b>63,247</b>	<b>3,363</b>
Cemetery:				
Personnel services	9,297	9,297	12,635	(3,338)
Supplies	4,535	4,535	4,424	111
Property occupancy	1,500	-	-	-
Equipment maintenance and repairs	1,700	3,200	1,745	1,455
Other services	16,560	16,560	17,471	(911)
<b>Total Cemetery</b>	<b>33,592</b>	<b>33,592</b>	<b>36,275</b>	<b>(2,683)</b>
<b>Total Public Health</b>	<b>197,378</b>	<b>197,378</b>	<b>185,602</b>	<b>11,776</b>

(Continued)

CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Expenditures (Continued) :</b>				
Debt Service:				
Principal retirements	\$ 101,992	\$ 131,656	\$ 127,227	\$ 4,429
Interest and fiscal charges	6,671	8,669	8,549	120
Total Debt Service	108,663	140,325	135,777	4,548
Total Expenditures	6,261,741	6,596,461	6,454,273	142,188
Excess (Deficiency) of Revenues				
Over (under) Expenditures	-	(45,445)	244,914	290,359
Other Financing Sources (Uses):				
Transfers In	-	45,445	45,445	-
Total Other Financing Sources (Uses)	-	45,445	45,445	-
Net Change in Fund Balance	-	-	290,359	290,359
Fund Balance at Beginning of Year	2,229,512	2,229,512	2,229,512	-
Fund Balance at End of Year	\$ 2,229,512	\$ 2,229,512	\$ 2,519,871	\$ 290,359

CITY OF DONNA, TEXAS  
SCHEDULE OF FUNDING PROGRESS  
SEPTEMBER 30, 2014

A. TEXAS MUNICIPAL RETIREMENT SYSTEM - EMPLOYEES

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued (AAL) Liability (b)	Percent Funded (a/b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Annual Covered Payroll ( c )	UAAL as a Percentage Covered Payroll ((b-a)/c)
2011	3,430,367	3,190,093	107.5%	(240,274)	2,468,064	-9.7%
2012	3,738,068	3,398,765	110.0%	(339,303)	2,621,445	-12.9%
2013	4,149,859	4,116,323	100.8%	(33,536)	2,912,722	-1.2%

B. THE DONNA FIREMEN'S RELIEF AND RETIREMENT FUND

Actuarial valuations, if any, are not available to provide information regarding funding status and progress.

CITY OF DONNA, TEXAS  
NOTES TO BUDGETARY COMPARISON SCHEDULE

1. Budgetary Expenditures in Excess of Appropriations

During the year ended September 30, 2014, expenditures exceeded appropriations as follows in the General Fund.

<u>Department</u>	<u>General Fund Excess of Expenditures Over Appropriations</u>
City Management	\$ 61,966
Municipal Court	1,363
Planning and Community Development	12,023
Tax Assessor Collector	2,042
Police	7,491
Fire	907
City Vehicle Maintenance	1,094
Sanitation Services	36,403
Community Support Services	6
Cemetery	2,683
	<u>\$ 125,978</u>

2. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles.

## **OTHER SUPPLEMENTARY INFORMATION AND COMBINING SCHEDULES**



City of Donna, Texas

This page intentionally left blank

CITY OF DONNA, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2014

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>Assets</u>			
Cash and cash equivalents	\$ 1,029,907	\$ 92,516	\$ 1,122,423
Receivables, net:			
Accounts	77,669	1,630	79,299
Prepaid items	9,500	-	9,500
Due from other funds	43,635	-	43,635
Long-term investments	220,139	-	220,139
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 1,380,850</u>	<u>\$ 94,146</u>	<u>\$ 1,474,996</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 23,502	\$ -	\$ 23,502
Due to component units	52,562	-	52,562
Due to other funds	7,176	-	7,176
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>83,240</u>	<u>-</u>	<u>83,240</u>
Fund Balances:			
Restricted for:			
Tourism	802,432	-	802,432
Law enforcement	3,369	-	3,369
Fire equipment debt service	187,282	-	187,282
Equipment purchases	25,925	-	25,925
Park improvements	604	-	604
Tax increment zone one purposes	277,998	-	277,998
Capital projects	-	94,146	94,146
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>1,297,609</u>	<u>94,146</u>	<u>1,391,756</u>
Total Liabilities and Fund Balances	<u>\$ 1,380,850</u>	<u>\$ 94,146</u>	<u>\$ 1,474,996</u>

CITY OF DONNA, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 127,324	\$ -	\$ 127,324
Charges for services	70,698	-	70,698
Fines and forfeitures	1,687	-	1,687
Intergovernmental	245,747	-	245,747
Interest	1,493	86	1,578
Other	300,599	-	300,599
	<hr/>	<hr/>	<hr/>
Total Revenues	747,547	86	747,632
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
General government	9,715	-	9,715
Tourism development	306,797	-	306,797
Capital outlay	34,018	83,407	117,424
Debt Service			
Principal retirements	47,099	-	47,099
Interest and other charges	4,808	-	4,808
	<hr/>	<hr/>	<hr/>
Total Expenditures	402,436	83,407	485,842
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	345,111	(83,321)	261,790
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Sale of land	544,628	-	544,628
Transfers out	(291,193)	-	(291,193)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	253,435	-	253,435
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	598,546	(83,321)	515,225
	<hr/>	<hr/>	<hr/>
Fund Balances at Beginning of Year	699,063	177,467	876,529
	<hr/>	<hr/>	<hr/>
Fund Balances at End of Year	<u>\$ 1,297,609</u>	<u>\$ 94,146</u>	<u>\$ 1,391,756</u>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for resources legally restricted to expend for specific purposes. A special revenue fund continues in existence as long as governmental resources are allocated to its specific purposes. Included in the Special Revenue Funds are:

*Hotel Occupancy Tax Fund* accounts for the accumulation of resources from the Hotel Occupancy Tax levied by the City. These monies are to be spent to promote the progress, development and growth of tourism development of the City within the guidelines set forth on disposition of revenues collected under the authority of the Texas Hotel Occupancy Tax Act. The City ordinance levying this tax provides that these monies are to be spent for activities and/or facilities that will attract non-permanent visitors to the City of Donna.

*Texas Confiscated Forfeitures Fund* accounts for monies obtained through forfeited “contraband” provisions pursuant to Chapter 59 of the Texas Code of Criminal Procedure. The City’s share of adjudicated forfeitures are to be used solely for law enforcement purposes as provided by Article 59.06 of the Code.

*Fire Equipment Service Fee Fund* accounts for the accumulation of resources from the City Ordinance establishing and fixing a monthly charge to defray costs for the acquisition of fire fighting equipment.

*Tax Note Equipment Fund* is used to account for the proceeds of tax notes issued for the purchase of various equipment.

*Urban County CDBG Program Fund* accounts for the block grants from the U.S. Department of Housing and Urban Development for the Community Development Block Grant (CDBG) Program. The City receives these grantee fundings via the Urban County Program of the County of Hidalgo, who is the grantee.

*Park Improvement Fee Fund* accounts for fees collected under the City ordinance establishing and fixing a charge for the purpose of improvements to City parks.

*Tax Increment Reinvestment Zone One (TIRZ #1)* is a reinvestment zone created by the City of Donna pursuant to Chapter 311 of the Texas Tax Code to provide property tax increment funding to support qualifying development activities within the TIRZ #1 zone area.

CITY OF DONNA, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2014

	Hotel Occupancy Tax	Texas Confiscated Forfeitures	Fire Equipment Service Fee	Tax Note Equipment Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 792,223	\$ 3,869	\$ 142,223	\$ 24,531
Receivables, net:				
Accounts	-	-	6,070	-
Due from other funds	3,211	-	39,030	1,394
Prepaid items	9,500	-	-	-
Long-term investments	-	-	-	-
Total Assets	<u>\$ 795,434</u>	<u>\$ 3,869</u>	<u>\$ 187,323</u>	<u>\$ 25,925</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 2,502	\$ -	\$ -	\$ -
Due to other funds	-	500	42	-
Due to component units	-	-	-	-
Total Liabilities	<u>2,502</u>	<u>500</u>	<u>42</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Tourism	802,432	-	-	-
Law enforcement	-	3,369	-	-
Fire equipment debt service	-	-	187,282	-
Equipment purchases	-	-	-	25,925
Park improvements	-	-	-	-
Tax increment zone one purposes	-	-	-	-
Total Fund Balances	<u>802,432</u>	<u>3,369</u>	<u>187,282</u>	<u>25,925</u>
Total Liabilities and Fund Balance	<u>\$ 804,934</u>	<u>\$ 3,869</u>	<u>\$ 187,323</u>	<u>\$ 25,925</u>

EXHIBIT 6-C

Urban County CDBG Program	Park Improvement Fee Fund	Tax Increment Reinvestment Zone One	Total Nonmajor Special Revenue Funds
\$ -	\$ 604	\$ 66,457	\$ 1,029,907
-	-	71,599	77,669
-	-	-	43,635
-	-	-	9,500
-	-	220,139	220,139
<u>\$ -</u>	<u>\$ 604</u>	<u>\$ 358,194</u>	<u>\$ 1,380,850</u>
\$ -	\$ -	\$ 21,000	\$ 23,502
-	-	6,635	7,176
-	-	52,562	52,562
-	-	80,197	83,240
-	-	-	802,432
-	-	-	3,369
-	-	-	187,282
-	-	-	25,925
-	604	-	604
-	-	277,998	277,998
-	604	277,998	1,297,609
<u>\$ -</u>	<u>\$ 604</u>	<u>\$ 358,194</u>	<u>\$ 1,380,850</u>

CITY OF DONNA, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Hotel Occupancy Tax	Texas Confiscated Forfeitures	Fire Equipment Service Fee	Tax Note Equipment Fund
Revenues				
Taxes	\$ 127,324	\$ -	\$ -	\$ -
Charges for services	-	-	70,398	-
Fines and forfeitures	-	1,687	-	-
Intergovernmental	-	-	-	-
Interest	526	-	138	37
Other	13,669	-	-	-
Total Revenues	141,518	1,687	70,536	37
Expenditures:				
Current:				
General government	-	-	-	-
Tourism development	306,797	-	-	-
Capital Outlay	-	4,000	-	30,018
Debt service				
Principal retirements	-	-	47,099	-
Interest and other charges	-	-	4,808	-
Total Expenditures	306,797	4,000	51,906	30,018
Excess (Deficiency) of Revenues Over (Under) Expenditures	(165,278)	(2,313)	18,630	(29,981)
Other Financing Sources (Uses):				
Sale of land	544,628	-	-	-
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	544,628	-	-	-
Net Change in Fund Balances	379,350	(2,313)	18,630	(29,981)
Fund Balances at Beginning of Year	423,082	5,682	168,652	55,906
Fund Balances at End of Year	\$ 802,432	\$ 3,369	\$ 187,283	\$ 25,925

Urban County CDBG Program	Park Improvement Fee Fund	Tax Increment Reinvestment Zone One	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 127,324
-	300	-	70,698
-	-	-	1,687
245,747	-	-	245,747
-	9	783	1,493
-	-	286,930	300,599
<u>245,747</u>	<u>309</u>	<u>287,713</u>	<u>747,547</u>
-	-	9,715	9,715
-	-	-	306,797
-	-	-	34,018
-	-	-	47,099
-	-	-	4,808
-	-	9,715	402,436
<u>245,747</u>	<u>309</u>	<u>277,998</u>	<u>345,111</u>
-	-	-	544,628
(245,747)	(45,445)	-	(291,193)
<u>(245,747)</u>	<u>(45,445)</u>	<u>-</u>	<u>253,435</u>
-	(45,136)	277,998	598,546
-	45,741	-	699,063
<u>\$ -</u>	<u>\$ 604</u>	<u>\$ 277,998</u>	<u>\$ 1,297,609</u>



CITY OF DONNA, TEXAS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Taxes:			
Ad valorem taxes	\$ 2,133,122	\$ 2,251,171	\$ 118,049
Interest	1,000	1,065	65
Total Revenues	2,134,122	2,252,236	118,114
Expenditures:			
Debt Service:			
Principal retirements	279,858	279,858	-
Interest and fiscal charges	72,422	73,522	(1,100)
Total Expenditures	352,280	353,380	(1,100)
Excess (Deficiency) of Revenues Over Expenditures	1,781,842	1,898,856	117,015
Other Financing Sources (Uses)			
Transfers in	245,747	245,747	-
Transfers out	(2,094,974)	(2,094,974)	-
Total Other Financing Sources (Uses)	(1,849,227)	(1,849,227)	-
Net Change in Fund Balance	(67,385)	49,630	117,015
Fund Balance at Beginning of Year	1,094,160	1,094,160	-
Fund Balance at End of Year	<u>\$ 1,026,775</u>	<u>\$ 1,143,789</u>	<u>\$ 117,015</u>

CITY OF DONNA, TEXAS  
HOTEL OCCUPANCY TAX FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Taxes	\$ 134,511	\$ 127,324	\$ (7,187)
Other	12,401	558,297	545,896
Interest	-	526	526
Total Revenues	<u>146,912</u>	<u>686,146</u>	<u>539,234</u>
Expenditures:			
Current:			
Tourism development	<u>219,500</u>	<u>306,797</u>	<u>(87,297)</u>
Total Tourism Development	<u>219,500</u>	<u>306,797</u>	<u>(87,297)</u>
Total Expenditures	<u>219,500</u>	<u>306,797</u>	<u>(87,297)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(72,588)</u>	<u>379,350</u>	<u>451,938</u>
Fund Balance at Beginning of Year	<u>423,082</u>	<u>423,082</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 350,494</u>	<u>\$ 802,432</u>	<u>\$ 451,938</u>

CITY OF DONNA, TEXAS  
 FIRE EQUIPMENT SERVICE FEE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Charges for services	\$ 70,180	\$ 70,398	\$ 218
Interest	212	138	(74)
Total Revenues	<u>70,392</u>	<u>70,536</u>	<u>144</u>
Expenditures:			
Debt service:			
Principal retirements	47,099	47,098	-
Interest	<u>4,808</u>	<u>4,808</u>	<u>-</u>
Total Expenditures	<u>51,907</u>	<u>51,906</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	18,485	18,630	145
Fund Balance at Beginning of Year	<u>168,652</u>	<u>168,652</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 187,137</u></u>	<u><u>\$ 187,283</u></u>	<u><u>\$ 145</u></u>

# **BUDGETARY COMPARISON –CITY INTERNATIONAL BRIDGE FUND**

City of Donna, Texas

This page intentionally left blank

CITY OF DONNA, TEXAS  
CITY INTERNATIONAL BRIDGE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Charges for services	\$ 1,473,728	\$ 1,643,603	\$ 169,875
Rent	27,000	27,000	-
Interest	452	395	(57)
Total Revenues	<u>1,501,180</u>	<u>1,670,998</u>	<u>169,818</u>
Expense:			
Current:			
City Administration	35,971	59,694	(23,723)
Finance/Accounting Department	51,528	142,849	(91,321)
Security for Bridge	209,455	242,304	(32,849)
Bridge Property	14,390	21,065	(6,675)
Operations of Toll Bridge	491,828	446,527	45,301
Rental Operations of TABC Bldg.	-	2,488	(2,488)
Consultant services	45,000	228,477	(183,477)
Interest and fiscal charges	1,910,039	1,896,440	13,599
Amortization of issuance costs	64,598	-	64,598
Depreciation	-	811,837	(811,837)
Total Expenses	<u>2,822,809</u>	<u>3,851,680</u>	<u>(1,028,871)</u>
Change in Net Assets Before Transfers	(1,321,629)	(2,180,682)	(859,053)
Contributions and Transfers	<u>1,878,307</u>	<u>2,414,385</u>	<u>536,078</u>
Change in Net Assets	556,678	233,702	(322,976)
Net Assets at Beginning of Year	(5,474,864)	(5,474,864)	-
Prior Period Adjustment	<u>(722,190)</u>	<u>(722,190)</u>	<u>-</u>
Net Assets at End of Year	<u>\$ (5,640,376)</u>	<u>\$ (5,963,351)</u>	<u>\$ (322,976)</u>

City of Donna, Texas

This page intentionally left blank

## **DISCRETELY PRESENTED COMPONENT UNITS**

### **Governmental**

*The Donna Economic Development Corporation (4A)* – was organized exclusively for the purposes of benefiting and accomplishing public purposes of the City of Donna, by promotion and development of commercial, industrial and manufacturing enterprises, and in promoting and encouraging employment and the public welfare for the City by the State Act, Section 4A. Exhibit 10-A and 10-B presents the governmental fund financial statements.

*The Development Corporation of Donna, Inc. (4B)* - was organized for the same purposes as mentioned above, except under Section 4B of the State Act. Exhibit 10-C and 10-D presents the governmental fund financial statements.

*The Tax Increment Reinvestment Zone Number Two (TIRZ #2)* - is a reinvestment zone created by the City of Donna pursuant to Chapter 311 of the Texas Tax Code to provide property tax increment funding to support qualifying development activities within the TIRZ #2 zone area. Exhibit 10-E and 10-F presents the governmental fund financial statements.

Also presented on Exhibit 10-A, 10-C and 10-E are the respective reconciliations of the governmental fund balance sheets to the statement of net position, and presented on Exhibit 10-B, 10-D, and 10-F are the respective reconciliations of the statements of revenues, expenditures, and changes in fund balances of these governmental funds to the statement of activities.



CITY OF DONNA, TEXAS  
BALANCE SHEET  
DONNA ECONOMIC DEVELOPMENT CORPORATION (4A)  
COMPONENT UNIT  
SEPTEMBER 30, 2014

Assets

Cash and cash equivalents	\$ 188,992
Restricted cash and cash equivalents	409,802
Receivables, net:	
Accounts	94,293
Due from primary government	143,157
	<hr/>
Total Assets	\$ 836,245

Liabilities and Fund BalanceLiabilities:

Accounts payable	\$ 71,843
Accrued liabilities	1,043
	<hr/>
Total Liabilities	72,886

Fund Balance:

Restricted for debt service	409,802
Unassigned	353,557
	<hr/>
Total Fund Balance	763,359

Total Liabilities and Fund Balance \$ 836,245

**RECONCILIATION OF FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Total fund balance- component unit balance sheet	\$ 763,359
Amounts reported for component units in the statement of net position ("SNP") are different because:	
Discounts on bonds are not reported in the fund.	38,097
Capital assets used in component unit activities are not reported in the fund.	248,216
Payables for accrued interest are not reported in the fund.	(28,309)
Payables for compensated absences are not reported in the fund.	(865)
Bond debt principal remaining which is not due in the current period are not reported in the fund.	(3,950,000)
	<hr/>
Net assets of component unit- statement of net position (deficit)	\$ (2,929,502)

CITY OF DONNA, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE  
 DONNA ECONOMIC DEVELOPMENT CORPORATION (4A)  
 COMPONENT UNIT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

Revenues:		
Sales taxes	\$	526,132
Interest		<u>748</u>
	Total Revenues	<u>526,880</u>
Expenditures:		
Current:		
Economic development		211,376
Debt service:		
Principal retirements		130,000
Interest and fiscal charges		<u>175,644</u>
	Total Expenditures	<u>517,020</u>
Net Change in Fund Balance		9,860
Fund Balance at Beginning of Year		<u>753,499</u>
Fund Balance at End of Year	\$	<u><u>763,359</u></u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

Net change in fund balance- component unit	\$	9,860
Amounts reported for component units in the statement of activities ("SOA") are different because:		
Amortization of discounts on bonds are not reported in the fund		(1,905)
Net change of compensated absences reported in SOA as incurred, but as paid in the fund.		(865)
Net change in accrued interest is reported as an expense in the SOA.		643
Repayment of principal on bonds is not reported as financing use in the SOA.		<u>130,000</u>
Change in net assets of component unit-statement of activities	\$	<u><u>137,733</u></u>

CITY OF DONNA, TEXAS  
BALANCE SHEET  
DEVELOPMENT CORPORATION OF DONNA, INC (4B)  
COMPONENT UNIT  
SEPTEMBER 30, 2014

Assets

Cash and cash equivalents	\$ 516,059
Restricted cash and cash equivalents	399,373
Receivables, net:	
Accounts	94,293
Loans	132,390
Due from primary government	93,248
	<hr/>
Total Assets	\$ 1,235,363

Liabilities and Fund BalanceLiabilities:

Accounts payable	\$ 72,058
Accrued liabilities	876
	<hr/>
Total Liabilities	72,934

Fund Balance:

Nonspendable - long-term receivables	132,390
Restricted for debt service	399,373
Unassigned	630,666
	<hr/>
Total Fund Balance	1,162,429

Total Liabilities and Fund Balance \$ 1,235,363

**RECONCILIATION OF FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Total fund balance- component unit balance sheet	\$ 1,162,429
Amounts reported for component units in the statement of net position ("SNP") are different because:	
Discounts on bonds are not reported in the fund.	55,887
Payables for accrued interest are not reported in the fund.	(26,978)
Payables for compensated absences are not reported in the fund.	(865)
Bond debt principal remaining which is not due in the current period are not reported in the fund.	(3,875,000)
	<hr/>
Net assets of component unit- statement of net position (deficit)	\$ (2,684,528)

CITY OF DONNA, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
DEVELOPMENT CORPORATION OF DONNA, INC. (4B)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Revenues:		
Sales taxes	\$	526,132
Interest		5,267
	Total Revenues	<u>531,399</u>
Expenditures:		
Current:		
Economic development		214,349
Debt service:		
Principal retirements		130,000
Interest and fiscal charges		167,569
	Total Expenditures	<u>511,918</u>
Net Change in Fund Balance		19,481
Fund Balance at Beginning of Year		<u>1,142,947</u>
Fund Balance at End of Year		<u><u>\$ 1,162,429</u></u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

Net change in fund balance- component unit	\$	19,481
Amounts reported for component units in the statement of activities ("SOA") are different because:		
Amortization of discounts on bonds are not reported in the fund		(2,794)
Net change of compensated absences reported in SOA as incurred, but as paid in the fund.		(865)
Net change in accrued interest is reported as an expense in the SOA.		643
Repayment of principal on bonds is not reported as financing use in the SOA.		<u>130,000</u>
Change in net assets of component unit-statement of activitie	\$	<u><u>146,465</u></u>

CITY OF DONNA, TEXAS  
BALANCE SHEET  
TAX INCREMENT REINVESTMENT ZONE NUMBER TWO  
COMPONENT UNIT  
SEPTEMBER 30, 2014

Assets

Accounts	\$	11,127
Due from primary government		52,562
		<hr/>
Total Assets	\$	63,689
		<hr/> <hr/>

Liabilities and Fund BalanceLiabilities:

Accounts payable	\$	25,000
		<hr/>
Total Liabilities		25,000
		<hr/>

Fund Balance:

Restricted for tax increment zone purposes		38,689
		<hr/>
Total Fund Balance		38,689
		<hr/>
Total Liabilities and Fund Balance	\$	63,689
		<hr/> <hr/>

**RECONCILIATION OF FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Total fund balance- component unit balance sheet	\$	38,689
--	----	--------

Amounts reported for component units in the statement of net position ("SNP") are different because:

Long-term payables not due in the current period are not reported in the fund.		(2,167,627)
		<hr/>
Net assets of component unit- statement of net position (deficit)	\$	(2,128,938)
		<hr/> <hr/>

CITY OF DONNA, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
TAX INCREMENT REVINVESTMENT ZONE NUMBER TWO  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

## Revenues:

Tax increment revenues

	\$	52,373
Total Revenues		52,373

## Expenditures:

Current:

Economic development

		15,000
Total Expenditures		15,000

Net Change in Fund Balance

37,373

Fund Balance at Beginning of Year

11,315

Fund Balance at End of Year

	\$	48,689
--	----	--------

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

Net change in fund balance- component unit

	\$	37,373
--	----	--------

Amounts reported for component units in the statement of activities ("SOA") are different because:

Accrued long-term claims are not reported in the fund

		(153,275)
--	--	-----------

Change in net assets of component unit-statement of activities

	\$	(115,902)
--	----	-----------

City of Donna, Texas

This page intentionally left blank

## **OTHER SCHEDULES – UNAUDITED**



**CITY OF DONNA, TEXAS**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Net investments in capital assets	\$ 16,813,319	\$ 16,905,784	\$ 17,737,205	\$ 18,123,327
Restricted	737,033	729,361	1,406,278	1,800,502
Unrestricted	(1,957,154)	(1,085,772)	1,187,144	1,148,756
Total governmental activities net position	<u>\$ 15,593,198</u>	<u>\$ 16,549,373</u>	<u>\$ 20,330,627</u>	<u>\$ 21,072,585</u>
Business-type activities				
Net investments in capital assets	\$ 13,012,306	\$ 17,334,466	\$ 16,828,094	\$ 20,631,084
Restricted	2,818,933	3,253,910	3,323,881	3,197,793
Unrestricted	34,088	(113,879)	(60,419)	348,028
Total business-type activities net position	<u>\$ 15,865,327</u>	<u>\$ 20,474,497</u>	<u>\$ 20,091,556</u>	<u>\$ 24,176,905</u>
Primary government				
Net investments in capital assets	\$ 29,825,625	\$ 34,240,250	\$ 34,565,299	\$ 38,754,411
Restricted	3,555,966	3,983,271	4,730,159	4,998,295
Unrestricted	(1,923,066)	(1,199,651)	1,126,725	1,496,784
Total primary government activities net position	<u>\$ 31,458,525</u>	<u>\$ 37,023,870</u>	<u>\$ 40,422,183</u>	<u>\$ 45,249,490</u>

TABLE 1

2009	2010	2011	2012	2013	2014
\$ 19,030,800	\$ 20,126,091	\$ 20,740,814	\$ 22,322,916	\$ 22,508,397	\$ 24,260,086
2,062,762	2,143,596	2,172,676	2,861,266	2,786,431	3,439,698
1,285,394	1,019,772	1,556,572	1,425,585	2,485,784	2,921,896
<u>\$ 22,378,956</u>	<u>\$ 23,289,459</u>	<u>\$ 24,470,062</u>	<u>\$ 26,609,767</u>	<u>\$ 27,780,612</u>	<u>\$ 30,621,680</u>
\$ 23,273,380	\$ 34,732,029	\$ 36,199,880	\$ 37,284,859	\$ 37,091,287	36,537,530
3,793,066	3,583,175	2,938,719	2,149,273	2,370,963	2,710,237
(1,041,856)	(8,572,995)	(9,146,475)	(7,942,293)	(7,667,796)	(6,915,609)
<u>\$ 26,024,590</u>	<u>\$ 29,742,209</u>	<u>\$ 29,992,124</u>	<u>\$ 31,491,839</u>	<u>\$ 31,794,454</u>	<u>\$ 32,332,158</u>
\$ 42,304,180	\$ 54,858,120	\$ 56,940,694	\$ 59,607,775	\$ 59,599,684	\$ 60,797,616
5,855,828	5,726,771	5,111,395	5,010,539	5,157,394	6,149,935
243,538	(7,553,223)	(7,589,903)	(6,516,708)	(5,182,012)	(3,993,712)
<u>\$ 48,403,546</u>	<u>\$ 53,031,668</u>	<u>\$ 54,462,186</u>	<u>\$ 58,101,606</u>	<u>\$ 59,575,066</u>	<u>\$ 62,953,839</u>

**CITY OF DONNA, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	2005	2006	2007	2008
<b>EXPENSES</b>				
Governmental activities				
General government	\$ 880,617	\$ 966,082	\$ 911,943	\$ 989,315
Public Safety	1,726,564	1,771,330	1,751,093	1,887,064
Public Works	1,044,446	1,130,324	1,051,501	1,155,302
Culture and recreation	549,453	575,807	449,060	548,678
Health and welfare	115,669	151,322	134,225	174,118
Economic development	1,561,859	237,366	3,737,303	494,580
Tourism development	162,234	83,140	26,015	25,375
Interest on long term debt	329,320	432,579	453,620	135,685
Total governmental activities expenses	<u>\$ 6,370,162</u>	<u>\$ 5,347,950</u>	<u>\$ 8,514,760</u>	<u>\$ 5,410,117</u>
Business-type activities				
Water and sewer	\$ 4,328,672	\$ 4,448,382	\$ 4,264,804	\$ 4,336,321
International Bridge	-	-	-	602,044
Donna International Bridge Corporation	-	7,500	5	7,500
Cemetery services	63,881	67,650	61,366	70,542
Total business-type activities	<u>4,392,553</u>	<u>4,523,532</u>	<u>4,326,175</u>	<u>5,016,407</u>
Total Primary government expenses	<u><u>\$ 10,762,715</u></u>	<u><u>\$ 9,871,482</u></u>	<u><u>\$ 12,840,935</u></u>	<u><u>\$ 10,426,524</u></u>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Charges for services				
General government	\$ 282,966	\$ 186,686	\$ 270,380	\$ 406,248
Public Safety	259,283	230,587	180,693	220,660
Public Works	574,378	582,124	670,703	791,240
Culture and recreation	70,083	56,711	47,794	46,774
Health and welfare	20,218	44,381	34,492	28,576
Economic development	183	-	-	-
Tourism development	28,514	-	-	-
Operating grants and contributions	284,220	179,986	167,439	293,720
Capital grants and contributions	896,169	1,601,982	3,947,116	644,630
Total governmental activities program revenues	<u>2,416,014</u>	<u>2,882,457</u>	<u>5,318,617</u>	<u>2,431,848</u>
Business-type activities				
Charges for services				
Water and sewer	3,577,321	3,962,640	4,011,286	4,702,864
International Bridge	-	-	-	-
Donna International Bridge Corporation	-	-	-	-
Cemetery services	29,950	36,775	24,525	25,500
Operating grants and contributions	197,129	66,747	297,220	-
Capital grants and contributions	153,102	334,527	1,044,193	2,478,734
Total business-type activities program revenues	<u>3,957,502</u>	<u>4,400,689</u>	<u>5,377,224</u>	<u>7,207,098</u>
Total primary government program revenues	<u><u>\$ 6,373,516</u></u>	<u><u>\$ 7,283,146</u></u>	<u><u>\$ 10,695,841</u></u>	<u><u>\$ 9,638,946</u></u>

TABLE 2

2009	2010	2011	2012	2012	2013	2014
\$ 981,874	\$ 1,090,389	\$ 977,799	\$ 977,800	\$ 1,083,063	\$ 1,150,560	\$ 1,395,999
1,892,031	2,114,746	1,895,532	1,895,533	1,847,489	1,956,753	2,251,531
1,216,881	1,313,233	1,312,661	1,312,662	1,391,738	1,459,303	1,769,246
513,119	513,191	515,698	515,699	519,826	591,910	637,715
165,438	141,256	162,383	162,384	217,651	155,716	185,602
14,100	-	86,969	86,970	144,809	-	9,715
13,961	17,500	18,487	18,488	17,598	75,771	236,107
124,192	151,112	142,597	142,598	73,071	124,785	113,604
<u>\$ 4,921,596</u>	<u>\$ 5,341,427</u>	<u>\$ 5,112,126</u>	<u>\$ 5,112,134</u>	<u>\$ 5,295,244</u>	<u>\$ 5,514,799</u>	<u>\$ 6,599,519</u>
\$ 5,724,668	\$ 4,378,281	\$ 4,731,955	\$ 4,731,956	\$ 5,005,481	\$ 5,148,958	5,160,233
480,594	2,362,173	3,029,406	3,029,407	3,551,342	3,568,683	3,851,680
20	-	-	-	-	-	-
77,625	68,792	70,696	70,697	-	-	-
6,282,907	6,809,246	7,832,057	7,832,060	8,556,823	8,717,642	9,011,913
<u>\$ 11,204,502</u>	<u>\$ 12,150,674</u>	<u>\$ 12,944,183</u>	<u>\$ 12,944,194</u>	<u>\$ 13,852,066</u>	<u>\$ 14,232,440</u>	<u>\$ 15,611,432</u>
\$ 289,189	\$ 232,167	\$ 184,365	\$ 184,366	\$ 197,791	\$ 225,776	\$ 315,141
232,509	189,542	269,610	269,611	268,301	229,304	241,697
785,496	898,315	913,022	913,023	945,531	980,066	1,004,919
61,989	62,797	55,517	55,518	60,926	29,700	28,292
46,057	29,343	52,053	52,054	29,673	37,179	59,858
-	-	-	1	-	-	13,669
-	-	-	1	-	-	-
212,348	351,889	396,884	396,885	312,700	88,950	664,438
737,549	766,265	188,049	188,050	976,729	-	1,267,992
<u>2,365,137</u>	<u>2,530,318</u>	<u>2,059,499</u>	<u>2,059,508</u>	<u>2,791,650</u>	<u>1,590,975</u>	<u>3,596,005</u>
5,029,666	4,527,957	4,879,568	4,879,569	5,451,758	5,573,405	5,236,681
-	-	656,386	656,387	1,148,628	1,370,490	1,670,603
-	-	-	1	-	-	-
29,650	25,049	19,250	19,251	-	-	-
-	-	-	1	-	-	153,115
2,041,473	5,225,947	1,021,106	1,021,107	1,941,851	127,000	1,518,832
7,100,789	9,778,953	6,576,310	6,576,316	8,542,237	7,070,895	8,579,231
<u>\$ 9,465,926</u>	<u>\$ 12,309,271</u>	<u>\$ 8,635,809</u>	<u>\$ 8,635,824</u>	<u>\$ 11,333,887</u>	<u>\$ 8,661,870</u>	<u>\$ 12,175,236</u>

**CITY OF DONNA, TEXAS**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	2005	2006	2007	2008
<b>NET (EXPENSES)/PROGRAM REVENUES</b>				
Governmental activities	(3,954,148)	(2,465,493)	(3,196,143)	(2,978,269)
Business-type activities	(435,051)	(122,843)	1,051,049	2,190,691
Total primary government net expenses	<u>\$ (4,389,199)</u>	<u>\$ (2,588,336)</u>	<u>\$ (2,145,094)</u>	<u>\$ (787,578)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>				
<b>GOVERNMENTAL ACTIVITIES</b>				
Taxes				
Property taxes general purposes	\$ 2,669,721	\$ 2,898,332	\$ 3,120,946	\$ 3,220,106
Sales taxes	601,055	705,495	803,161	783,195
Franchises taxes	567,754	591,702	597,472	645,001
Hotel occupancy tax	82,728	72,317	78,236	79,653
Investment earnings	21,840	79,722	109,504	83,147
Miscellaneous	2,346	38,087	39,771	21,042
Special item	122,450	(427,405)	2,000,309	-
Transfers	(330,577)	(218,138)	227,998	(1,227,733)
Total governmental activities	<u>3,737,317</u>	<u>3,740,112</u>	<u>6,977,397</u>	<u>3,604,411</u>
Business type activities				
Investment earnings	34,212	254,266	315,895	722,186
Miscellaneous	1,175	1,785	2,263	3,169
Special items	-	427,405	(1,524,150)	-
Transfers	330,577	218,138	(227,998)	1,227,733
Total business -type activities	<u>365,964</u>	<u>901,594</u>	<u>(1,433,990)</u>	<u>1,953,088</u>
Total primary government	<u>\$ 4,103,281</u>	<u>\$ 4,641,706</u>	<u>\$ 5,543,407</u>	<u>\$ 5,557,499</u>
<b>CHANGES IN NET POSITION</b>				
Governmental activities	\$ (216,831)	\$ 1,274,619	\$ 3,781,254	\$ 626,142
Business- type activities	(69,087)	778,751	(382,941)	4,143,779
Total primary government	<u>\$ (285,918)</u>	<u>\$ 2,053,370</u>	<u>\$ 3,398,313</u>	<u>\$ 4,769,921</u>

**TABLE 2**  
**(continued)**

2009	2010	2011	2012	2012	2013	2014
(2,556,460)	(2,811,109)	(3,052,627)	(3,052,626)	(2,503,594)	(3,923,824)	(3,003,514)
817,882	2,969,707	(1,255,747)	(1,255,744)	(14,586)	(1,646,747)	(432,682)
<u>\$ (1,738,578)</u>	<u>\$ 158,598</u>	<u>\$ (4,308,375)</u>	<u>\$ (4,308,371)</u>	<u>\$ (2,518,180)</u>	<u>\$ (5,570,571)</u>	<u>\$ (3,436,198)</u>
\$ 3,427,368	\$ 3,632,590	\$ 4,030,202	\$ 4,030,203	\$ 4,390,543	\$ 5,038,673	\$ 5,442,523
772,619	749,462	819,491	819,492	865,983	999,188	1,052,265
664,341	655,780	674,619	674,620	731,064	751,686	762,260
77,183	86,710	99,331	99,332	108,290	115,573	127,324
23,559	9,632	7,776	7,777	8,245	6,027	3,893
19,977	18,715	42,008	42,009	43,218	125,706	579,510
-	-	-	1	-	-	-
<u>(1,122,217)</u>	<u>(1,431,276)</u>	<u>(1,440,198)</u>	<u>(1,440,197)</u>	<u>(1,504,045)</u>	<u>(1,942,184)</u>	<u>(2,094,974)</u>
3,862,830	3,721,611	4,233,229	4,233,237	4,643,298	5,094,670	5,872,801
389,707	85,211	36,039	36,040	10,256	7,178	12,570
11,296	8,685	29,427	29,428	-	-	1,292
(192,074)	-	-	1	-	-	-
<u>1,122,217</u>	<u>1,431,276</u>	<u>1,440,198</u>	<u>1,440,199</u>	<u>1,504,045</u>	<u>1,942,184</u>	<u>2,094,974</u>
<u>1,331,146</u>	<u>1,525,172</u>	<u>1,505,664</u>	<u>1,505,668</u>	<u>1,514,301</u>	<u>1,949,362</u>	<u>2,108,836</u>
<u>\$ 5,193,976</u>	<u>\$ 5,246,783</u>	<u>\$ 5,738,893</u>	<u>\$ 5,738,905</u>	<u>\$ 6,157,598</u>	<u>\$ 7,044,032</u>	<u>\$ 7,981,637</u>
\$ 1,306,370	\$ 910,502	\$ 1,180,602	\$ 1,180,611	\$ 2,139,704	\$ 1,170,846	\$ 2,869,287
2,149,028	4,494,879	249,917	249,924	1,499,715	302,615	1,676,154
<u>\$ 3,455,399</u>	<u>\$ 5,405,382</u>	<u>\$ 1,430,518</u>	<u>\$ 1,430,534</u>	<u>\$ 3,639,419</u>	<u>\$ 1,473,461</u>	<u>\$ 4,545,439</u>

**CITY OF DONNA, TEXAS**  
**CHANGES IN FUND BALANCE- GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenues</b>				
Taxes	\$ 3,928,740	\$ 4,182,064	\$ 4,479,848	\$ 4,642,278
Licenses and permits	159,316	85,393	70,282	84,745
Charges for services	846,942	846,372	976,311	1,294,570
Fines and forfeitures	170,615	168,281	157,469	114,183
Intergovernmental	1,270,149	1,782,411	4,304,269	947,340
Investment earnings	40,020	79,722	109,504	83,148
Other	74,539	36,585	51,882	34,953
Total revenues	<u>6,490,321</u>	<u>7,180,828</u>	<u>10,149,565</u>	<u>7,201,217</u>
<b>Expenditures</b>				
General government	907,658	978,652	905,680	989,315
Public safety	2,264,068	1,775,271	1,830,250	1,872,309
Public works	1,061,768	1,174,028	1,073,277	1,155,302
Culture and recreation	933,658	639,721	479,708	548,678
Health and welfare	115,669	151,322	134,225	174,118
Economic development	1,175,468	2,149,121	3,737,303	494,580
Tourism development	157,234	83,140	26,015	25,375
Capital outlay	333,937	214,481	374,551	22,901
Debt service:				
Principal	630,858	1,603,939	639,858	368,462
Interest	282,359	299,483	318,273	135,011
Issuance charges		137,971	-	-
Total expenditures	<u>7,862,677</u>	<u>9,207,129</u>	<u>9,519,140</u>	<u>5,786,051</u>
Excess of revenues over (under) expenditures	(1,372,356)	(2,026,301)	630,425	1,415,166
<b>Other Financing Sources (Uses)</b>				
Transfers in	461,145	503,317	1,110,047	231,348
Transfers out	(791,722)	(721,454)	(882,057)	(1,459,081)
Bond proceeds	770,000	2,372,237	-	-
Lease/Loan proceeds	559,420	77,725	7,335	-
Other	-	-	-	-
Total other financing sources (uses)	<u>998,843</u>	<u>2,231,825</u>	<u>235,325</u>	<u>(1,227,733)</u>
Net change in fund balances	<u>\$ (373,513)</u>	<u>\$ 205,524</u>	<u>\$ 865,750</u>	<u>\$ 187,433</u>
Debt service as a percentage of noncapital expenditures	14.74%	28.74%	17.80%	9.60%

**Source:** Comprehensive Annual Financial Reports

TABLE 3

2009	2010	2011	2012	2013	2014
\$ 4,876,110	\$ 4,984,238	\$ 5,487,950	\$ 6,021,470	\$ 6,809,260	\$ 7,332,268
96,836	83,718	101,415	123,623	134,634	165,471
1,175,721	1,211,047	1,256,644	1,271,315	1,269,626	1,308,877
142,683	110,400	109,994	97,283	98,188	175,558
663,669	910,088	564,082	478,287	320,909	377,508
23,559	9,632	7,776	8,245	6,027	3,893
20,517	27,196	53,971	55,502	137,014	335,480
6,999,095	7,336,319	7,581,832	8,055,726	8,775,658	9,699,056
977,165	1,069,874	1,010,748	1,083,183	1,209,763	1,414,959
1,959,490	2,271,697	1,905,641	1,873,037	2,119,400	2,357,686
1,215,055	1,790,994	1,472,449	1,412,629	1,523,106	1,685,840
697,561	512,410	516,101	535,166	646,579	684,125
164,861	143,771	160,389	217,651	164,762	185,602
14,100	-	86,969	144,809	-	-
13,961	17,500	18,487	17,598	75,771	306,797
24,852	-	-	605,493	838,933	117,424
370,806	402,632	451,819	629,765	394,091	454,184
117,267	184,689	147,534	136,765	97,824	86,879
-	-	-	-	-	-
5,555,117	6,393,566	5,770,136	6,656,095	7,070,228	7,293,496
1,443,978	942,754	1,811,696	1,399,631	1,705,430	2,405,560
424,560	232,946	171,235	285,288	269,558	291,193
(1,546,777)	(1,664,223)	(1,611,433)	(1,808,499)	(2,084,532)	(2,386,167)
-	1,537,279	-	1,260,600	-	-
26,293	137,317	42,812	-	351,753	-
-	-	-	(1,228,516)	-	544,628
(1,095,924)	243,319	(1,397,386)	(1,491,127)	(1,463,222)	(1,550,346)
\$ 348,054	\$ 1,186,073	\$ 414,310	\$ (91,496)	\$ 242,208	\$ 855,214
8.87%	9.21%	10.58%	13.02%	7.99%	7.88%



**CITY OF DONNA, TEXAS**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**(modified accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund				
Reserved	\$ 3,638	\$ 3,799	\$ 2,583	\$ 8,228
Unreserved	137,313	(241,319)	518,373	708,872
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed				
Unassigned	-	-	-	-
Total General Fund	<u>\$ 140,951</u>	<u>\$ (237,520)</u>	<u>\$ 520,956</u>	<u>\$ 717,100</u>
All Other Governmental Funds				
Reserved, reported in : special revenue funds	\$ 1,039,022	\$ 1,262,642	\$ 1,362,560	\$ 1,349,959
Unreserved, reported in: special revenue funds	(10,625)	31,306	38,662	42,552
Restricted, reported in special revenue funds and debt service fund	-	-	-	-
Committed, reported in capital project and special revenue funds	-	-	-	-
Total all other governmental funds	<u>\$ 1,028,397</u>	<u>\$ 1,293,948</u>	<u>\$ 1,401,222</u>	<u>\$ 1,392,511</u>

Note: The City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" fiscal year 2011.

TABLE 4

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ - 871,372	\$ 2,106 601,463	\$ - -	\$ - -	\$ - -	\$ - -
-	-	-	592,346	336,460	170,620
-	-	-	-	-	-
-	-	934,350	874,428	1,893,052	2,349,252
<u>\$ 871,372</u>	<u>\$ 603,569</u>	<u>\$ 934,350</u>	<u>\$ 1,466,774</u>	<u>\$ 2,229,512</u>	<u>\$ 2,519,871</u>
\$ 1,471,350	\$ 2,848,694	\$ -	\$ -	\$ -	\$ -
106,384	182,917	-	-	-	-
-	-	1,587,145	1,674,015	1,793,223	2,441,399
-	-	1,527,995	817,205	177,467	94,146
<u>\$ 1,577,734</u>	<u>\$ 3,031,611</u>	<u>\$ 3,115,140</u>	<u>\$ 2,491,220</u>	<u>\$ 1,970,690</u>	<u>\$ 2,535,545</u>

**CITY OF DONNA, TEXAS**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
**FISCAL YEAR ENDED**  
**(Unaudited)**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Culture and Recreation</u>	<u>Public Health and Welfare</u>	<u>Economic Development</u>
2005	\$ 880,617	\$ 1,726,564	\$ 1,044,446	\$ 549,453	\$ 115,669	\$ 1,561,859
2006	966,082	1,771,330	1,130,324	575,807	151,322	237,366
2007	911,943	1,751,093	1,051,501	449,060	134,225	3,737,303
2008	989,315	1,887,064	1,155,302	548,678	174,118	494,580
2009	981,874	1,892,031	1,216,881	513,119	165,438	14,100
2010	1,090,389	2,114,746	1,313,233	513,191	141,256	-
2011	977,799	1,895,532	1,312,662	515,698	162,383	(27,000)
2012	1,083,063	1,847,489	1,391,738	519,826	217,651	144,809
2013	1,150,560	1,956,753	1,459,303	591,910	155,716	-
2014	1,395,999	2,251,531	1,769,246	637,715	185,602	9,715

TABLE 5

Tourism Development	Interest on Long-Term Debt	Water and Sewer	City International Bridge Fund	Donna International Bridge Corporation	Cemetery	Totals
\$ 162,234	\$ 329,320	\$ 4,328,672	\$ -	\$ 10,555	\$ 63,881	\$ 10,773,270
83,140	432,579	4,448,382	-	7,500	67,650	9,871,482
26,015	453,620	4,264,804	-	5	61,366	12,840,935
25,375	135,685	4,336,321	602,044	7,500	70,542	10,426,524
13,961	124,192	5,724,668	480,594	20	77,625	11,204,503
17,500	151,112	4,378,282	2,362,173	-	68,792	12,150,674
18,487	144,374	4,731,955	3,029,406	-	70,696	12,831,992
17,598	73,071	5,005,481	3,551,342	-	-	13,852,068
75,771	124,785	5,148,958	3,568,683	-	-	14,232,439
236,107	113,604	5,160,233	3,851,680	-	-	15,611,433

TABLE 6

**CITY OF DONNA, TEXAS**  
**GOVERNMENT - WIDE REVENUES**  
**FISCAL YEAR ENDED**  
**(Unaudited)**

Fiscal Year	Program Revenues			General Revenues					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Interest	Miscellaneous	Special Item	Totals	
2005	\$ 4,842,896	\$ 481,349	\$ 1,049,271	\$ 3,922,327	\$ 56,052	\$ 2,452	\$ 122,450	\$ 10,476,797	
2006	5,099,904	246,733	1,936,509	4,269,347	333,988	38,371	-	11,924,852	
2007	5,239,873	464,659	4,991,309	4,599,815	425,399	42,034	476,159	16,239,248	
2008	6,221,862	293,720	3,123,364	4,727,955	805,333	24,211	-	15,196,445	
2009	6,474,556	212,348	2,779,022	4,941,511	413,266	31,273	(192,074)	14,659,902	
2010	5,965,172	351,889	5,992,213	5,124,542	94,843	27,400	-	17,556,059	
2011	7,029,771	396,884	1,209,155	5,623,643	43,814	71,435	-	14,374,702	
2012	8,102,608	312,700	2,918,580	6,095,880	18,501	43,218	-	17,491,487	
2013	8,445,921	88,950	127,000	6,905,120	13,205	125,706	-	15,705,902	
2014	8,570,860	817,553	2,786,824	7,384,372	16,463	580,802	-	20,156,874	

TABLE 7

**CITY OF DONNA, TEXAS  
GENERAL FUND REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental Revenues	Charges for Services	Fines and Forfeitures	Interest and Other	Totals (Excluding Other Sources)
2005	\$ 2,870,387	\$ 159,316	\$ 550,108	\$ 787,653	\$ 163,615	\$ 35,220	\$ 4,566,299
2006	3,092,271	85,393	1,477,772	787,170	146,838	41,046	5,630,490
2007	3,235,365	70,282	3,847,188	912,318	152,733	84,792	8,302,678
2008	3,327,974	84,745	607,904	1,229,875	113,433	55,630	5,419,561
2009	3,472,034	96,836	182,660	1,111,621	138,660	22,018	5,023,829
2010	3,551,743	83,718	677,142	1,141,676	110,081	18,898	5,583,258
2011	3,852,989	101,415	326,847	1,189,906	105,244	48,943	5,625,344
2012	4,036,307	123,623	241,369	1,204,455	97,283	46,085	5,749,122
2013	4,533,880	134,634	77,183	1,199,578	92,765	126,798	6,164,838
2014	4,953,773	165,471	130,074	1,238,179	175,558	36,132	6,699,187

TABLE 8

**CITY OF DONNA, TEXAS  
GENERAL FUND EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Public Health	Economic Development	Debt Service	Totals
2005	\$ 907,657	\$ 1,822,712	\$ 1,061,768	\$ 626,747	\$ 115,669	\$ 1,175,468	\$ 39,076	\$ 5,749,097
2006	978,652	1,761,777	1,174,028	583,789	151,322	2,086,923	174,473	6,910,964
2007	904,889	1,700,035	1,073,277	470,332	123,875	3,737,303	46,143	8,055,854
2008	988,942	1,868,023	1,155,302	518,850	119,950	494,580	26,479	5,172,126
2009	974,982	1,957,380	1,215,055	498,168	139,375	14,100	29,712	4,828,772
2010	1,069,874	2,271,697	1,790,994	512,410	143,771	-	72,440	5,861,186
2011	1,010,748	1,905,641	1,472,449	516,101	160,389	86,969	66,414	5,218,711
2012	1,078,438	1,873,037	1,412,629	535,166	217,651	75,000	67,845	5,259,766
2013	1,209,763	2,119,400	1,523,106	646,579	164,762	-	64,410	5,728,020
2014	1,405,244	2,357,686	1,685,840	684,125	185,602	-	135,776	6,454,273

TABLE 9

**CITY OF DONNA, TEXAS**  
**WATER AND SEWER FUND REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year	Water Sales	Sewer Sales	Penalties	Provision for Bad Debt	Other Service Charges	Interest/ Capital/ Other	Transfers In	Totals
2005	\$ 1,965,934	\$ 1,330,890	\$ 110,905	\$ (26,915)	\$ 181,839	\$ 399,777	\$ 300,577	\$ 4,263,007
2006	2,199,866	1,617,092	118,752	(63,625)	90,555	655,404	188,138	4,806,182
2007	2,228,945	1,558,480	124,155	(38,146)	137,852	1,098,989	23,972	5,134,247
2008	2,707,828	1,821,315	154,387	(38,049)	57,383	2,603,175	400	7,306,439
2009	2,873,005	2,000,240	150,399	(45,551)	51,573	2,094,327	-	7,123,993
2010	2,472,028	1,936,599	146,411	(32,173)	63,346	35,365	8,688,732	13,310,308
2011	2,642,087	2,090,514	150,781	(56,190)	52,375	17,432	4,832,002	9,729,001
2012	3,121,738	2,100,585	168,625	(47,666)	91,761	1,847,951	39,421	7,322,415
2013	3,100,797	2,196,913	184,925	(15,010)	105,780	82,089	-	5,655,494
2014	2,875,418	2,136,133	185,096	(35,088)	76,503	1,364,711	-	6,602,772



**CITY OF DONNA, TEXAS  
WATER AND SEWER FUND EXPENSES BY FUNCTION  
AND TRANSFERS OUT**

**LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year</u>	<u>Water Distribution</u>	<u>Sewer Collection</u>	<u>Sewer Treatment</u>	<u>Water/Sewer Operations</u>	<u>Water/Supply and Treatment</u>	<u>Engineering Services</u>	<u>Administrative</u>
2005	\$ 99,166	\$ 162,026	\$ 267,241	\$ 234,822	\$ 257,651	\$ 338,013	\$ 342,192
2006	97,859	222,331	327,300	259,982	355,705	252,048	364,098
2007	137,062	198,981	388,581	201,482	349,794	15,041	411,757
2008	46,326	77,606	412,581	236,204	373,019	8,400	485,419
2009	36,893	72,797	473,255	184,816	498,168	17,550	418,866
2010	7,718	69,573	320,118	249,784	382,669	8,911	400,126
2011	11,925	112,108	267,055	266,037	393,276	12,576	255,558
2012	102,610	126,379	282,718	301,007	418,909	15,000	365,150
2013	88,196	84,797	277,481	211,897	409,672	15,000	491,042
2014	42,407	131,247	293,199	210,521	416,498	15,000	463,055

TABLE 10

Water/Sewer Operations Contractor	Debt Interest and Fees	Fees for Capital Contributions	Depreciation and Amortization	Transfers Out	Totals
\$ 1,329,509	\$ 421,742	\$ 62,000	\$ 814,310	\$ -	\$ 4,328,672
1,329,509	402,245	42,400	794,905	-	4,448,382
1,363,047	446,925	-	752,134	315,000	4,579,804
1,601,873	329,096	235,434	831,706	-	4,637,664
1,730,022	359,898	1,145,331	787,071	194,856	5,919,523
1,762,784	301,336	124,700	875,262	-	4,502,981
1,842,431	368,003	27,257	1,202,986		4,759,212
1,592,264	395,275	-	1,406,172	-	5,005,484
1,670,060	404,687	-	1,496,126	403,500	5,552,458
1,721,967	391,699	-	1,474,641	-	5,160,233

TABLE 11

**CITY OF DONNA, TEXAS  
PROPERTY TAX RATES AND ASSESSED VALUES  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year</b>	<b>Tax Levy Year</b>	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>	<b>Assessed Values</b>
2005	2004	0.623944	0.364770	0.988714	\$210,159,411
2006	2005	0.622352	0.366786	0.989138	267,030,270
2007	2006	0.589760	0.400239	0.989999	278,379,965
2008	2007	0.589805	0.400194	0.989999	307,899,033
2009	2008	0.589805	0.400194	0.989999	336,306,436
2010	2009	0.638126	0.400194	1.038320	338,951,607
2011	2010	0.674052	0.451927	1.125979	336,002,503
2012	2011	0.706169	0.546207	1.252376	341,431,546
2013	2012	0.706169	0.546207	1.252376	379,330,947
2014	2013	0.734764	0.517612	1.252376	419,514,607

TABLE 12

**CITY OF DONNA, TEXAS  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	City Of Donna			Overlapping Rates					Total Direct & OVLP Rates
	General Fund	Debt Service Fund	Total	Hidalgo County Tax Rate	Donna ISD Tax Rate	Hidalgo County Drainage Dist. 1 Tax Rate	Donna Irrigation Dist. No 1 Tax Rate	South Texas CCD Tax Rate	
2005	0.623944	0.367704	0.991648	0.5900	1.66000	0.04350	0.21000	0.16470	3.659848
2006	0.622352	0.366786	0.989138	0.5900	1.66000	0.04350	0.21000	0.15890	3.651538
2007	0.589760	0.400239	0.989999	0.5900	1.53000	0.04130	0.21000	0.15480	3.516099
2008	0.589805	0.400194	0.989999	0.5900	1.20000	0.04920	0.21000	0.15400	3.193199
2009	0.589805	0.400194	0.989999	0.5900	1.20000	0.07000	0.21000	0.14980	3.209799
2010	0.638126	0.400194	1.038320	0.5900	1.17790	0.07250	0.21000	0.14910	3.237820
2011	0.674052	0.451927	1.125979	0.5900	1.25820	0.07250	0.21000	0.14970	3.406379
2012	0.706169	0.546207	1.252376	0.5900	1.25820	0.07330	0.21000	0.15070	3.534576
2013	0.706169	0.546207	1.252376	0.5900	1.25820	0.07500	0.21000	0.15070	3.536276
2014	0.734764	0.517612	1.252376	0.5900	1.25820	0.09570	0.21000	0.15000	3.556276

**CITY OF DONNA, TEXAS  
SCHEDULE OF INSURANCE IN-FORCE  
SEPTEMBER 30, 2014  
(Unaudited)**

<u><b>Type of coverage</b></u>	<u><b>Insurer</b></u>	<u><b>Policy Number</b></u>	<u><b>Policy Period</b></u>	
			<u><b>From</b></u>	<u><b>To</b></u>
Real and Personal Property	Texas Municipal League Intergovernmental Risk Pool (TML-IRP)	9424	10/01/13	09/30/14
General Liability	TML-IRP	9424	10/01/13	09/30/14
Errors and Omissions	TML-IRP	9424	10/01/13	09/30/14
Automobile Liability	TML-IRP	9424	10/01/13	09/30/14
Automobile Physical Damage	TML-IRP	9424	10/01/13	09/30/14
Mobile Equipment	TML-IRP	9424	10/01/13	09/30/14
Boiler & Machinery	TML-IRP	9424	10/01/13	09/30/14
Workers' Compensation	TML-IRP	9424	10/01/13	09/30/14
Law Enforcement Liability	TML-IRP	9424	10/01/13	09/30/14
Public Employee Dishonesty	TML-IRP	9424	10/01/13	09/30/14
Forgery or Alteration	TML-IRP	9424	10/01/13	09/30/14
Computer Fraud	TML-IRP	9424	10/01/13	09/30/14
Tax Assessor/Collector Surety Bond	Hartford Casualty Ins Co	61BSBBX5218	10/01/13	09/30/14

**\*\*From audit folder\*\***

TABLE 13

<u>Details and Coverage</u>	<u>Per Occur Liability Limits</u>	<u>Annual Premium</u>
Fire, windstorm, valuable papers, accounts receivable, data processing equipment	\$ 25,063,100	\$ 51,968
General, products, personal	500,000	4,993
Public officials and employee liability, claims made	1,000,000	8,502
All owned and leased vehicles	1,000,000	25,726
Schedule of vehicles	1,000,000	13,087
Schedule of Mobile equipment	918,590	3,530
	100,000	-
Includes volunteer firemen	N/A	61,313
Law enforcement liability	1,000,000	18,101
Public officials and employee dishonesty, claims made	100,000	1,282
Loss resulting from forgery or alteration of covered documents	100,000	155
Loss of money, securities and property	100,000	119
Employee Dishonesty	250,000	1,000
		<u>\$ 189,776</u>

Note 1: Liability Insurance Annual Aggregate \$1,000,000.00

TABLE 14

**CITY OF DONNA, TEXAS  
VALUATION, EXEMPTION AND DEBT OBLIGATIONS**

2013 Market Valuation Established by Hidalgo County Appraisal District (1)		\$ 590,363,319
Less Exemptions/Reductions at 100% Market Value:		
Over 65 and Disabled	3,359,790	
Disabled Veterans Exemptions	2,882,265	
Productivity Loss	28,515,738	
Abatement Value Loss	-	
Exempt Property	133,851,814	
CHODO (Partial)	1,586,768	
Charitable	58,027	
Value Loss to 10% Cap	594,310	170,848,712
2013 Net Taxable Assessed Valuation		\$ 419,514,607
General Obligation Debt Payable from Ad Valorem Taxes (as of September 30, 2013)		
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2001	895,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2001-A	210,000	
Limited Tax Refunding Bonds, Series 2006	475,000	
Tax Notes, Series 2006	-	
Combination Tax and Int'l Toll Bridge Certificates of Obligation, Series 2007	30,300,000	
Combination Tax and Revenue Certificates of Obligation, Series 2009	4,935,000	
Limited Tax Refunding Bonds, Series 2012	4,775,000	
Tax Notes, Series 2009	-	
Funded Debt Payable from Ad Valorem Taxes		\$ 41,590,000
Less: Self-supporting Debt		
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2001 (2)	707,050	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2001-A (4)	210,000	
Limited Tax Refunding Bonds, Series 2006 (5)	459,616	
Tax Notes, Series 2006 (4) & (5)	-	
Combination Tax and Int'l Toll Bridge Certificates of Obligation, Series 2007 (5)	30,300,000	
Combination Tax and Revenue Certificates of Obligation, Series 2009 (4)	4,935,000	
Limited Tax Refunding Bonds, Series 2012 (4)	3,514,400	
Tax Notes, Series 2009	-	40,126,066
Net Funded Debt Payable from Ad Valorem Taxes		\$ 1,463,934
Interest and Sinking Fund Balance (as of September 30, 2013)		\$ 1,094,160 (3)
Ratio Funded Debt to Net Taxable Assessed Valuation		9.91%

2013 Estimated Population - 26,600  
Per Capita Taxable Assessed Valuation - \$15,771  
Per Capita Funded Debt - \$1,564

(1) Preliminary values, subject to change. Texas Comptroller of Public Accounts, Property Tax Division.

(2) This is 79% of the project costs that are HUD CDBG eligible. The City supports the other 21% of debt service with ad valorem taxes.

(3) City of Donna, Texas

(4) This amount is self-supporting debt of the Water and Sewer Fund.

(5) The toll bridge is open to passenger vehicle traffic only. The projection of the percentage allocations of total POV traffic in the Traffic Engineering Study report, when applied to the current POV traffic crossings, seems to project that the 2007 Bonds for the toll bridge will eventually become half self supporting. The City will continue to seek a financial commitment from the U.S. Government to construct and operate facilities to accommodate commercial traffic at the international bridge, since the eventual self support of the 2007 Bonds is dependent on this. At this time the City's general government Debt Service Fund is supporting the 2007 Bonds.

**CITY OF DONNA, TEXAS**  
**TAXABLE ASSESSED VALUATION BY CATEGORY**

TABLE 15

Taxable Appraised Value For Fiscal Year Ended September 30,								
Category	2014	(1)	2013	(1)	2012		2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 226,023,847	38.29%	\$ 201,742,850	37.18%	\$ 186,098,019	37.68%	\$ 180,062,623	49.82%
Real, Residential, Multi-Family	13,158,922	2.23%	23,090,738	4.26%	12,003,448	2.43%	11,302,919	3.13%
Real, Vacant Lots/Tracts	27,078,216	4.59%	23,364,004	4.31%	18,252,276	3.70%	19,963,067	5.52%
Real, Acreage (Land Only)	29,558,232	5.01%	28,478,703	5.25%	22,912,459	4.64%	20,477,633	5.67%
Real, Farm and Ranch Improvements	2,823,281	0.48%	1,784,229	0.33%	1,434,091	0.29%	1,926,532	0.53%
Real, Commercial	89,881,308	15.22%	82,050,572	15.12%	74,435,684	15.07%	69,816,793	19.32%
Real, Industrial	6,957,060	1.18%	6,633,333	1.22%	4,886,074	0.99%	5,998,498	1.66%
Real and Tangible Personal, Utilities	7,357,074	1.25%	6,194,219	1.14%	6,631,484	1.34%	7,579,819	2.10%
Tangible Personal, Commercial	30,615,834	5.19%	22,411,992	4.13%	22,022,328	4.46%	23,668,277	6.55%
Tangible Personal, Industrial	3,741,642	0.63%	2,914,628	0.54%	3,091,604	0.63%	3,939,854	1.09%
Tangible Personal, Mobile Homes	13,319,570	2.26%	12,393,515	2.28%	12,112,850	2.45%	11,689,076	3.23%
Tangible Personal, Other	-	0.00%	216,027	0.04%	-	0.00%	3,229,948	0.89%
Residential Inventory	1,323,011	0.22%	1,802,726	0.33%	2,147,083	0.43%	-	0.00%
Special Inventory	3,028,712	0.51%	1,910,198	0.35%	1,710,153	0.35%	1,806,793	0.50%
Total Exempt Property	135,496,610	22.95%	127,570,687	23.51%	126,164,888	25.54%	-	0.00%
Total Appraised Value Before Exemptions	590,363,319	100%	542,558,421	100%	493,902,441	100%	361,461,832	100%
Less: Total Exemptions/Reductions	(170,848,721)		(163,227,474)		(152,470,895)		(25,459,329)	
Taxable Assessed Valuation	<u>\$ 419,514,598</u>		<u>\$ 379,330,947</u>		<u>\$ 341,431,546</u>		<u>\$ 336,002,503</u>	

Category	2010	% of Total	2009	% of Total	2008	% of Total	2007	% of Total
	Amount		Amount		Amount		Amount	
Real, Residential, Single-Family	\$ 183,631,647	51.37%	\$ 185,262,397	51.95%	\$ 174,981,388	54.27%	\$ 150,618,597	51.80%
Real, Residential, Multi-Family	11,180,787	3.13%	12,044,952	3.38%	11,573,572	3.59%	11,405,152	3.92%
Real, Vacant Lots/Tracts	22,371,971	6.26%	22,894,057	6.42%	17,291,693	5.36%	14,779,916	5.08%
Real, Acreage (Land Only)	13,299,889	3.72%	11,874,932	3.33%	6,741,597	2.09%	7,427,173	2.55%
Real, Farm and Ranch Improvements	1,810,497	0.51%	1,715,479	0.48%	1,560,995	0.48%	1,134,842	0.39%
Real, Commercial	70,074,113	19.60%	67,586,895	18.95%	53,349,191	16.55%	52,124,693	17.93%
Real, Industrial	6,238,758	1.75%	6,072,271	1.70%	5,624,882	1.74%	5,553,819	1.91%
Vehicles	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Real and Tangible Personal, Utilities	8,252,576	2.31%	8,626,804	2.42%	8,990,799	2.79%	9,882,869	3.40%
Tangible Personal, Commercial	20,881,471	5.84%	20,771,398	5.82%	21,661,139	6.72%	17,592,027	6.05%
Tangible Personal, Industrial	4,119,225	1.15%	2,557,213	0.72%	3,682,980	1.14%	3,531,577	1.21%
Tangible Personal, Mobile Homes	11,246,313	3.15%	12,415,278	3.48%	10,553,209	3.27%	10,260,543	3.53%
Tangible Personal, Other	1,643,375	0.46%	1,703,186	0.48%	3,120,849	0.97%	3,570,024	1.23%
Special Inventory	2,699,693	0.76%	3,125,324	0.88%	3,314,514	1.03%	2,888,248	0.99%
Total Appraised Value Before Exemptions	357,450,315	100%	356,650,186	100%	322,446,808	100%	290,769,480	100%
Less: Total Exemptions/Reductions	(18,498,708)		(20,343,720)		(14,547,775)		(12,389,515)	
Taxable Assessed Valuation	<u>\$ 338,951,607</u>		<u>\$ 336,306,466</u>		<u>\$ 307,899,033</u>		<u>\$ 278,379,965</u>	

(1) Preliminary values, subject to change. Texas Comptroller of Public Accounts, Property Tax Division.

Sources: City of Donna Property Tax Department



TABLE 16

**CITY OF DONNA, TEXAS**  
**VALUATION AND FUNDED DEBT HISTORY**

Fiscal Year	Tax Year	Estimated Population	Taxable Assessed Valuation <sup>(1)</sup>	Per Capita Taxable Assessed Valuation	Gross Funded Tax Debt	Ratio Funded Debt to Taxable Assessed Valuation	Gross Per Capita Funded Tax Debt
2005	2004	15,672	\$ 246,505,000	\$ 15,729	\$ 14,205,000	5.76%	\$ 906
2006	2005	15,907	267,030,270	16,787	13,484,523	5.05%	848
2007	2006	16,449	278,379,965	16,924	14,374,999	5.16%	874
2008	2007	16,925	307,899,033	18,192	12,655,000	4.11%	748
2009	2008	17,415	336,306,436	19,311	40,170,000	11.94%	2,307
2010	2009	17,902	338,951,607	18,934	46,605,000	13.75%	2,603
2011	2010	17,902	336,002,503	18,769	45,410,000	13.51%	2,537
2012	2011	15,798	341,431,546	21,612	44,125,000	12.92%	2,793
2013	2012	25,100	379,330,947	15,113	42,600,000	11.23%	1,697
2014	2013	26,600	419,514,607	15,771	41,590,000	9.91%	1,564

<sup>(1)</sup> The valuations shown are the Total Taxable Assessed Valuations reported annually in September to the Property Tax Board.

The valuations are subject to change during the ensuing year due to settlement of contested valuations, etc.

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Comptroller of Public Accounts, Property Tax Division, and the City of Donna, Texas Tax Department.

**CITY OF DONNA, TEXAS**  
**TAX RATE, LEVY & COLLECTIONS HISTORY**

**TABLE 17**

Fiscal Year Ending	Tax Year	General Fund	Debt Service	Total Tax Rate	Tax Levy (1)	% Current Collections	% Total Collections
2005	2004	0.623944	0.367704	0.991648	\$ 2,444,462	87.86%	105.72%
2006	2005	0.622352	0.366786	0.989138	2,641,298	87.90%	107.63%
2007	2006	0.589760	0.400239	0.989999	2,755,959	87.31%	108.95%
2008	2007	0.589805	0.400194	0.989999	3,048,197	87.17%	104.90%
2009	2008	0.589805	0.400194	0.989999	3,307,162	89.30%	107.46%
2010	2009	0.638126	0.400194	1.038320	3,472,824	87.00%	103.00%
2011	2010	0.674052	0.451927	1.125979	3,778,152	88.00%	104.00%
2012	2011	0.706169	0.546207	1.252376	3,720,197	88.00%	102.00%
2013	2012	0.706169	0.546207	1.252376	4,750,650	90.00%	109.00%
2014	2013	0.734764	0.517612	1.252376	5,253,900	89.00%	106.00%

(1) The levies shown are those reported annually in September to the State Property Tax Board. The levies are subject to change during the ensuing year due to settlement of contested valuations, etc.

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas and the City of Donna, Texas Tax Department.

TABLE 18

**CITY OF DONNA, TEXAS  
PRINCIPAL TAXPAYERS  
FOR FISCAL YEAR ENDING 09/30/2014  
(Unaudited)**

Taxpayer	2014			2005		
	Taxable Assessed Valuation	Ranked	% of Taxable Assessed Valuation	Taxable Assessed Valuation	Ranked	% of Taxable Assessed Valuation
MHC Victoria Palms LLC	\$ 7,424,019	1	1.69%	\$ 3,390,471	3	1.38%
W Silver Recycling Inc.	3,962,138	2	0.90%			
AEP Texas Central Co.	3,750,390	3	0.85%	4,166,230	2	1.69%
Packaging Corporation of America	3,422,812	4	0.78%	1,473,376	9	0.60%
BH Hester Donna LLC	2,701,123	5	0.61%			
H E Butt Grocery Company	2,564,129	6	0.58%	2,719,859	5	1.10%
D & J Investments LTD	2,563,295	7	0.58%			
Bland Distribution Services LLC	2,200,789	8	0.50%			
Raymondville State Bank	1,949,039	9	0.44%			
Crystal City Railroad Inc.	1,936,874	10	0.44%			
Howard Johnson				7,894,069	1	3.20%
Southwestern Bell Telephone				2,738,001	4	1.11%
Hesterstreet L. P.				2,212,374	6	0.90%
Interstate Fruit & Vegetable Co Inc.				2,212,374	7	0.90%
Texas Cable Partners				1,460,880	10	0.59%
Hector & Alicia Investments LLC				1,526,974	8	0.62%
<b>Totals</b>	<b>\$ 32,474,608</b>		<b>7.38%</b>	<b>\$ 29,794,608</b>		<b>10.71%</b>

Source: Hidalgo County Appraisal District

TABLE 19

**CITY OF DONNA, TEXAS**  
**TAX SUPPORTED DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 9/30	Existing Outstanding Gross Funded Debt			% of Principal Retired
	Principal	Interest	Requirements	
2015	\$ 1,020,000	\$ 2,256,039	\$ 3,276,039	
2016	1,240,000	2,209,098	3,449,098	21.87%
2017	1,070,000	2,153,038	3,223,038	
2018	1,645,000	2,090,207	3,735,207	
2019	1,715,000	2,016,245	3,731,245	
2020	1,795,000	1,938,178	3,733,178	
2021	1,880,000	1,855,855	3,735,855	34.23%
2022	1,755,000	1,771,123	3,526,123	
2023	1,840,000	1,683,949	3,523,949	
2024	1,935,000	1,590,524	3,525,524	
2025	2,030,000	1,492,356	3,522,356	
2026	1,460,000	1,398,877	2,858,877	48.94%
2027	1,575,000	1,308,153	2,883,153	
2028	1,685,000	1,210,519	2,895,519	
2029	1,800,000	1,105,896	2,905,896	
2030	1,915,000	994,230	2,909,230	
2031	1,930,000	878,635	2,808,635	69.15%
2032	2,145,000	755,983	2,900,983	
2033	2,265,000	623,105	2,888,105	
2034	2,100,000	489,930	2,589,930	
2035	2,100,000	359,375	2,459,375	
2036	2,300,000	221,875	2,521,875	
2037	2,400,000	75,000	2,475,000	100.00%
	<u>\$ 41,600,000</u>	<u>\$ 30,478,185</u>	<u>\$ 72,078,185</u>	

Source: Municipal Advisory Council and City of Donna

TABLE 20

**CITY OF DONNA, TEXAS  
OTHER OBLIGATIONS  
(Unaudited)**

Capital Lease Obligations

The City leases certain equipment under non-cancelable leases expiring over future years. The following summarizes the City's obligations classified under Governmental activities:

4.98% lease payable in annual installments of \$51,906, including interest, collateralized by a fire truck. This lease is payable from the Fire Equipment Service Fee Fund. <sup>(1)</sup>	\$ 49,444
Lease payable due in annual installments of \$1,219 including interest, collateralized by a Ricoh Copier.	425
Lease payable due in monthly installments of \$7,664, including interest, collateralized by (3) 2013 Ford Fusions, (6) 2013 Ford Crown Victorias, (2) 2013 Ford F-150 Crew Cabs	162,212
Lease payable due in annual installments of \$31,663 including interest, collateralized by phone equipment.	30,647
Lease payable due in monthly installments of \$425.10 including interest, collateralized by a Ford Fusion	9,108
Lease payable due in monthly installments of \$118.29 including interest, collateralized by a Ricoh Copier.	351
Total Capital Lease Debt	<u>\$ 252,187</u>
Less: Current Portion of Capital Lease Obligations	<u>180,283</u>
Capital Lease Obligations, Net of Current Portion	<u>\$ 71,904</u>

The schedule of the future minimum lease payments under these capital leases is as follows:

Year Ending September 30,	General Government Long-Term Debt
2015	180,283
2016	79,960
	<u>\$ 260,243</u>
Less: Amounts Representing Interest	8,056
Balance at September 30, 2014	<u>\$ 252,187</u>

Source: City of Donna, Texas

<sup>(1)</sup> Payments on this debt are from a Special Revenue Fund which is used to acquire fire fighting equipment.

TABLE 21

**CITY OF DONNA, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**SEPTEMBER 30, 2014**  
**(unaudited)**

Taxing Jurisdiction	Net Bonded Debt		Percentage of Debt Applicable to Area	Donna Geographical Area Share of Debt
	Date	Amount		
<b>Direct:</b>				
City of Donna	9/30/2014	\$ 41,600,000	100.00%	\$ 41,600,000
<b>Overlapping:</b>				
Donna Independent School District	8/31/2014	102,683,874	33.77%	34,676,344
Hidalgo County	12/31/2013	162,385,000	1.26%	2,046,051
Hidalgo County Drainage District No. 1	6/30/2013	163,535,000	1.31%	2,142,309
Donna Irrigation District Hidalgo Co. No. 1		-	0.00%	-
South Texas CCD	12/31/2013	44,384,991	1.25%	554,812
Total Direct Debt				41,600,000
Total Net Overlapping Debt				39,419,516
Total Direct and Overlapping Debt				\$ 81,019,516
Average Debt Per Capita	9/30/2014	\$ 27,185		\$ 2,980

Source: Texas Municipal Advisory Council of Texas reports last update 9/10/2012

**CITY OF DONNA, TEXAS**  
**GENERAL FUND REVENUES, EXPENDITURES HISTORY**

	Fiscal Year Ended September 30,					
Revenues	2014	2013	2012	2011	2010	2009
Taxes	\$ 4,953,773	\$ 4,533,880	\$ 4,036,307	\$ 3,852,989	\$ 3,551,743	\$ 3,472,034
Licenses and Permits	165,471	134,634	123,623	101,415	83,718	96,836
Charges for Service	1,238,179	1,199,578	1,204,455	1,189,906	1,141,676	1,111,621
Fines and Forfeitures	175,558	92,765	97,283	105,244	110,081	138,660
Intergovernmental	130,074	77,183	241,369	326,847	677,142	182,660
Interest	1,250	1,129	583	48,943	1,633	5,194
Other Revenues	34,882	125,669	45,502	-	17,265	16,824
Total Revenues	\$ 6,699,187	\$ 6,164,838	\$ 5,749,122	\$ 5,625,344	\$ 5,583,258	\$ 5,023,829
<b>Expenditures</b>						
Current:						
General Government	\$ 1,405,244	\$ 1,209,763	\$ 1,078,438	\$ 1,010,748	\$ 1,069,874	\$ 974,982
Public Safety	2,357,686	2,119,400	1,873,037	1,905,641	2,271,697	1,957,380
Public Works	1,685,840	1,523,106	1,412,629	1,472,449	1,790,994	1,215,055
Economic Development	-	-	75,000	86,969	-	14,100
Culture and Recreation	684,125	646,579	535,166	516,101	512,410	498,168
Health and Welfare	185,602	164,762	217,651	160,389	143,771	139,375
Debt Service:						
Principal Retirements	127,227	60,290	62,061	60,339	65,814	25,729
Interest, Fiscal & Issuance Charges	8,549	4,120	5,784	6,075	6,626	3,983
Total Expenditures	\$ 6,454,273	\$ 5,728,020	\$ 5,259,766	\$ 5,218,711	\$ 5,861,186	\$ 4,828,772
Excess/Deficiency of Revenues Over Expenditures	244,914	436,818	489,356	406,633	(277,928)	195,057
<b>Other Financing Sources/Uses</b>						
Operating Transfers In	45,445	-	43,066	-	-	1,720
Operating Transfers Out	-	(25,831)	-	(118,665)	(127,191)	(68,798)
Tax Note Proceeds	-	-	-	-	-	-
Loan and Lease Proceeds	-	351,753	-	42,812	137,317	26,293
Total Other Financing Sources/Uses	\$ 45,445	\$ 325,922	\$ 43,066	\$ (75,853)	\$ 10,126	\$ (40,785)
Excess/Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Uses	290,359	762,740	532,422	330,780	(267,802)	154,272
Beginning Fund Balance	2,229,512	1,466,772	934,350	603,570	871,372	717,100
Prior Period Adjustment	-	-	-	-	-	-
Ending Fund Balance	\$ 2,519,871	\$ 2,229,512	\$ 1,466,772	\$ 934,350	\$ 603,570	\$ 871,372

Source: City of Donna, Texas Annual Financial Reports

TABLE 23

**CITY OF DONNA, TEXAS**  
**MUNICIPAL SALES TAX HISTORY**

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Total Collections Per Capita
2005	\$ 933,910	35.36%	0.3497	\$ 59
2006	1,056,113	38.32%	0.3794	64
2007	1,577,673	34.26%	0.7812	96
2008	1,561,820	51.24%	0.5073	90
2009	1,547,514	46.79%	0.4602	86
2010	1,467,723	42.26%	0.4330	82
2011	1,592,805	48.30%	0.4740	89
2012	1,731,965	46.56%	0.5073	97
2013	1,980,685	41.69%	0.5222	75
2014	2,089,644	39.77%	0.4981	77

Source: Office of the Texas Comptroller and City of Donna

Annual Financial Report



TABLE 24

**CITY OF DONNA, TEXAS**  
**INTEREST AND SINKING FUND BUDGET PROJECTIONS**

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/15	\$ 1,974,995
Less:	
Interest and Sinking Fund Balance at 9/30/14	1,143,789
2014 Interest and Sinking Fund Tax Levy @ 100% Collection	1,776,169
Amount paid from other resources	<u>254,763</u>
Estimated Balance as of 9/30/15	<u><u>\$ 1,199,726</u></u>

Source: City of Donna, Texas

TABLE 25

**CITY OF DONNA, TEXAS  
CURRENT INVESTMENTS**

The City's cash and temporary investments at September 30, 2014 are shown below:

Name	Carrying Amount	Market Value
Non-Interest Bearing Cash Accounts	\$ 939,364	\$ 939,364
Money Market Fund available from Trustee	2,678,425	2,678,425
Local Government Investment Cooperative (LOGIC) <sup>(1)</sup>	9,297,666	9,297,666
Investments held: Certificates of Deposit and Callable Bonds	1,468,000	1,469,234
Less: Statement of Fiduciary Net Assets	<u>(287,203)</u>	<u>(287,203)</u>
<b>Total</b>	<u><u>\$ 14,096,252</u></u>	<u><u>\$ 14,097,486</u></u>

<sup>(1)</sup> Local Government Investment Cooperative ("LOGIC" or the "Cooperative") is organized under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, which permits the creation of investment pools to which a majority of political subdivisions in Texas may delegate the authority to make investment purchases and sales with local investment funds and to hold legal title as custodian of the investment securities.

Source: City of Donna, Texas

**CITY OF DONNA, TEXAS  
PRINCIPAL EMPLOYERS  
FOR FISCAL YEAR ENDING 2014 AND 2005**

TABLE 26

<u><b>Employer</b></u>	<u>2014<sup>(1)</sup></u>		<u>2005*</u>	
	<u><b>Employees</b></u>	<u><b>Rank</b></u>	<u><b>Employees</b></u>	<u><b>Rank</b></u>
Donna ISD	2,513	1	1380	
A&E Health Services	568	2	**	
Idea Public Schools	173	3	**	
HEB	115	4	50	
City of Donna	102	5	56	
Paramount Citrus	98	6	**	
Victoria Palms Resort/Hotel	85	7	70	
Whataburger Inc.	68	8	**	
McDonalds	53	9	20	
Bland Distribution	50	10	**	
Total	<u>3,825</u>		<u>-</u>	

(1) SOURCE DEDC

\* Information was not tracked.