

**CITY OF DONNA, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2013**

**CITY OF DONNA, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
September 30, 2013

Council – Manager Form of Government

**MAYOR**

David S. Simmons

**COUNCIL MEMBERS**

Simon Saucedo, II  
Jose G. Garza, Jr.  
Sonia Gallegos  
Irene Munoz

**CITY MANAGER**

Oscar E. Ramirez

**FINANCE DIRECTOR**

David R. Vasquez

**CITY SECRETARY**

Martha Alvarado

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ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2013

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# **FINANCIAL SECTION**

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## 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and related accumulated depreciation 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, which would decrease the assets and net assets and increase expenses of governmental activities. The amount by which this departure would affect the assets, net assets and expenses 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, 2013, 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 assets, 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, 2013, 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, 2013, 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***

### ***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.

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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit

performed in accordance with *Government Auditing Standards* in considering the City of Donna, Texas' internal control over financial reporting and compliance.

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

McAllen, Texas  
March 27, 2014

# 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, 2013.

## Financial Highlights In Brief

In regards to the City's government-wide level financial statements, the 2013 and 2012 amounts are included in this discussion and analysis for comparative purposes.

- The assets of the City exceeded liabilities at the close of the 2013 and 2012 fiscal years by \$59,575,066 (net position) and by \$58,101,604 (net position), respectively. At the end of the 2013 and 2012 fiscal years the statement of net position reflects a deficit amount for unrestricted net position of \$5,182,012 and a deficit amount of \$6,516,709, respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,200,202, an increase of \$242,208 or 6.12% over the prior year.
- At the end of the current fiscal year, the unreserved undesignated fund balance for the general fund was \$1,893,052 or a positive 33.05 percent of total current year general fund expenditures.
- The City of Donna's total debt decreased by a net amount of \$1,437,996 or 3.06 percent during the current fiscal year.

## 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 two discretely presented component units is reported separately from the financial information presented for the primary government itself. The Donna International Bridge Corporation is reported as a blended component unit with the proprietary funds, since its Board of Directors is the Donna City Council and is included with business-type activities.

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 eleven 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 three private purpose trust fiduciary funds. The Firemen's Relief and Retirement Fund are reported as a fiduciary pension fund. Tax Increment Reinvestment Zones Number One and Number Two are reported as fiduciary funds of the primary government. 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 \$59,575,066 at the close of fiscal year 2013 and by \$58,101,604 at the close of fiscal year 2012.

City of Donna  
Net Position  
September 30,

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$6,330,677	\$6,294,420	\$ 10,399,874	\$ 9,509,693	\$ 16,730,551	\$ 15,804,113
Capital assets	25,014,867	24,192,991	63,416,743	65,129,590	88,431,610	89,322,581
Total assets	<u>31,345,544</u>	<u>30,487,411</u>	<u>73,816,617</u>	<u>74,639,283</u>	<u>105,162,161</u>	<u>105,126,694</u>
Long-term liabilities	3,053,008	3,069,403	41,067,546	41,373,579	44,120,554	44,442,982
Other liabilities	511,923	808,242	954,616	1,295,689	1,466,539	2,103,931
Total liabilities	<u>3,564,931</u>	<u>3,877,645</u>	<u>42,022,162</u>	<u>42,669,268</u>	<u>45,587,093</u>	<u>46,546,913</u>
Net Position						
Invested in capital assets, net of related debt	22,508,397	22,322,916	37,091,287	37,284,859	59,599,684	59,607,775
Restricted	2,786,431	2,861,266	2,370,963	2,149,273	5,157,394	5,010,539
Unrestricted (deficit)	<u>2,485,784</u>	<u>1,425,585</u>	<u>(7,667,796)</u>	<u>(7,942,293)</u>	<u>(5,182,012)</u>	<u>(6,516,708)</u>
Total net position	<u>\$27,780,612</u>	<u>\$26,609,767</u>	<u>\$ 31,794,454</u>	<u>\$ 31,491,839</u>	<u>\$ 59,575,066</u>	<u>\$ 58,101,604</u>

The largest portion of the City's net position (100 % in 2013 and 102.6% in 2012) 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 (8.66% in 2013 and 8.62% in 2012) 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 \$2,485,784 for 2013 and \$1,425,585 for 2012.

The City's unrestricted net position under business-type activities reflect a deficit balance of \$7,667,796 at 2013 and a deficit of \$7,942,293 at 2012.

The Water and Sewer Fund has unrestricted net position of \$3,454,597 at 2013, which reflects an increase of \$1,030,979 or 42.5 percent over fiscal year 2012. The City International Bridge Fund has an unrestricted net position deficit of \$11,122,393 at 2013, which reflects an increase in the deficit of \$756,482 from 2012. 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 2013 and 2012.

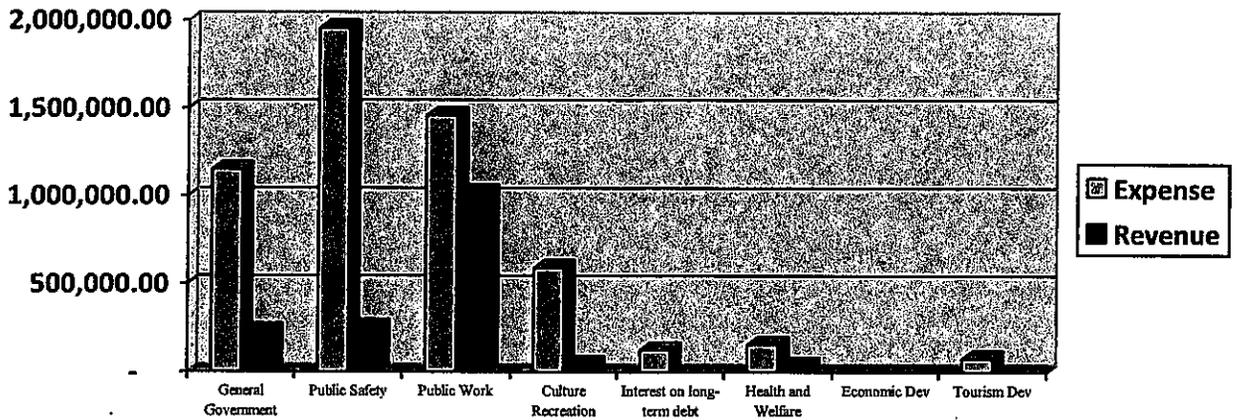
**City of Donna  
Changes in Net Position  
September 30,**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,502,025	\$ 1,502,221	\$ 6,943,895	\$ 6,600,386	\$ 8,445,920	\$ 8,102,607
Operating grants and contributions	88,950	312,700	-	-	88,950	312,700
Capital grants and contributions	-	976,729	127,000	1,941,851	127,000	-
<b>General Revenues:</b>						
Property taxes	5,038,673	4,390,543	-	-	5,038,673	4,390,543
Other taxes	1,866,447	1,705,337	-	-	1,866,447	1,705,337
Other	131,733	51,463	7,178	10,256	138,911	61,719
<b>Total revenues</b>	<b>8,627,828</b>	<b>8,938,993</b>	<b>7,078,073</b>	<b>8,552,493</b>	<b>15,705,901</b>	<b>17,491,486</b>
<b>Expenses:</b>						
General government	1,150,560	1,083,063	-	-	1,150,560	1,083,063
Public safety	1,956,753	1,847,489	-	-	1,956,753	1,847,489
Public works	1,459,303	1,391,738	-	-	1,459,303	1,391,738
Culture and recreation	591,910	519,826	-	-	591,910	519,826
Public Health and welfare	155,716	217,651	-	-	155,716	217,651
Economic Development	-	144,809	-	-	-	144,809
Tourism development	75,771	17,598	-	-	75,771	17,598
Interest on long-term debt	124,785	73,071	-	-	124,785	73,071
Utility system operations	-	-	5,148,958	5,005,481	5,148,958	5,005,481
International Bridge Fund	-	-	3,568,683	3,551,342	3,568,683	3,551,342
<b>Total expenses</b>	<b>5,514,798</b>	<b>5,295,244</b>	<b>8,717,641</b>	<b>8,556,823</b>	<b>14,232,439</b>	<b>13,852,068</b>
Changes in net position before transfers	3,113,030	3,643,749	(1,639,568)	(4,330)	1,473,462	3,639,418
Transfers	(1,942,184)	(1,504,045)	1,942,184	1,504,045	-	-
<b>Changes in net position</b>	<b>1,170,846</b>	<b>2,139,704</b>	<b>302,616</b>	<b>1,499,715</b>	<b>1,473,462</b>	<b>3,639,418</b>
Net Position – beginning of year	26,609,765	24,470,062	31,491,840	29,992,125	58,101,604	54,462,187
Prior-period adjustment	-	-	-	-	-	-
<b>Net Position – end of year</b>	<b>\$ 27,780,611</b>	<b>\$ 26,609,767</b>	<b>\$ 31,794,456</b>	<b>\$ 31,491,838</b>	<b>\$ 59,575,067</b>	<b>\$ 58,101,604</b>

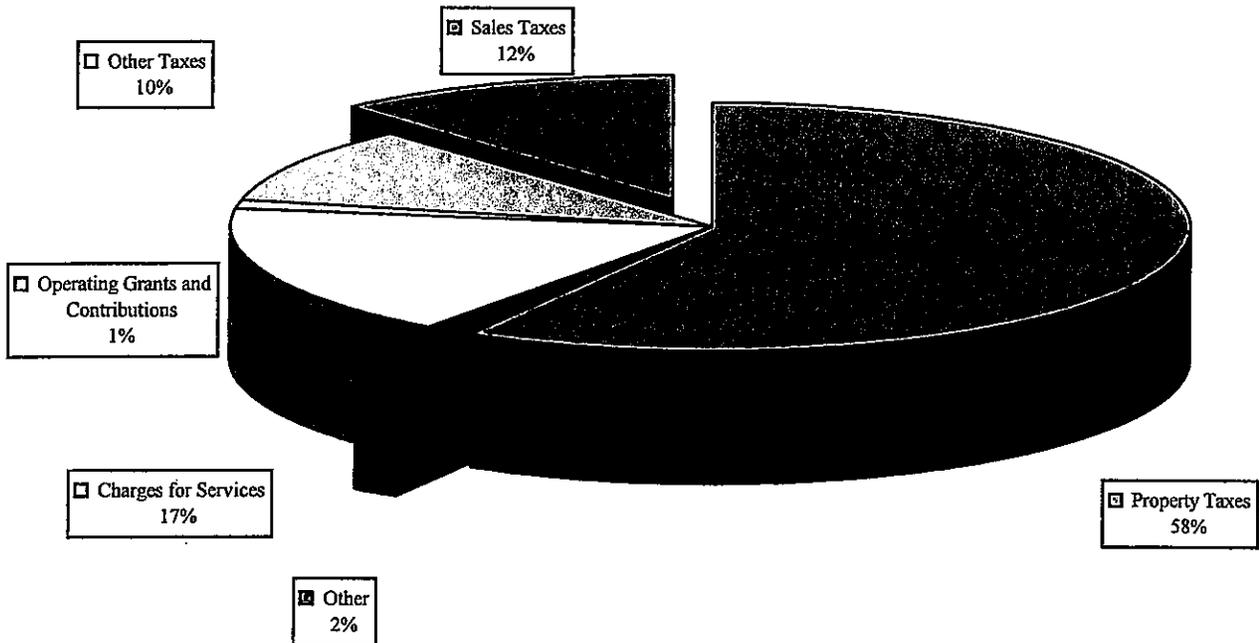
Total revenues generated from both governmental and business-type activities for 2013 amounted to \$15,705,901 with expenses of \$14,232,439 resulted in a net position increase of \$1,473,462 for 2013. Compared to 2012, there was \$17,491,486 in revenues with expenses of \$13,852,068 that resulted in a net position increase of \$3,639,418 for 2012.

**Governmental activities.** Governmental activities increased the City of Donna's net position by \$1,170,846 thereby accounting for an increase of 4.40 percent in governmental net position for 2013.

### Expenses and Program Revenues-Governmental Activities

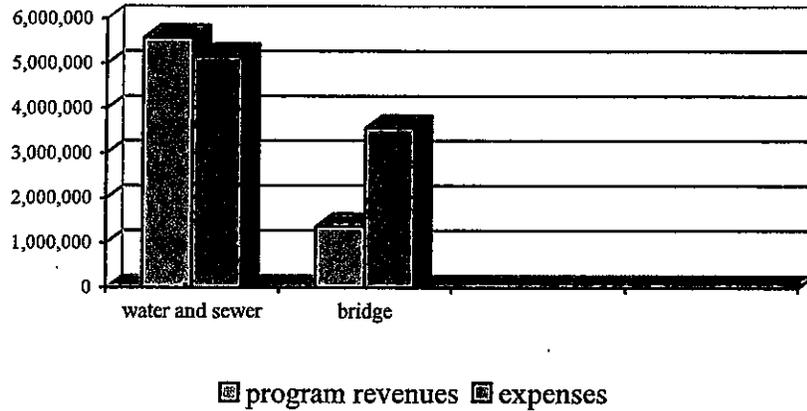


### Revenues by Source-Governmental Activities

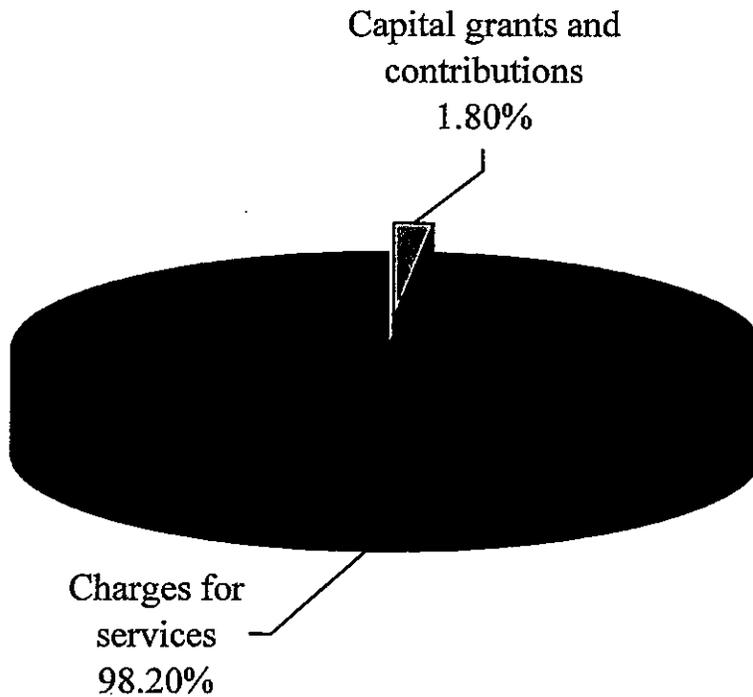


**Business-type activities.** Business-type activities increased the City of Donna's net assets by \$302,616 thereby accounting for an increase of .96 percent in total net assets in 2013. Capital contributions recorded were \$127,000, a decrease of \$1,814,850 over 2012. Interfund Transfers totaled \$1,942,184, an increase of \$438,139 or 29.1% over 2012.

**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 \$4,200,202 an increase of \$242,208 or 6.12 percent. A positive amount of \$1,893,052 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 \$2,129,683 is restricted and \$177,467 is for capital projects.

The General Fund is the chief operating fund of the City of Donna. At the end of the 2013 fiscal year unreserved undesignated fund balance of the General Fund was \$1,893,052. 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 2013 unreserved undesignated fund balance represents a positive 33.05 percent of total General Fund expenditures.

During the 2013 fiscal year, the net change in fund balance of the City's General Fund increased by \$762,739. The key components and factors in this increase are as follows:

- An increase in Property Tax Collections above budget of \$351,778 or 17 percent
- An increase in Sales Tax over budget of \$131,621 or 15 percent

The Debt Service Fund has a total fund balance of \$1,094,160, 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 2013 of \$216,603 and a net decrease of \$30,406 in 2012. The Debt Service fund was budgeted with a balanced budget in 2013. 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 \$7,667,796 at 2013 is comprised of the respective proprietary funds as follows; Water and Sewer Fund \$3,454,597, City International Bridge Fund deficit of \$11,122,393. 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 second consecutive year of 12 months of operation at the bridge.

## General Fund Budgetary Highlights

The original General Fund budget was increased by \$360,895 (Expenditures) or 7.03 percent compared to prior year. While budget variances were incurred at the department level, Revenues over Expenditures was a positive \$762,739.

### Capital Assets

The City of Donna's investment in capital assets for its governmental and business type activities as of September 30, 2013 and 2012 amounts to \$88,431,608 and \$89,322,581, 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 decrease in the City of Donna's investment in capital assets for the current year was 1.00 percent (a 3.4 percent increase for governmental activities and a 2.63 percent decrease for business-type activities, net of accumulated depreciation). The current year depreciation expense for business-type activities was \$2,188,221 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.

**City of Donna**  
**Capital Assets at Year End**  
**Net of Accumulated Depreciation (on Business-type Activities)**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,027,449	\$ 1,027,449	\$ 1,237,616	\$ 1,237,616	\$ 2,265,065	\$ 2,265,065
Buildings	2,725,574	2,637,123	2,809,716	2,871,024	5,535,290	5,508,147
Improvements other than buildings	8,931,391	8,931,391	505,107	495,169	9,436,498	9,426,560
Infrastructure	5,354,258	5,324,847	58,437,918	60,257,063	63,792,176	65,581,910
Furniture and equipment	6,976,195	6,242,770	318,465	229,297	7,294,660	6,472,067
Other developments in progress		29,411	107,921	39,421	107,921	68,832
<b>Total</b>	<b>\$ 25,014,867</b>	<b>\$ 24,192,991</b>	<b>\$ 63,416,743</b>	<b>\$ 65,129,590</b>	<b>\$ 88,431,610</b>	<b>\$ 89,322,581</b>

## Debt Administration

The City of Donna's total long-term debt for its governmental and business-type activities as of September 30, 2013 and 2012 amounts to \$44,120,553 and \$44,921,157, respectively.

### City of Donna Outstanding Debt at Year End General Obligations, Tax Notes, and Other Debt

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds - net	\$ 2,170,984	\$ 2,435,680	\$ 39,419,016	\$ 39,974,320	\$ 41,590,000	\$ 42,410,000
Less loss on refunded bonds	(107,497)	(138,211)	(250,589)	(322,186)	(358,086)	(460,397)
Less issuance face discount	-	-	(83)	(152)	(83)	(152)
General obligation tax notes	-	24,241	-	165,759	-	190,000
Claims payable	-	-	1,833,162	2,001,575	1,833,162	2,001,575
Capital leases	415,618	169,020	15,579	2,950	431,197	171,970
Notes and loans payable	233,051	233,051	-	-	233,051	233,051
Compensated absences	340,852	345,621	50,460	29,489	391,312	375,110
<b>Total</b>	<b>\$ 3,053,008</b>	<b>\$ 3,069,402</b>	<b>\$ 41,067,545</b>	<b>\$ 41,851,755</b>	<b>\$ 44,120,553</b>	<b>\$ 44,921,157</b>

The City's total debt decreased by a net \$800,604 or 1.78 percent, during the current fiscal year. The 2006 Tax Note was paid off in fiscal year 2013. The city entered into two new capital leases; a lease for a telecommunication system and a lease for vehicles (11). 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 \$1,814,974 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. While the Republic of Mexico and the City of Donna will be ready to accommodate commercial traffic, the U.S. government has made no financial commitment to build, staff, and operate facilities to accommodate commercial traffic that was originally projected.

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

- The assessed taxable valuations used in preparing the 2014 budget were up \$40,183,960, or 10.6 percent from the prior year.
- The City maintained the tax rate at \$1.252376 per \$100 valuation.
- In the 2014 Budget, the General Fund expenditures are budgeted at an increase of 14.71 % and revenues at 9.61%. The 2014 General Fund budget is a balanced budget.
- In August 2013, the toll bridge passenger fees were raised with the expectation of generating approximately \$250, 000 in toll revenues over prior year. The toll bridge crossing activities should also assist in increasing some 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.

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# **BASIC FINANCIAL STATEMENTS**

CITY OF DONNA, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,335,913	\$ 4,546,020	\$ 7,881,933
Receivables, net	2,097,082	714,535	2,811,616
Internal balances	545,404	(545,404)	-
Due from component unit	234,737	-	234,737
Inventories	4,285	-	4,285
Restricted assets			
Cash and cash equivalents	-	4,477,176	4,477,176
Capital assets:			
Land	1,027,449	1,237,616	2,265,065
Construction in progress	-	107,921	107,921
Other capital assets, net of accumulated depreciation	23,987,418	62,071,206	86,058,624
Other assets	85,037	69,098	154,134
Deferred charges	28,219	1,138,449	1,166,669
	<u>\$ 31,345,543</u>	<u>\$ 73,816,616</u>	<u>\$ 105,162,160</u>
<b>Total assets</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 295,312	\$ 215,501	\$ 510,814
Accrued interest payable	19,197	298,633	317,829
Accrued liabilities	68,362	26,982	95,344
Due to primary government	-	-	-
Due to fiduciary	7,126	-	7,126
Due to other governments	-	-	-
Deposits	98,802	413,500	512,302
Unearned revenue	23,124	-	23,124
Non-current liabilities:			
Due within one year	589,089	953,366	1,542,455
Due in more than one year	2,463,919	40,114,180	42,578,099
	<u>3,564,931</u>	<u>42,022,162</u>	<u>45,587,093</u>
<b>Total liabilities</b>			
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	22,508,397	37,091,287	59,599,684
Restricted for:			
Capital projects	101,647	383,367	485,014
Operations and maintenance	-	813,821	813,821
Restricted for repairs and replacements	-	150,009	150,009
Debt service	2,256,020	1,023,766	3,279,786
Tourism	423,082	-	423,082
Other purposes	5,682	-	5,682
Unrestricted (deficit)	2,485,784	(7,667,796)	(5,182,012)
	<u>\$ 27,780,612</u>	<u>\$ 31,794,454</u>	<u>\$ 59,575,066</u>
<b>Total net position (deficit)</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.
\$ 380,980	\$ 621,496
81,341	239,056
-	-
-	-
409,369	398,941
248,216	-
-	-
-	-
-	-
242,749	228,784
<u>\$ 1,362,655</u>	<u>\$ 1,488,276</u>
\$ -	\$ -
28,952	27,621
-	-
118,192	116,545
-	-
-	-
-	-
-	-
130,000	130,000
3,909,998	3,816,318
<u>4,187,142</u>	<u>4,090,485</u>
248,216	-
-	-
-	-
-	-
409,369	398,941
-	-
-	-
<u>(3,482,071)</u>	<u>(3,001,150)</u>
<u>\$ (2,824,487)</u>	<u>\$ (2,602,209)</u>

CITY OF DONNA, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 1,150,560	\$ 225,776	\$ 6,345	\$ -
Public safety	1,956,753	229,304	25,727	-
Public works	1,459,303	980,066	40,729	-
Culture and recreation	591,910	29,700	16,149	-
Public health and welfare	155,716	37,179	-	-
Economic development	-	-	-	-
Tourism development	75,771	-	-	-
Interest on long-term debt	124,785	-	-	-
Total governmental activities	<u>5,514,799</u>	<u>1,502,025</u>	<u>88,950</u>	<u>-</u>
Business-type activities:				
Water and sewer	5,148,958	5,573,405	-	7,000
International Bridge	3,568,683	1,370,490	-	120,000
Total business-type activities	<u>8,717,642</u>	<u>6,943,895</u>	<u>-</u>	<u>127,000</u>
Total primary government	<u>\$ 14,232,440</u>	<u>\$ 8,445,921</u>	<u>\$ 88,950</u>	<u>\$ 127,000</u>
<b>COMPONENT UNITS:</b>				
Economic Development	\$ 555,713	\$ -	\$ -	\$ -
Total component units	<u>\$ 555,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel occupancy tax				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit)-beginning				
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.
\$ (918,439)	\$ -	\$ (918,439)		
(1,701,721)	-	(1,701,721)		
(438,509)	-	(438,509)		
(546,061)	-	(546,061)		
(118,537)	-	(118,537)		
-	-	-		
(75,771)	-	(75,771)		
(124,785)	-	(124,785)		
<u>(3,923,824)</u>	<u>-</u>	<u>(3,923,824)</u>		
-	431,447	431,447		
-	(2,078,193)	(2,078,193)		
-	(1,646,747)	(1,646,747)		
<u>\$ (3,923,824)</u>	<u>\$ (1,646,747)</u>	<u>\$ (5,570,571)</u>		
			\$ (296,565)	\$ (259,147)
			<u>\$ (296,565)</u>	<u>\$ (259,147)</u>
5,038,673	-	5,038,673	-	-
999,188	-	999,188	499,594	499,594
751,686	-	751,686	-	-
115,573	-	115,573	-	-
6,027	7,178	13,205	111	3,921
125,706	-	125,706	-	-
(1,942,184)	1,942,184	-	-	-
<u>5,094,670</u>	<u>1,949,362</u>	<u>7,044,032</u>	<u>499,705</u>	<u>503,515</u>
1,170,845	302,615	1,473,461	203,140	244,368
26,609,767	31,491,839	58,101,606	(3,027,627)	(2,846,576)
<u>\$ 27,780,612</u>	<u>\$ 31,794,454</u>	<u>\$ 59,575,067</u>	<u>\$ (2,824,487)</u>	<u>\$ (2,602,209)</u>

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# **FUND FINANCIAL STATEMENTS**

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CITY OF DONNA, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 1,426,091	\$ 1,065,127	\$ 844,696	\$ 3,335,913
Receivables, net:				
Property taxes	973,608	705,667	-	1,679,276
Accounts	377,117	-	5,877	382,994
Intergovernmental	34,812	-	-	34,812
Inventories	4,285	-	-	4,285
Due from other funds	211,722	-	21,030	232,751
Due from component units	234,737	-	-	234,737
Prepaid items	-	-	85,037	85,037
Advances to other funds	332,175	-	-	332,175
	<u>\$ 3,594,547</u>	<u>\$ 1,770,794</u>	<u>\$ 956,639</u>	<u>\$ 6,321,980</u>
Total Assets				
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ 225,598	\$ -	\$ 69,714	\$ 295,312
Accrued liabilities	68,362	-	-	68,362
Due to other funds	8,803	325	10,395	19,522
Due to component units	-	-	-	-
Due to other governments	-	-	-	-
Due to fiduciary	7,126	-	-	7,126
Deferred revenues	933,219	676,309	-	1,609,529
Unearned revenues	23,124	-	-	23,124
Deposits	98,802	-	-	98,802
	<u>1,365,034</u>	<u>676,634</u>	<u>80,109</u>	<u>2,121,777</u>
Total Liabilities				
<u>Fund Balances</u>				
Nonspendable - inventory	4,285	-	-	4,285
Nonspendable - long term advances to funds	332,175	-	-	332,175
Restricted for:				
Tourism	-	-	423,082	423,082
Law enforcement	-	-	5,682	5,682
Fire equipment debt service	-	-	168,652	168,652
Equipment purchases	-	-	55,906	55,906
Park improvements	-	-	45,741	45,741
Debt service	-	1,094,160	-	1,094,160
Capital projects	-	-	177,467	177,467
Unassigned	1,893,052	-	-	1,893,052
	<u>2,229,512</u>	<u>1,094,160</u>	<u>876,530</u>	<u>4,200,202</u>
Total Fund Balances				
Total Liabilities and Fund Balances	<u>\$ 3,594,547</u>	<u>\$ 1,770,794</u>	<u>\$ 956,639</u>	<u>\$ 6,321,980</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, 2013

Total fund balances- governmental funds balance sheet	\$	4,200,202
Amounts reported for governmental activities in the statement of net position ("SNA") are different because:		
Capital assets used in governmental activities are not reported in the funds.		25,014,867
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,609,529
Payables for bond principal less refunding loss, which are not due in the current period are not reported in the funds.		(2,296,538)
Payables for debt interest, which are not due in the current period are not reported in the funds.		(19,197)
Payables for capital lease obligations, which are not due in the current period are not reported in the funds.		(415,618)
Payables for compensated absences and claims, which are not due in the current period are not reported in the funds.		(340,852)
Bond issuance costs, which are expensed in the funds.		28,219
		<hr style="border-top: 1px solid black;"/>
Net position of governmental activities- statement of net position	\$	<u>27,780,612</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, 2013

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 4,533,880	\$ 2,159,807	\$ 115,573	\$ 6,809,260
Licenses and permits	134,634	-	-	134,634
Charges for services	1,199,578	-	70,047	1,269,626
Fines and forfeitures	92,765	-	5,423	98,188
Intergovernmental	77,183	-	243,727	320,909
Interest	1,129	3,640	1,258	6,027
Other	125,669	-	11,345	137,014
<b>Total Revenues</b>	<b>6,164,838</b>	<b>2,163,448</b>	<b>447,372</b>	<b>8,775,658</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,209,763	-	-	1,209,763
Public safety	2,119,400	-	-	2,119,400
Public works	1,523,106	-	-	1,523,106
Culture and recreation	646,579	-	-	646,579
Health and welfare	164,762	-	-	164,762
Tourism development	-	-	75,771	75,771
Capital outlay	-	-	838,933	838,933
<b>Debt Service:</b>				
Principal retirements	60,290	288,937	44,864	394,091
Interest and other charges	4,120	86,661	7,042	97,824
<b>Total Expenditures</b>	<b>5,728,020</b>	<b>375,598</b>	<b>966,611</b>	<b>7,070,228</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>436,818</b>	<b>1,787,850</b>	<b>(519,238)</b>	<b>1,705,430</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	243,727	25,831	269,558
Transfers out	(25,831)	(1,814,974)	(243,727)	(2,084,532)
Issuance of capital lease	351,753	-	-	351,753
<b>Total Other Financing Sources (Uses)</b>	<b>325,921</b>	<b>(1,571,247)</b>	<b>(217,896)</b>	<b>(1,463,222)</b>
<b>Net Change in Fund Balances</b>	<b>762,739</b>	<b>216,603</b>	<b>(737,134)</b>	<b>242,208</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,466,773</b>	<b>877,557</b>	<b>1,613,663</b>	<b>3,957,993</b>
<b>Fund Balances at End of Year</b>	<b>\$ 2,229,512</b>	<b>\$ 1,094,160</b>	<b>\$ 876,530</b>	<b>\$ 4,200,202</b>

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, 2013

Net change in fund balances- total governmental funds	\$ 242,208
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	949,086
Capital asset from governmental to business-type not shown as transfers in the funds.	(127,210)
Other financing sources from capital leases are not revenues in the SOA.	(351,753)
Certain property tax revenues are deferred in the funds. This is the change in these amounts for this year.	95,897
Repayment of principal on long-term debt is an expenditure in the funds, but is not an expense in the SOA.	394,091
Amortization of refunding loss in the SOA not in the funds	(30,714)
Amortization of issuance costs in the SOA, previously expensed in the funds.	(8,282)
(Increase) decrease in accrued interest payable from beginning of the period to end of period.	2,750
Compensated absences are reported as the amount is incurred in the SOA, but as paid in the funds	4,769
	<hr/>
Change in net position of governmental activities- statement of activities	<u>\$ 1,170,845</u>

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2013

	<u>Business-type Activities</u>		
	<u>Water and Sewer Fund</u>	<u>City International Bridge Fund</u>	<u>Total Proprietary Funds</u>
<u>Assets</u>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 4,241,376	\$ 304,644	\$ 4,546,020
Restricted assets			
Cash and cash equivalents	2,179,568	2,297,608	4,477,176
Receivables, net:			
Accounts	714,359	176	714,535
Due from other funds	-	325	325
Total Current Assets	<u>7,135,303</u>	<u>2,602,753</u>	<u>9,738,055</u>
<b>Noncurrent assets</b>			
Advances to other funds	241,692	-	241,692
Deferred charges, net	416,259	722,190	1,138,449
Other assets	69,098	-	69,098
Capital assets	55,893,318	25,343,963	81,237,281
Less accumulated depreciation	<u>(15,577,451)</u>	<u>(2,243,087)</u>	<u>(17,820,538)</u>
Net Capital Assets	<u>40,315,867</u>	<u>23,100,876</u>	<u>63,416,743</u>
Total Noncurrent Assets	<u>41,042,916</u>	<u>23,823,066</u>	<u>64,865,982</u>
Total Assets	<u>\$ 48,178,219</u>	<u>\$ 26,425,819</u>	<u>\$ 74,604,038</u>

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2013

	Business-Type Activities		Total Proprietary Funds
	Water and Sewer Fund	City International Bridge Fund	
<u>Liabilities</u>			
<b>Current liabilities</b>			
Accounts payable	\$ 205,046	\$ 10,455	\$ 215,501
Accrued liabilities	6,251	20,731	26,982
Accrued interest payable	60,847	237,786	298,633
Compensated absences payable	8,167	12,017	20,184
Due to other funds	107,183	106,371	213,554
Current portion of bonds	220,000	545,142	765,142
Current portion of capital leases payable	-	6,031	6,031
Current portion of claims payable	-	150,155	150,155
Deposits	411,250	2,250	413,500
<b>Total Current Liabilities</b>	<u>1,018,744</u>	<u>1,090,937</u>	<u>2,109,682</u>
<b>Noncurrent liabilities</b>			
Bonds net of unamortized discount and refunding loss	8,188,728	30,214,474	38,403,202
Capital leases payable, net of current portion	-	9,549	9,549
Claims payable, net of current portion	1,683,007	-	1,683,007
Compensated absences, net of current portion	18,421	11,854	30,275
Advances from other funds	-	573,868	573,868
<b>Total Noncurrent Liabilities</b>	<u>9,890,156</u>	<u>30,809,745</u>	<u>40,699,901</u>
<b>Total Liabilities</b>	<u>10,908,901</u>	<u>31,900,682</u>	<u>42,809,583</u>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	31,777,139	5,314,148	37,091,287
Restricted for capital projects	383,367	-	383,367
Restricted for operations and maintenance	630,449	183,372	813,821
Restricted for repairs and replacements	-	150,009	150,009
Restricted for debt service	1,023,766	-	1,023,766
Unrestricted (deficit)	3,454,597	(11,122,393)	(7,667,796)
<b>Total Net Position (Deficit)</b>	<u>\$ 37,269,318</u>	<u>\$ (5,474,864)</u>	<u>\$ 31,794,454</u>

CITY OF DONNA, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION- PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities		Total Proprietary Funds
	Water and Sewer Fund	City International Bridge Fund	
<b>Operating Revenues:</b>			
Charges for services	\$ 5,573,405	\$ 1,343,490	\$ 6,916,895
Rent building	-	27,000	27,000
Total Operating Revenues	<u>5,573,405</u>	<u>1,370,490</u>	<u>6,943,895</u>
<b>Operating Expenses:</b>			
Salaries, wages and employee benefits	252,553	617,032	869,585
Supplies and materials	432,850	7,464	440,313
Property occupancy	69,488	9,443	78,931
Equipment maintenance	63,934	12,078	76,012
Other services	759,260	121,908	881,169
Depreciation and amortization	1,382,039	806,181	2,188,221
Operating contractor fees	1,670,060	-	1,670,060
Total Operating Expenses	<u>4,630,184</u>	<u>1,574,106</u>	<u>6,204,291</u>
Operating Income (Loss)	<u>943,221</u>	<u>(203,616)</u>	<u>739,604</u>
<b>Non-Operating Revenues (Expenses):</b>			
Interest income	6,589	589	7,178
Interest expense	(404,687)	(1,929,346)	(2,334,033)
Contributions	-	178,710	178,710
Amortization of issuance costs	(114,087)	(65,231)	(179,318)
Total Non-Operating Revenues (Expenses)	<u>(512,185)</u>	<u>(1,815,278)</u>	<u>(2,327,463)</u>
Income (Loss) Before Contributions and Transfers	431,035	(2,018,894)	(1,587,859)
Capital Contributions	75,500	-	75,500
Transfers In	-	2,218,474	2,218,474
Transfers Out	(403,500)	-	(403,500)
Change in Net Position	103,035	199,580	302,615
Net Position Beginning of Year	<u>37,166,283</u>	<u>(5,674,444)</u>	<u>31,491,839</u>
Net Position at End of Year	<u>\$ 37,269,318</u>	<u>\$ (5,474,864)</u>	<u>\$ 31,794,454</u>

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, 2013

	Business-type Activities -		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers	\$ 5,609,190	\$ 1,370,314	\$ 6,979,504
Cash payments to employees for services	(256,473)	(615,286)	(871,759)
Cash payments to other suppliers for goods and services	(3,312,936)	(144,336)	(3,457,272)
Cash payments received for deposits	2,947	-	2,947
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,042,728</b>	<b>610,692</b>	<b>2,653,420</b>
<b>Cash Flows From Noncapital Financing Activities:</b>			
Interfund loan or loan payments received (paid)	342,925	(305,156)	37,769
Transfers from (to) other funds	(403,500)	2,218,474	1,814,974
<b>Net Cash Provided (Used) By Noncapital Financing Activities</b>	<b>(60,575)</b>	<b>1,913,318</b>	<b>1,852,743</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(321,356)	(25,831)	(347,187)
Principal paid on long-term debt	(219,921)	(564,288)	(784,209)
Interest paid on long-term debt	(406,630)	(1,933,104)	(2,339,734)
Capital contributions	7,000	120,000	127,000
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<b>(940,907)</b>	<b>(2,403,223)</b>	<b>(3,344,130)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest from investments	6,589	589	7,178
<b>Net Cash Provided (Used) for Investing Activities</b>	<b>6,589</b>	<b>589</b>	<b>7,178</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,047,835</b>	<b>121,376</b>	<b>1,169,211</b>
Cash and Cash Equivalents at Beginning of Year	5,373,109	2,480,876	7,853,985
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 6,420,944</b>	<b>\$ 2,602,252</b>	<b>\$ 9,023,196</b>

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, 2013

	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)	\$ 943,221	\$ (203,616)	\$ 739,605
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	1,382,039	806,181	2,188,220
Change in Assets and Liabilities:			
Decrease (increase) in receivables	35,785	(176)	35,609
Increase (decrease) in accounts payable	(317,344)	6,557	(310,787)
Increase (decrease) in accrued liabilities	(3,920)	1,746	(2,174)
Increase (decrease) in deposits	2,947	-	2,947
Total Adjustments	<u>1,099,507</u>	<u>814,308</u>	<u>1,913,815</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,042,728</u>	<u>\$ 610,692</u>	<u>\$ 2,653,420</u>
Noncash Capital and related Financing Activities:			
Amortization of issuance costs	\$ (114,087)	\$ (65,231)	\$ (179,318)
Capital assets from other funds	68,500	58,710	127,210

The accompanying notes are an integral part of this statement

CITY OF DONNA, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2013

	Fireman's Pension Fund	Component Units	
		Tax Increment Reinvestment Zone #1	Tax Increment Reinvestment Zone #2
<u>Assets</u>			
Restricted assets:			
Cash and cash equivalents	\$ 774	\$ 229,406	\$ -
Receivables	-	71,525	4,190
Due from other funds	-	-	7,126
Total Assets	<u>774</u>	<u>300,931</u>	<u>11,316</u>
<u>Liabilities</u>			
Accrued expenses	-	(1,235,148)	(2,024,352)
<u>Net Position</u>			
Held in trust for pension benefits	774	-	-
Held in trust for reinvestment zone (deficit)	-	(934,218)	(2,013,037)
Total Net Position	<u>\$ 774</u>	<u>\$ (934,218)</u>	<u>\$ (2,013,037)</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, 2013

	Fireman's Pension Fund	Component Units	
		Tax Increment Reinvestment Zone #1	Tax Increment Reinvestment Zone #2
<b>Additions</b>			
Contributions:			
City	\$ 3,200	\$ 38,416	\$ 2,631
Hidalgo County	-	1,690	4,190
<b>Total Additions</b>	<u>3,200</u>	<u>40,106</u>	<u>6,821</u>
<b>Deductions</b>			
Administration	-	7,000	5,000
Developer's expense	-	-	275,535
Benefits	2,683	-	-
<b>Total Deductions</b>	<u>2,683</u>	<u>7,000</u>	<u>280,535</u>
<b>Change in Net Position</b>	517	33,106	(273,714)
<b>Net Position- Beginning of the Year</b>	<u>258</u>	<u>(967,324)</u>	<u>(1,739,323)</u>
<b>Net Position (Deficit) - End of the Year</b>	<u>\$ 774</u>	<u>\$ (934,218)</u>	<u>\$ (2,013,037)</u>

The accompanying notes are an integral part of this statement.

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CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

**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 of the reporting entity include those of the City of Donna (the primary government) and its component units, entities for which the government is considered to be financially accountable. Two of the units are each discretely presented component units reported in a separate column in the government-wide financial statements to emphasize that they are separate from the government. Tax Increment Reinvestment Zone Number One and Two are component units that are fiduciary in nature and are reported in a separate component units column in the fiduciary fund financial statements.

**Discretely Presented Component Units**

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

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. Both DEDC-4A and DCD-4B are presented as governmental fund types and have a September 30 fiscal year end. Neither of these component units issue separate financial statements.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*A. Reporting Entity (continued)*

Fiduciary Component Units

*Tax Increment Reinvestment Zone Number One (TIRZ #1)* is a reinvestment zone created by the City of Donna pursuant to Chapter 311 of the Texas Tax Code. This allows for the interlocal agreement made by and between the City of Donna, Hidalgo County, TIRZ #1, and Garden Valley Homes, LLC (the developer and petitioner for creation of the TIRZ #1) to provide property tax increment funding to TIRZ #1 to support qualifying development activities (public improvements for a 112 lot residential subdivision) within the TIRZ #1. In connection with the developer taking on all financial responsibilities for the qualifying development activities within TIRZ #1, the City and the Board of Directors of TIRZ #1 are in substance trustees via the above interlocal agreement to receive property tax increment collections and to reimburse the developer for the qualifying development activities within TIRZ #1 to the extent that property tax increment collections are available. The interlocal agreement provides that the City and the County shall pay all of their respective property tax increment collections from taxpayers within the tax increment zone to the TIRZ #1, except that tax increments from the County shall not exceed an M&O tax rate of .52 cents per \$100 valuation. The tax increment base is \$420,000. The City and County participation in this reinvestment zone shall end the earlier of the termination date in 2029 or when they have contributed all of their respective tax increment collections as follows: \$1,627,658 for the City and \$970,864 for the County.

*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. This allows for the interlocal agreement made by and between the City of Donna, Hidalgo County, TIRZ #2, and Rhodes Enterprises, Inc. (the developer and petitioner for creation of the TIRZ #2) to provide property tax increment funding to TIRZ #2 to support qualifying development activities (public improvements) within the TIRZ #2. As long as the developer takes on all financial responsibilities for the qualifying development activities within TIRZ #2, the City and the Board of Directors of TIRZ #2 shall be in substance trustees via the above interlocal agreement to receive property tax increment collections and to reimburse the developer for the qualifying development activities within TIRZ #2 to the extent that property tax increment collections are available. However, if the City decides to be more actively involved, such as in providing other resources to TIRZ #2, then it will no longer be a fiduciary component unit. The 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.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*A. Reporting Entity (continued)*

Pursuant to Section 311.009(b), both TIRZ #1 and TIRZ #2 have a nine-member Board of Directors. Six of the board members are appointed by the Donna City Council, one member is appointed by the County, one member is appointed by the local district State Senator, and one is appointed by the local district State Representative. The Donna City Council shall appoint one of the members annually to serve as chairman of the Board. The Board may elect other members as officers as it considers appropriate. The Donna City Council may by ordinance or resolution authorize the Board with certain powers, except that the Board of Directors by itself can never issue bonds, impose taxes or fees, exercise the power of eminent domain, or give final approval to the project plan. At this time the Donna City Council has, via the resolution passed accepting the respective interlocal agreements above, provided that the respective Board of Directors of each tax reinvestment zone shall administer, manage and/or operate their respective Zone pursuant to Section 311.010 of the Texas Tax Code.

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

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

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

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

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

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

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

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*A. Reporting Entity (continued)*

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

*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.

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.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

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

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.

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 and Component Units, Tax Increment Reinvestment Zone #1 and Zone #2, are 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.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

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

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.

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. In general, this policy allows the City to invest in certificates of deposit, repurchase agreements, obligations of the U.S. Government and its agencies or instrumentalities, state obligations and commercial paper.

The Donna Economic Development Corporation, the Development Corporation of Donna, Inc., and the Tax Increment Zone #1 and #2 funds are authorized to invest in certificates of deposit, obligations of the U.S. Government and its agencies or instrumentalities and state obligations.

Investments for the component units are reported at fair value.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

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

*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.

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.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

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

*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.

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

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

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

*5. Capital Assets (continued)*

Activities is required. Capital assets, net of accumulated depreciation, is 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 have 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.

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 an 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 deferred and amortized over the life of the

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

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

*7. Long-Term Obligations (continued)*

bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

*E. 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.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*E. Fund Balance Reporting (continued)*

*Fund balance flow assumptions:*

When an 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.

**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.
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, special revenue funds, debt service fund, and proprietary funds.
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.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*B. Net Position Deficits*

The City International Bridge Fund, a proprietary fund, has an unrestricted net position deficit of \$5,474,864.

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 \$2,824,487 and \$2,602,209, 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 fiduciary component units Tax Increment Reinvestment Zone #1 and Tax Increment Reinvestment Zone #2 (TIRZ) both reflect a net position deficit of \$934,218 and \$2,013,037, respectively. These component units provide tax increment financing to support revitalization and development activities in the zones as discussed at the reporting entity. These are planned net position deficits which have resulted from recording the liability to developer's for improvements in the zone areas. These deficits 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.

**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, 2013.

At September 30, 2013, the carrying amount of the City's deposits with financial institutions was \$1,118,087 and the bank balance was \$1,354,205. 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.

*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 OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*A. Deposits and investments (continued)*

*1. Primary Government (continued)*

*Custodial Credit Risk- Deposits (continued)*

City's cash deposits at September 30, 2013 and during the year ended September 30, 2013 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, 2013, the City had the following investments:

	Fair Value	Weighted Average Maturity	Credit Rating
Local Government Investments			
Cooperative (LOGIC)	\$ 9,088,248	55 days	AAAm
Invesco Treasury Portfolio Trust	2,376,966	< 90 days	AAAm

The above investments are reported as cash and cash equivalents in the statement of net position.

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

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*A. Deposits and investments (continued)*

*1. Primary Government (continued)*

*Investments (continued)*

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.

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.

*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.

As of September 30, 2013, the Local Government Investment Cooperative (LOGIC) reported the following concentrations of investments in its portfolio:

Commercial paper	70.56%
Repurchase Agreements	24.67%
Government Securities	4.77%

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

*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 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.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*A. Deposits and investments (continued)*

*1. Primary Government (continued)*

*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 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, 2013, the reported amount of deposits for DEDC-4A totaled \$380,978, and the bank balances totaled \$343,574. The reported deposits for DCD-4B totaled \$621,493 and the bank balances totaled \$584,089.

At September 30, 2013, 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, 2013, are as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Invesco Treasury Portfolio Trust	\$ 409,372	< 90 days	AAAm

The DCB-4B’s investments at September 30, 2013, are as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Invesco Treasury Portfolio Trust	\$ 398,944	< 90 days	AAAm

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*A. Deposits and investments (continued)*

*Investments (continued)*

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 and DCD-4B follow the same policies relating to investments.

*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	1,118,087	380,978	621,493
Short-term investments	11,465,214	409,372	398,944
Less: Statement of Fiduciary Net Assets	(230,180)	-	-
Cash and investments	\$ 12,359,109	\$ 790,350	\$ 1,020,437
Cash and cash equivalents	\$ 7,881,933	\$ 380,978	\$ 621,493
Cash and cash equivalents - restricted	4,477,176	409,372	398,944
Cash and cash equivalents Statement of Net Assets	\$ 12,359,109	\$ 790,350	\$ 1,020,437

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

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*B. Property Taxes (continued)*

for property taxes is recognized and recorded at the levy date. The adjusted assessed value for the roll as of January 1, 2012, upon which the 2012 levy was based, was \$379,330,947.

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, 90% of the current year tax levy (October 1, 2012) 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.

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, 2013, was \$.706169 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, 2013, was \$.546207 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 revenues in the year of levy. Such deferred revenues 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 assessments included in deferred revenues are as follows:

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*C. Receivables (continued)*

*1. Primary Government (continued)*

Governmental Activities as of September 30, 2013:

	General Fund	Debt Service Fund	Total
Property taxes receivable	\$ 1,253,895	\$ 870,117	\$ 2,124,012
Less allowance for uncollectibles	<u>(280,287)</u>	<u>(164,450)</u>	<u>(444,737)</u>
Net property taxes receivable	<u>\$ 973,608</u>	<u>\$ 705,667</u>	<u>\$ 1,679,275</u>
 Deferred property taxes	 <u>\$ 933,219</u>	 <u>\$ 676,309</u>	 <u>\$ 1,609,528</u>

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	\$ 1,253,895	\$ 870,117	\$ -	\$ -	\$ -	\$ 2,124,012
Accounts	455,908	-	12,802	1,119,425	176	1,588,311
Intergovernmental - grant	<u>34,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,812</u>
Gross receivables	1,744,615	870,117	12,802	1,119,425	176	3,747,135
Less: Allowance for uncollectible	<u>(359,078)</u>	<u>(164,450)</u>	<u>(6,926)</u>	<u>(405,066)</u>	<u>-</u>	<u>(935,519)</u>
Net total receivables	<u>\$ 1,385,537</u>	<u>\$ 705,667</u>	<u>\$ 5,877</u>	<u>\$ 714,359</u>	<u>\$ 176</u>	<u>\$ 2,811,616</u>

Revenues of the Water and Sewer Fund are reported net of a provision for estimated uncollectible amounts in the amount of \$15,010.

*2. Component Units*

*Accounts Receivable*

At September 30, 2013, the DEDC-4A and the DCD-4B each had a sales tax receivable of \$81,341.

*Loans Receivable*

At September 30, 2013 the Development Corporation of Donna (DCD-4B) had U. S. Department of Agriculture, Rural Business Enterprise Grant program loans outstanding in the amount of \$155,025. These loans were funded \$114,200 by the grant and the City provided matching funds of \$57,442.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*D. Deferred Revenues and Unearned Revenues*

On a fund accounting basis, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. All funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the various components of deferred revenue and unearned revenue reported in all funds were as follows:

	Unavailable Deferred Revenues	Unearned Revenues
Delinquent property taxes (General Fund)	\$ 933,219	\$ -
Delinquent property taxes (Debt Service Fund)	676,309	-
Micellaneous advances (General Fund)	-	23,124
	\$ 1,609,528	\$ 23,124

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

Interfund receivable and payable balances at September 30, 2013 were as follows:

*Governmental Funds – Receivable Fund*

Receivable Entity	Payable Entity	Amount
General Fund	Water and Sewer Fund	\$ 94,956
General Fund	City International Bridge Fund	106,371
General Fund	Nonmajor Governmental Fund	10,395
Nonmajor Governmental Fund	General Fund	8,803
Nonmajor Governmental Fund	Water and Sewer Fund	12,227
		\$ 232,751

*Proprietary Funds – Receivable Fund*

Receivable Entity	Payable Entity	Amount
City International Bridge Fund	Debt Service Fund	\$ 325
		\$ 325

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.

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.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

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

Advances receivable and payable balances at September 30, 2013 were as follows:

Governmental Funds – Receivable Fund

Receivable Fund	Payable Fund	Amount
General Fund	City International Bridge Fund	\$ 332,175
		<u>\$ 332,175</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, 2013 were as follows:

Receivable Entity	Payable Entity	Amount
Primary Government - General Fund	Component Unit - DEDC (4A)	\$ 118,192
Primary Government - General Fund	Component Unit - DCD (4B)	116,545
		<u>\$ 234,737</u>

Interfund transfers during the year were as follows:

	Transfer In:			
	Debt Service	City International Bridge Fund	Nonmajor Governmental	Total
Transfer Out:				
General Fund	\$ -	\$ -	\$ 25,831	\$ 25,831
Debt Service Fund	-	1,814,974	-	1,814,974
Water & Sewer Fund	-	403,500	-	403,500
Nonmajor Governmental	243,727	-	-	243,727
Total	<u>\$ 243,727</u>	<u>\$ 2,218,474</u>	<u>\$ 25,831</u>	<u>\$ 2,488,032</u>

Transfers were used primarily to 1) move funds from the General Fund to the 2009 Tax Notes Fund to pay off due to the City International Bridge Fund, 2) move tax revenues levied for debt service of bonds from the Debt Service Fund to the City International Bridge Fund, 3) move funds from the Water & Sewer Fund to the City International Bridge Fund to meet remaining debt requirements, and 4) to move funds from the Urban County Program Fund to pay preauthorized debt service payments. Capital assets transferred from the Capital Projects 2009 Tax Notes Fund to the Water & Sewer Fund and City International Bridge Fund are shown as transfers out in the amount of \$68,500 and \$58,710, respectively, the Government-wide Financial Statements.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*F. Capital assets*

*1. Primary Government*

Capital asset activity for the year ended September 30, 2013 was as follows:

	Balance at October 1, 2012	Increases	Decreases	Balance at September 30, 2013
<b><u>Governmental Activities:</u></b>				
Capital assets, not subject to depreciation:				
Land	\$ 1,027,449	\$ -	\$ -	\$ 1,027,449
Construction in progress	29,411	-	(29,411)	-
Total capital assets, not to be depreciated	<u>1,056,860</u>	<u>-</u>	<u>(29,411)</u>	<u>1,027,449</u>
Capital assets, depreciable:				
Buildings	2,637,123	88,451	-	2,725,574
Improvements other than buildings	8,931,391	-	-	8,931,391
Infrastructure	5,324,847	29,411	-	5,354,258
Furniture and equipment	6,242,770	733,425	-	6,976,195
Total capital assets, depreciable	<u>23,136,131</u>	<u>851,287</u>	<u>-</u>	<u>23,987,418</u>
Governmental Activities Capital Assets	<u>\$ 24,192,991</u>	<u>\$ 851,287</u>	<u>\$ (29,411)</u>	<u>\$ 25,014,867</u>

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

	Balance at October 1, 2012	Increases	Decreases	Balance at September 30, 2013
<b><u>Business-type Activities:</u></b>				
Capital assets, not subject to depreciation:				
Land	\$ 1,237,616	\$ -	\$ -	\$ 1,237,616
Construction in progress	39,421	68,500	-	107,921
Total assets, not to be depreciated	<u>1,277,037</u>	<u>68,500</u>	<u>-</u>	<u>1,345,537</u>
Capital assets, being depreciated:				
Buildings	3,006,302	-	-	3,006,302
Improvements other than buildings	540,234	36,413	-	576,647
Infrastructure	75,565,349	225,083	(216,272)	75,574,160
Furniture and equipment	589,258	145,378	-	734,636
Total assets, being depreciated	<u>79,701,143</u>	<u>406,873</u>	<u>(216,272)</u>	<u>79,891,744</u>
Less accumulated depreciation:				
Buildings	135,279	61,307	-	196,586
Improvements other than buildings	45,066	26,474	-	71,540
Infrastructure	15,306,694	2,045,820	(216,272)	17,136,241
Furniture and equipment	361,551	54,619	-	416,170
Total accumulated depreciation	<u>15,848,590</u>	<u>2,188,221</u>	<u>(216,272)</u>	<u>17,820,538</u>
Total capital assets, being depreciated, net	<u>63,852,553</u>	<u>(1,781,347)</u>	<u>0</u>	<u>62,071,206</u>
Business-Type Activities Capital Assets, Net	<u>\$ 65,129,590</u>	<u>\$ (1,712,847)</u>	<u>\$ 0</u>	<u>\$ 63,416,743</u>

No interest was capitalized in the Business-Type Activities in 2013.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*F. Capital assets (continued)*

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

**Business-type Activities:**

Water and Sewer	\$1,382,039
City International Bridge Fund	<u>806,181</u>
Total depreciation expense - business-type activities	<u>\$2,188,220</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.

*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, 2012	Increases	Decreases	Balance at September 30, 2013
Capital assets, not subject to depreciation:				
Land	\$ 248,216	\$ -	\$ -	\$ 248,216
Total capital assets, not being depreciated	<u>248,216</u>	<u>-</u>	<u>-</u>	<u>248,216</u>
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.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

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.	\$ 895,000
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.	15,384
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.	<u>1,260,600</u>
Total General Obligation Bonds	2,170,984
Less Current Portion of Bonds and Tax Notes Payable	(279,858)
Less Loss on Refunded Bonds (Amortized Over the Life of the defeased debt, 4.5 Years)	<u>(107,497)</u>
General Obligation Bonds Payable, Net of Current Portion and Loss	<u>\$ 1,783,629</u>

Debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2014	\$ 279,858	\$ 72,422
2015	305,182	58,624
2016	325,344	43,595
2017	-	35,801
2018	149,160	33,683
2019-2023	773,520	104,629
2024-2025	337,920	9,896
Total	\$ 2,170,984	\$ 358,650

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*G. Long Term Debt (continued)*

*1. Primary Government (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 \$41,612,626.

Bonds outstanding at September 30, 2013 are as follows:

Series 2001-A Combination Tax and Limited Pledge Revenue Certificates of Obligation due in variable annual installments of \$30,000 to \$75,000 through February 1, 2016; interest at 3.4% to 4.8%, payable semi-annually. This debt was for water improvements. The original issuance amount of these bonds was \$750,000.	\$ 210,000
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.	459,616
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.	30,300,000
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.	4,935,000
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	

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

Business – type activities (continued):

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.

	<u>3,514,400</u>
Total Bonds Payable	39,419,016
Less Current Portion Payable from Restricted Assets	( 765,142)
Less Unamortized Face Discount on 2001A Bond (Amortized Over the Life of the Bond, 15 Years)	(83)
Less Loss on Refunded Bonds (Amortized Over the Life of the Defeased Debt, 4.5 Years)	<u>( 250,589)</u>
Bonds Payable, Net of Current Portion, Discount and Loss	<u>\$ 38,403,202</u>

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

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2014	\$ 765,142	\$ 2,230,394
2015	784,818	2,189,538
2016	799,656	2,147,744
2017	875,000	2,101,086
2018	1,295,840	2,043,868
2019-2023	7,596,480	9,144,215
2024-2028	8,347,080	6,990,531
2029-2033	10,055,000	4,357,847
2034-2037	<u>8,900,000</u>	<u>1,146,180</u>
Total	<u>\$ 39,419,016</u>	<u>\$ 32,351,403</u>

The City International Bridge Fund accounts and reports for all the bridge related activities including debt. \$1,814,974 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 \$8.7M in combination tax and revenue bonds issued in varying years as described above. Proceeds from the bonds provided financing for

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

Business – type activities (continued):

projects as detailed above. The bonds are payable through 2034. Annual principal and interest payments on the bonds are expected to require approximately 24 percent of net revenues. Principal and interest paid for the current year and total water and sewer fund net revenues were \$557,140 and \$2,325,260, 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 2013-2014 continue that debt servicing arrangement.

*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 \$590,000 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, 2013 the amount of defeased debt outstanding was \$3,410,000.

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, 2013 the amount of defeased debt outstanding was \$2,340,000.

*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.	\$ 96,543
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CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

**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 \$10,580, including interest, collateralized by a 2011 Ford F250.	9,897
Lease payable due in annual installments of \$1,224, including interest, collateralized by a Ricoh multifunctional copier.	1,589
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.	247,278
Lease payable due in annual installments of \$31,663, including interest, collateralized by a Cisco UC Phone 7942 System.	<u>60,311</u>
Total Capital Lease Obligations	415,618
Less: Current Portion of Capital Lease Obligations	<u>(172,890)</u>
Capital Lease Obligations, Net of Current Portion	<u>\$ 242,728</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

Fiscal Year Ending September 30,	Governmental Activities
2014	\$ 186,219
2015	174,827
2016	<u>75,709</u>
Total Payments	\$ 436,755
Less: Amounts Representing Interest	<u>21,137</u>
Present Value of Payments	<u>\$ 415,618</u>

Business-type Activities:

Lease payable due in annual installments of \$118, including interest, collateralized by a Ricoh multifunctional copier.	\$ 1,695
Lease payable due in annual installments of \$5,101, including interest, collateralized by a 2013 Ford Focus.	<u>13,885</u>
Total Capital Lease Obligations	15,580
Less: Current Portion of Capital Lease Obligations	<u>( 6,031)</u>
Capital Lease Obligations, Net of Current Portion	<u>\$ 9,549</u>

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

*Capital Lease Obligations (continued)*

Business-type Activities:

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

Fiscal Year Ending September 30,	Business-type Activities
2014	\$ 6,521
2015	5,456
2016	4,251
Total Payments	\$ 16,228
Less: Amounts Representing Interest	648
Present Value of Payments	\$ 15,580

The City's commitment under operating leases and related 2013 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, 2013, 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, 2013

**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 Sept. 30, 2009.

Beginning in 2002 the City’s successive bridge corporations and in 2009 the City itself entered into a series of successive agreements with a consultant to perform the coordination, planning, development and management of the Donna international bridge project. The agreements from 2002 to 2006 provided for monthly payments and expense reimbursements, along with a percentage fee payable for all grants and loans received for the international bridge project. In 2006 through 2009 the agreements reflected specific tasks and the related amount to be paid for each task with no additional percentage fee until the 2009 agreement was entered into wherein a 6% fee was added for any grants received for the project. During the 2004 agreement, wherein a 5% fee was active, the consultant billed for a total of \$430,000 for funding awarded and during the 2009 agreement, wherein a 6% fee was active, the consultant billed for \$213,600 for funding awarded for a total of \$643,600. Since the City was unable to pay this, the consultant offered a payment agreement that the City accepted and became effective September 30, 2009. And in connection with the International Bridge Fund not being able to make these payments, the DEDC-4A and the DCD-4B component units will be funding the debt service for this debt on an equal basis. The fees on the funding awards were for access roads to the international bridge site.

Both of the payment agreements have no stated interest rate and therefore have 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 \$10,000 including interest through September 30, 2013 with a balloon payment of \$1,756,246 including interest due November, 2014. These claims payable were discounted to a rate of 3.73%.

\$ 1,683,007

Claims payable by the International Bridge Fund to consultant are due in monthly installments of \$10,000 including interest through September 30, 2013, with variable installments of \$11,820.26 to \$13,229.33 including interest through September 2014. These claims payable were discounted to a rate of 3.63% through September 30, 2013 and 3.50%, thereafter.

150,155

Total Present Value of Claims Payable to Consultant 1,833,162

Less Current Portion of Claims Payable (150,155)

Total Present Value of Claims Payable, Net of Current Portion \$ 1,683,007

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*G. Long Term Debt (continued)*

*1. Primary Government (continued)*

*Claims Payable (continued)*

Business-type activities: (continued)

The future minimum claims obligations and the net present value of these minimum claims payments as of September 30, 2013 are as follows:

Fiscal Year Ending September 30,	Business-Type Activities
2014	\$ 153,230
2015	1,756,246
Total Payments	\$ 1,909,476
Less: Amounts Representing Interest	76,314
Present Value of Payments	\$ 1,833,162

*Changes in Long-Term Liabilities*

Long-term liability activity for the year ended September 30, 2013 is as follows:

	Balance at September 30, 2012	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2013	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
Bonds payable	\$ 2,435,680	\$ -	\$ 264,696	\$ 2,170,984	\$ 279,858
Less loss on refunded bonds	(138,211)	-	(30,714)	(107,497)	-
Tax notes payable	24,241	-	24,241	-	-
Capital leases	169,020	351,753	105,154	415,618	172,890
Notes and loans payable	233,051	-	-	233,051	-
Compensated absences	345,621	140,816	145,585	340,852	136,341
Total Governmental Activities					
Long-term Liabilities	\$ 3,069,402	\$ 492,569	\$ 508,962	\$ 3,053,008	\$ 589,089
<b><u>Business-type Activities:</u></b>					
Bonds payable	\$ 39,974,320	\$ -	\$ 555,304	39,419,016	\$ 765,142
Less issuance face discount	(152)	-	(69)	(83)	-
Less loss on refunded bonds	(322,186)	-	(71,597)	(250,589)	-
Tax notes payable	165,759	-	165,759	-	-
Capital Leases	2,950	14,600	1,971	15,579	6,031
Claims Payables	2,001,575	-	168,413	1,833,162	150,155
Compensated absences	29,489	42,725	21,754	50,460	32,038
Total Business-Type Activities					
Long-term Liabilities	\$ 41,851,755	\$ 57,325	\$ 841,535	\$ 41,067,545	\$ 953,366

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*G. Long Term Debt (continued)*

*2. Component Units*

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

Bonds outstanding at September 30, 2013 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>\$ 4,080,000</u>
Total DEDC -4A Bonds Payable	4,080,000
Less Current Portion	(130,000)
Less Unamortized Face Discount on Bonds (Amortized Over the Life of the Bond, 25 Years)	<u>(40,002)</u>
Total DEDC-4A Bonds, Net of Current Portion and Discount	<u>\$ 3,909,998</u>

The bonds payable annual debt service requirements to maturity are:

Fiscal Year Ending September 30,	Bonds Payable	
	Principal	Interest
2014	\$ 130,000	\$ 175,644
2015	135,000	171,744
2016	135,000	167,019
2017	140,000	162,294
2018	145,000	156,694
2019-2023	830,000	690,256
2024-2028	1,015,000	502,844
Thereafter	<u>1,550,000</u>	<u>267,088</u>
Total	<u>\$ 4,080,000</u>	<u>\$ 2,293,583</u>

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

Bonds outstanding at September 30, 2013 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>\$ 4,005,000</u>
Total DCD-4B Bonds Payable	4,005,000
Less Current Portion	( 130,000)
Less Unamortized Face Discount on Bonds (Amortized Over the Life of the Bond, 25 Years)	<u>(58,682)</u>
Total DCD-4B Bonds, Net of Current Portion and Discount	<u>\$ 3,816,318</u>

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

**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
2014	\$ 130,000	\$ 167,569
2015	135,000	163,669
2016	135,000	159,450
2017	140,000	155,063
2018	145,000	150,513
2019-2023	810,000	670,856
2024-2028	990,000	492,488
Thereafter	1,520,000	262,113
Total	<u>\$ 4,005,000</u>	<u>\$ 2,221,721</u>

The following are summaries of changes in long-term debt obligations for DEDC-4A and DCD-4B for the year ended September 30, 2013:

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

	Balance at September 30, 2012	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2013	Amounts Due within One Year
Bonds Payable	<u>\$ 4,200,000</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 4,080,000</u>	<u>\$ 130,000</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, 2013 the amount of defeased debt outstanding was \$3,070,000.

	Balance at September 30, 2012	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2013	Amounts Due within One Year
Bonds payable	<u>\$ 4,125,000</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 4,005,000</u>	<u>\$ 130,000</u>

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*G. Long Term Debt (continued)*

*2. Component Units (continued)*

*Donna Economic Development Corporation (4A) (continued)*

*Prior Years Long-Term Debt Advance Refunding (continued)*

The Development Corporation of Donna, Inc. advance 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, 2013 the amount of defeased debt outstanding was \$2,995,000.

*Revenues Pledged in Connection with Component Unit Debt*

*Donna Economic Development Corporation (4A)*

The City has pledged future sales tax revenues to repay \$4.390 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 \$6,373,583. Principal and interest paid for the current year and total customer net revenues as defined by the pledge agreements were \$298,644 and \$397,142, respectively.

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

The City has pledged future sales tax revenues to repay \$4.305 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) \$6,226,721. Principal and interest paid for the current year and total customer net revenues as defined by the pledge agreements were \$291,169 and \$427,211, respectively.

*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

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*G. Long Term Debt (continued)*

*2. Component Units (continued)*

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

*Bond Compliance Requirements (continued)*

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, continuing disclosure reporting and annual financial statements. By the end of the fiscal year, the City was up-to-date on these reportings.

*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, 2013 consist of:

	Cash and Cash Equivalents
Water and Sewer:	
O&M Reserve	\$ 630,449
Construction	383,367
Debt Service	1,165,752
Total Water and Sewer	\$ 2,179,568
City International Bridge:	
O&M Reserve	\$ 183,372
Repairs & Replacement Reserve	150,009
Debt Service	1,964,227
Total International Bridge	\$ 2,297,608
Restricted Assets on the Statement of Net Assets	\$ 4,477,176

Liabilities payable from restricted assets included in business-type activities as of September 30, 2013 consist of:

	Accrued Interest Payable	Total
Water and Sewer Fund	\$ 60,847	\$ 60,847
City International Bridge Fund	237,786	237,786
Total restricted liabilities	\$ 298,633	\$ 298,633

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*H. Other Assets and Payables (continued)*

*2. Component Units*

Fiduciary Fund Liabilities

*Accrued Expenses*

Tax Increment Reinvestment Zone #1 and Tax Increment Reinvestment Zone #2 have accrued expenses of \$2,038,352 and \$1,221,148, respectively, which are amounts accrued for completed construction by developers. These amounts will be reimbursed to the extent that 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:

	Plan Year 2012	Plan Year 2013
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 Repeating	70% of CPI Repeating

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

**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)	\$	70,278
2. Interest on Net Pension Obligation		-
3. Adjustment to the ARC		-
4. Annual Pension Cost (APC)		70,278
5. Contributions Made		(70,278)
6. Increase (decrease) in net pension obligation		-
7. Net Pension Obligation/(Asset), beginning of year		-
8. Net Pension Obligation/(Asset), end of year	\$	-

**Three Year Trend Information**

Fiscal Year Funding September 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 70,278	100%	-
2012	80,771	100%	-
2011	105,262	100%	-

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

**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 2013 were determined as part of the December 31, 2011 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25.5 years; closed period	25.3 years; closed period	24.8 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, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Overfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2012	\$ 3,738,068	\$ 3,398,765	110.0%	\$ (339,303)	\$ 2,621,445	-12.9%

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, 2013

**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:

	2013
Current Firefighters	7
Current Firefighters' beneficiaries	2
Active Firefighters	30

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, 2013, the City's contribution was \$2,683. 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, 2013

**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, 2013 was as follows:

Actuarial valuation date	12/31/12
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, 2013, 2012 and 2011 were \$1,134, \$770, and \$977, respectively, which equaled the required contributions each year.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*J. Construction and Improvement Commitments*

At September 30, 2013, 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 \$24,248,700; 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 \$8,000 in claim settlements paid out of the General Fund during the current year, \$0 during 2012, and \$0 during 2011. 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 \$336,460 and represented \$4,285 in inventory and \$332,175 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, 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 \$1,970,690 and represented \$699,063 in local and state, \$177,467 in capital projects and \$1,094,160 in debt service.

- Unassigned:

The unassigned fund balance for the General Fund is \$1,893,052.

*L. 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.

CITY OF DONNA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

*2. Federally Assisted Grant Programs*

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.

*3. 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.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Ad valorem	\$ 2,551,818	\$ 2,551,818	\$ 2,782,969	\$ 231,151
Sales	866,545	866,545	999,188	132,643
Franchise	610,000	610,000	657,063	47,063
Other	85,000	85,000	94,660	9,660
Total Taxes	<u>4,113,363</u>	<u>4,113,363</u>	<u>4,533,880</u>	<u>420,517</u>
Licenses and permits:				
Licenses	6,695	6,695	9,058	2,363
Permits	98,400	98,400	125,576	27,176
Total Licenses and Permits	<u>105,095</u>	<u>105,095</u>	<u>134,634</u>	<u>29,539</u>
Charges for services	<u>1,157,615</u>	<u>1,157,615</u>	<u>1,199,578</u>	<u>41,963</u>
Fines and forfeitures:				
Municipal court	92,000	92,000	80,127	(11,873)
Other fines	11,354	11,354	12,639	1,285
Total Fines and Forfeitures	<u>103,354</u>	<u>103,354</u>	<u>92,765</u>	<u>(10,589)</u>
Intergovernmental	<u>209,513</u>	<u>209,513</u>	<u>77,183</u>	<u>(132,330)</u>
Other revenues:				
Interest	-	-	1,129	1,129
Other	23,550	23,550	125,669	102,119
Total Other Revenues	<u>23,550</u>	<u>23,550</u>	<u>126,798</u>	<u>103,248</u>
Total Revenues	<u>5,712,490</u>	<u>5,712,490</u>	<u>6,164,838</u>	<u>452,348</u>
<b>Expenditures:</b>				
General Government:				
City Council:				
Supplies	-	-	460	(460)
Other services	36,202	56,778	59,320	(2,542)
Total City Council	<u>36,202</u>	<u>56,778</u>	<u>59,780</u>	<u>(3,002)</u>

(Continued)

CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Expenditures (Continued) :</b>				
General Government (continued):				
City Management:				
Personnel services	\$ 75,084	\$ 75,959	\$ 79,832	\$ (3,873)
Supplies	2,750	2,750	3,491	(741)
Equipment maintenance and repairs	740	740	1,521	(781)
Other services	82,731	105,539	100,833	4,706
Capital outlay	17,812	17,812	22,443	(4,631)
Total City Management	<u>179,117</u>	<u>202,800</u>	<u>208,119</u>	<u>(5,319)</u>
Finance/Accounting:				
Personnel services	166,009	166,174	164,907	1,267
Supplies	7,845	6,036	5,834	202
Equipment maintenance and repairs	13,965	3,507	3,464	44
Other services	61,581	57,421	59,224	(1,803)
Capital outlay	14,600	14,600	-	14,600
Total Finance/Accounting	<u>264,000</u>	<u>247,739</u>	<u>233,429</u>	<u>14,310</u>
City Hall:				
Personnel services	46,104	46,573	39,559	7,014
Supplies	11,075	11,075	7,224	3,851
Property occupancy	2,750	2,750	10,828	(8,078)
Equipment maintenance and repairs	13,275	13,275	4,481	8,794
Other services	37,893	89,695	111,697	(22,002)
Total City Hall	<u>111,097</u>	<u>163,368</u>	<u>173,788</u>	<u>(10,420)</u>
City Secretary:				
Personnel services	46,654	47,204	47,723	(519)
Supplies	2,075	1,865	355	1,510
Other services	3,350	3,560	4,833	(1,273)
Total City Secretary	<u>52,079</u>	<u>52,629</u>	<u>52,911</u>	<u>(282)</u>
Business Rental Properties:				
Property occupancy	475	475	-	475
Other services	8,450	4,483	4,764	(281)
Total Business Rental Properties	<u>8,925</u>	<u>4,958</u>	<u>4,764</u>	<u>194</u>
Municipal Court:				
Personnel services	74,386	75,103	55,278	19,825
Supplies	1,030	5,945	8,411	(2,466)
Equipment maintenance and repairs	9,468	12,179	14,393	(2,214)
Other services	4,530	12,481	42,474	(29,993)
Total Municipal Court	<u>89,414</u>	<u>105,708</u>	<u>120,555</u>	<u>(14,847)</u>

(Continued)

CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Expenditures (Continued) :</b>				
General Government (continued):				
Planning and Community Development:				
Personnel services	\$ 94,255	\$ 107,744	\$ 107,741	\$ 3
Supplies	5,300	5,459	5,455	4
Equipment maintenance and repairs	1,450	628	627	1
Other services	49,150	109,140	127,491	(18,351)
Total Planning and Community Development	150,155	222,971	241,314	(18,343)
Tax/Assessor Collector:				
Personnel services	52,704	53,415	52,273	1,142
Supplies	4,975	4,975	4,734	241
Equipment maintenance and repairs	6,225	6,225	6,082	143
Other services	36,350	49,903	52,013	(2,110)
Total Tax Assessor Collector	100,254	114,518	115,102	(584)
Total General Government	991,243	1,171,469	1,209,763	(38,294)
Public Safety:				
Police:				
Personnel services	1,449,601	1,465,698	1,466,815	(1,117)
Supplies	133,145	118,145	136,789	(18,644)
Property occupancy	9,000	9,000	9,825	(825)
Equipment maintenance and repairs	73,516	72,297	66,720	5,577
Other services	93,673	73,505	71,349	2,156
Capital outlay	-	208,932	208,707	225
Total Police	1,758,935	1,947,577	1,960,205	(12,628)
Fire:				
Personnel services	51,242	51,832	48,566	3,266
Supplies	26,785	17,326	17,922	(596)
Property occupancy	3,000	373	372	1
Equipment maintenance and repairs	25,700	14,177	14,234	(57)
Other services	60,650	43,646	56,714	(13,068)
Total Fire	167,377	127,354	137,808	(10,454)
Emergency Medical Services:				
Other services	6,495	4,661	4,661	-
Total Emergency Medical Services	6,495	4,661	4,661	-

(Continued)

CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Expenditures (Continued) :</b>				
<b>Public Safety (continued):</b>				
Safety Inspections:				
Personnel services	\$ 49,073	\$ 13,633	\$ 6,799	\$ 6,834
Supplies	2,800	2,800	4,188	(1,388)
Equipment maintenance and repairs	2,800	2,673	1,839	834
Other services	3,325	2,385	3,901	(1,516)
Total Safety Inspections	57,998	21,491	16,726	4,765
Total Public Safety	1,990,805	2,101,083	2,119,400	(18,317)
<b>Public Works:</b>				
Public Works Department:				
Personnel services	371,968	374,554	342,019	32,535
Supplies	45,725	45,725	62,809	(17,084)
Property occupancy	32,438	33,866	37,382	(3,516)
Equipment maintenance and repairs	23,150	21,722	52,317	(30,595)
Other services	30,285	30,285	25,362	4,923
Capital outlay	40,000	76,896	41,372	35,524
Total Public Works Department	543,566	583,048	561,261	21,787
City Vehicle Maintenance				
Personnel services	29,408	30,056	30,223	(167)
Supplies	3,875	3,875	809	3,066
Equipment maintenance and repairs	350	350	-	350
Other services	860	860	865	(5)
Total City Vehicle Maintenance	34,493	35,141	31,897	3,244
Sanitation Services:				
Other services	616,000	661,867	722,522	(60,655)
Total Sanitation Services	616,000	661,867	722,522	(60,655)
Street and Roadway Lighting				
Property occupancy	50	50	2,740	(2,690)
Other services	212,355	212,355	204,686	7,669
Total Street and Roadway Lighting	212,405	212,405	207,426	4,979
Total Public Works	1,406,464	1,492,461	1,523,106	(30,645)
<b>Culture and Recreation:</b>				
Parks:				
Personnel services	98,616	119,759	125,506	(5,747)
Supplies	14,000	26,867	25,230	1,637
Property occupancy	19,950	28,057	15,876	12,181
Equipment maintenance and repairs	3,700	3,700	6,483	(2,783)
Other services	34,177	36,617	42,639	(6,022)
Capital outlay	-	13,034	13,033	1
Total Parks	170,443	228,034	228,768	(734)

(Continued)

CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Expenditures (Continued) :</b>				
Culture and Recreation (continued):				
Library:				
Personnel services	\$ 245,588	\$ 225,630	\$ 202,492	\$ 23,138
Supplies	14,800	10,768	18,896	(8,128)
Property occupancy	3,000	2,410	4,771	(2,361)
Equipment maintenance and repairs	7,500	12,300	3,731	8,569
Other services	57,450	33,483	43,420	(9,937)
Capital outlay	37,000	37,000	41,636	(4,636)
Total Library	365,338	321,591	314,947	6,644
Swimming Pool:				
Personnel services	33,528	28,685	25,494	3,191
Supplies	4,200	4,200	2,808	1,392
Property occupancy	1,600	1,600	1,690	(90)
Equipment maintenance and repairs	1,400	1,400	823	577
Other services	12,842	12,842	12,808	35
Total Swimming Pool	53,570	48,727	43,622	5,105
Community Support Services:				
Supplies	500	500	623	(123)
Property occupancy	11,100	11,100	9,672	1,428
Other services	59,735	49,734	48,948	786
Total Community Support Services	71,335	61,334	59,243	2,091
Total Culture and Recreation	660,686	659,686	646,579	13,107
Public Health:				
Health Inspection/Code Enforcement:				
Personnel services	54,817	54,817	48,489	6,328
Supplies	8,575	8,575	6,032	2,543
Equipment maintenance and repairs	9,400	9,400	3,224	6,176
Other services	10,550	10,550	6,699	3,851
Capital outlay	-	14,600	-	14,600
Total Inspection/Code Enforcement	83,342	97,942	64,444	33,498
Animal Control:				
Personnel services	30,455	30,985	24,668	6,317
Supplies	7,750	7,000	798	6,202
Equipment maintenance and repairs	4,150	4,900	1,827	3,073
Other services	25,950	25,950	20,974	4,976
Total Animal Control	68,305	68,835	48,267	20,568
Cemetery:				
Personnel services	36,211	31,811	13,283	18,528
Supplies	3,970	3,970	6,933	(2,963)
Property occupancy	3,320	-	-	-
Equipment maintenance and repairs	2,250	5,570	3,682	1,888
Other services	12,649	12,649	19,106	(6,457)
Capital outlay	-	-	9,046	(9,046)
Total Cemetery	58,400	54,000	52,051	1,949
Total Public Health	210,047	220,777	164,762	56,015

(Continued)

CITY OF DONNA, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Expenditures (Continued) :</b>				
Economic Development:				
Other Services	\$ 150,000	\$ 33	\$ -	\$ 33
Debt Service:				
Principal retirements	76,267	42,183	60,290	(18,107)
Interest and fiscal charges	5,783	19,987	4,120	15,867
Total Debt Service	82,050	62,170	64,410	(2,240)
Total Expenditures	5,491,295	5,707,679	5,728,020	(20,341)
Excess (Deficiency) of Revenues Over (under) Expenditures	221,195	4,811	436,817	432,006
Other Financing Sources (Uses):				
Lease Proceeds	-	274,628	351,753	77,125
Transfers Out	-	(25,832)	(25,831)	1
Total Other Financing Sources (Uses)	-	248,796	325,921	77,125
Net Change in Fund Balance	221,195	253,607	762,739	509,132
Fund Balance at Beginning of Year	1,466,773	1,466,773	1,466,773	-
Fund Balance at End of Year	\$ 1,687,968	\$ 1,720,380	\$ 2,229,512	\$ 509,132

CITY OF DONNA, TEXAS  
SCHEDULE OF FUNDING PROGRESS  
SEPTEMBER 30, 2013

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)
2010	3,072,668	2,977,179	103.2%	(95,489)	2,385,938	-4.0%
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%

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, 2013, expenditures exceeded appropriations as follows in the General Fund.

<u>Department</u>	<u>General Fund Excess of Expenditures Over Appropriations</u>	
City Council	\$	3,002
City Management		5,319
City Hall		10,420
City Secretary		282
Municipal Court		14,847
Planning and Community Development		18,343
Tax Assessor Collector		584
Police		12,628
Fire		10,454
Sanitation Services		60,655
Parks		734
Debt Service		2,240
	<u>\$</u>	<u>139,508</u>

2. Budgetary Basis of Accounting

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

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**OTHER SUPPLEMENTARY INFORMATION AND  
COMBINING SCHEDULES**

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CITY OF DONNA, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2013

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 752,265	\$ 92,431	\$ 844,696
Receivables, net:			
Accounts	5,877	-	5,877
Prepaid Items	-	85,037	85,037
Due from other funds	21,030	-	21,030
Total Assets	\$ 779,172	\$ 177,467	\$ 956,639
<u>Liabilities and Fund Balances</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 69,714	\$ -	\$ 69,714
Due to other funds	10,395	-	10,395
Total Liabilities	80,109	-	80,109
<u>Fund Balances:</u>			
Restricted for:			
Tourism	423,082	-	423,082
Law enforcement	5,682	-	5,682
Fire equipment debt service	168,652	-	168,652
Equipment purchases	55,906	-	55,906
Park improvements	45,741	-	45,741
Capital projects	-	177,467	177,467
Total Fund Balances	699,063	177,467	876,530
Total Liabilities and Fund Balances	\$ 779,172	\$ 177,467	\$ 956,639

CITY OF DONNA, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 115,573	\$ -	\$ 115,573
Charges for services	70,047	-	70,047
Fines and forfeitures	5,423	-	5,423
Intergovernmental	243,727	-	243,727
Interest	978	279	1,258
Other	11,345	-	11,345
<b>Total Revenues</b>	<b>447,093</b>	<b>279</b>	<b>447,372</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Tourism development	75,771	-	75,771
Capital outlay	173,085	665,848	838,933
<b>Debt Service</b>			
Principal retirements	44,864	-	44,864
Interest and fiscal charges	7,042	-	7,042
<b>Total Expenditures</b>	<b>300,762</b>	<b>665,848</b>	<b>966,611</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>146,330</b>	<b>(665,569)</b>	<b>(519,238)</b>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	25,831	25,831
Transfers out	(243,727)	-	(243,727)
<b>Total Other Financing Sources (Uses)</b>	<b>(243,727)</b>	<b>25,831</b>	<b>(217,896)</b>
<b>Net Change in Fund Balances</b>	<b>(97,396)</b>	<b>(639,738)</b>	<b>(737,134)</b>
<b>Fund Balances at Beginning of Year</b>	<b>796,459</b>	<b>817,205</b>	<b>1,613,663</b>
<b>Fund Balances at End of Year</b>	<b>\$ 699,063</b>	<b>\$ 177,467</b>	<b>\$ 876,530</b>

## 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.

*Computer Grants for Library Fund* accounts for the grants from the Federal Communications Corporation via the School and Library Universal Service Program. These grants provide funding to increase interconnectivity to the internet through the acquisition of additional computers and computer related equipment and software.

*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.

CITY OF DONNA, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2013

	<u>Hotel Occupancy Tax</u>	<u>Texas Confiscated Forfeitures</u>	<u>Fire Equipment Service Fee</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 431,082	\$ 5,682	\$ 142,046
Receivables, net:			
Accounts	-	-	5,877
Due from other funds	-	-	20,730
Total Assets	<u>\$ 431,082</u>	<u>\$ 5,682</u>	<u>\$ 168,652</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	8,000	-	-
Total Liabilities	<u>8,000</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted for:			
Tourism	423,082	-	-
Law enforcement	-	5,682	-
Fire equipment debt service	-	-	168,652
Equipment purchases	-	-	-
Park improvements	-	-	-
Total Fund Balances	<u>423,082</u>	<u>5,682</u>	<u>168,652</u>
Total Liabilities and Fund Balances	<u>\$ 431,082</u>	<u>\$ 5,682</u>	<u>\$ 168,652</u>

EXHIBIT 6-C

<u>Tax Note Equipment Fund</u>	<u>Urban County CDBG Program</u>	<u>Park Improvement Fee Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 128,015	\$ -	\$ 45,441	\$ 752,265
-	-	-	5,877
-	-	300	21,030
<u>\$ 128,015</u>	<u>\$ -</u>	<u>\$ 45,741</u>	<u>\$ 779,172</u>
\$ 69,714	\$ -	\$ -	\$ 69,714
2,395	-	-	10,395
<u>72,109</u>	<u>-</u>	<u>-</u>	<u>80,109</u>
-	-	-	423,082
-	-	-	5,682
-	-	-	168,652
55,906	-	-	55,906
-	-	45,741	45,741
<u>55,906</u>	<u>-</u>	<u>45,741</u>	<u>699,063</u>
<u>\$ 128,015</u>	<u>\$ -</u>	<u>\$ 45,741</u>	<u>\$ 779,172</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, 2013

	<u>Hotel Occupancy Tax</u>	<u>Texas Confiscated Forfeitures</u>	<u>Fire Equipment Service Fee</u>
Revenues			
Taxes	\$ 115,573	\$ -	\$ -
Fines and forfeitures	-	5,423	-
Charges for services	-	-	69,747
Other	11,345	-	-
Intergovernmental	-	-	-
Interest	416	5	207
	<u>127,334</u>	<u>5,427</u>	<u>69,955</u>
Total Revenues			
Expenditures:			
Current:			
Tourism development	75,771	-	-
Capital Outlay	-	17,000	-
Debt service			
Principal retirements	-	-	44,864
Interest and other charges	-	-	7,042
	<u>75,771</u>	<u>17,000</u>	<u>51,906</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>51,563</u>	<u>(11,573)</u>	<u>18,048</u>
Other Financing Sources (Uses):			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	51,563	(11,573)	18,048
Fund Balances at Beginning of Year	<u>371,519</u>	<u>17,255</u>	<u>150,604</u>
Fund Balances at End of Year	<u>\$ 423,082</u>	<u>\$ 5,682</u>	<u>\$ 168,652</u>

EXHIBIT 6-D

<u>Tax Note Equipment Fund</u>	<u>Urban County CDBG Program</u>	<u>Park Improvement Fee Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ 115,573
-	-	-	5,423
-	-	300	70,047
-	-	-	11,345
-	243,727	-	243,727
<u>284</u>	<u>-</u>	<u>66</u>	<u>978</u>
<u>284</u>	<u>243,727</u>	<u>366</u>	<u>447,093</u>
-	-	-	75,771
156,085	-	-	173,085
-	-	-	44,864
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,042</u>
<u>156,085</u>	<u>-</u>	<u>-</u>	<u>300,762</u>
<u>(155,801)</u>	<u>243,727</u>	<u>366</u>	<u>146,330</u>
<u>-</u>	<u>(243,727)</u>	<u>-</u>	<u>(243,727)</u>
<u>-</u>	<u>(243,727)</u>	<u>-</u>	<u>(243,727)</u>
(155,801)	-	366	(97,396)
<u>211,707</u>	<u>-</u>	<u>45,374</u>	<u>796,459</u>
<u>\$ 55,906</u>	<u>\$ -</u>	<u>\$ 45,741</u>	<u>\$ 699,063</u>

CITY OF DONNA, TEXAS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Taxes:			
Ad valorem taxes	\$ 1,944,040	\$ 2,159,807	\$ 215,767
Interest	2,859	3,640	781
Total Revenues	<u>1,946,899</u>	<u>2,163,448</u>	<u>216,549</u>
Expenditures:			
Debt Service:			
Principal retirements	289,137	288,937	200
Interest and fiscal charges	86,515	86,661	(146)
Total Expenditures	<u>375,652</u>	<u>375,598</u>	<u>54</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,571,247</u>	<u>1,787,850</u>	<u>216,603</u>
Other Financing Sources (Uses)			
Transfers in	243,727	243,727	-
Transfers out	(1,814,974)	(1,814,974)	-
Total Other Financing Sources (Uses)	<u>(1,571,247)</u>	<u>(1,571,247)</u>	<u>-</u>
Net Change in Fund Balance	-	216,603	216,603
Fund Balance at Beginning of Year	<u>877,557</u>	<u>877,557</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 877,557</u>	<u>\$ 1,094,160</u>	<u>\$ 216,603</u>

CITY OF DONNA, TEXAS  
HOTEL OCCUPANCY TAX FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 105,783	\$ 115,573	\$ 9,790
Other	7,700	11,345	3,645
Interest earned	-	416	416
Total Revenues	<u>113,483</u>	<u>127,334</u>	<u>13,851</u>
<b>Expenditures:</b>			
Current:			
Tourism development			
Visitor information center	34,500	75,771	(41,271)
Total Tourism Development	<u>34,500</u>	<u>75,771</u>	<u>(41,271)</u>
Total Expenditures	<u>34,500</u>	<u>75,771</u>	<u>(41,271)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>78,983</u>	<u>51,563</u>	<u>(27,420)</u>
Fund Balance at Beginning of Year	<u>371,519</u>	<u>371,519</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 450,502</u>	<u>\$ 423,082</u>	<u>\$ (27,420)</u>

CITY OF DONNA, TEXAS  
 FIRE EQUIPMENT SERVICE FEE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Revenues:</b>			
Charges for services	\$ 61,600	\$ 69,747	\$ 8,147
Interest Income	200	207	7
Total Revenues	<u>61,800</u>	<u>69,955</u>	<u>8,155</u>
<b>Expenditures:</b>			
Debt service:			
Principal retirements	44,865	44,864	-
Interest	<u>7,041</u>	<u>7,042</u>	<u>-</u>
Total Expenditures	<u>51,906</u>	<u>51,906</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	9,894	18,048	8,155
Fund Balance at Beginning of Year	<u>150,604</u>	<u>150,604</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 160,498</u>	<u>\$ 168,652</u>	<u>\$ 8,155</u>

CITY OF DONNA, TEXAS  
TAX NOTES EQUIPMENT FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Charges for services	\$ -	\$ -	\$ -
Interest Income	125	284	159
Total Revenues	125	284	159
Expenditures:			
Capital Outlay	211,764	156,085	(55,679)
Total Expenditures	211,764	156,085	(55,679)
Excess (Deficiency) of Revenues Over Expenditures	(211,639)	(155,801)	55,838
Fund Balance at Beginning of Year	211,707	211,707	-
Fund Balance at End of Year	\$ 68	\$ 55,906	\$ 55,838

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## MAJOR PROPRIETARY FUNDS

The Proprietary Funds are used to account for City operations that are financed and/or operated in a manner similar to private business enterprises. Included in Proprietary Funds are:

*Water and Sewer Fund* is used to account for revenue and expenses for the City's water and sewer operations. The Water and Sewer Fund is a major proprietary fund, therefore, financial information is presented in the fund financial statements on Exhibits 3-A, 3-B, and 3-C. Exhibit 9-A presents the budgetary comparison schedule for the Water and Sewer Fund.

*City International Bridge Fund* is used to account for the assets and liabilities of the City's international bridge crossing project. The City International Bridge Fund is the other major proprietary fund, therefore, financial information is presented in the fund financial statements on Exhibits 3-A, 3-B, and 3-C. Exhibit 9-B presents the budgetary comparison schedule for the City International Bridge Fund.

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**BUDGETARY COMPARISON – WATER AND  
SEWER FUND AND CITY INTERNATIONAL  
BRIDGE FUND**

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CITY OF DONNA, TEXAS  
WATER AND SEWER FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Operating Revenues</b>			
<b>Sales:</b>			
Water sales	\$ 3,060,604	\$ 3,100,797	\$ 40,193
Sewer sales	2,256,760	2,196,913	(59,847)
Penalties - delinquent	135,000	184,925	49,925
Provision for bad debt	(60,000)	(15,010)	44,990
Total Sales	<u>5,392,364</u>	<u>5,467,625</u>	<u>75,261</u>
<b>Service Charges:</b>			
Water access and tap fees	31,226	58,458	27,232
Sewer access fees	21,281	24,038	2,757
Customer service cut ons	43,756	23,285	(20,472)
Total Service Charges	<u>96,263</u>	<u>105,780</u>	<u>9,517</u>
Total Operating Revenues	<u>5,488,627</u>	<u>5,573,405</u>	<u>84,778</u>
<b>Non-Operating Revenues:</b>			
Interest income	6,980	6,589	(391)
Total Non-Operating Revenues	<u>6,980</u>	<u>6,589</u>	<u>(391)</u>
Total Revenues	<u>5,495,607</u>	<u>5,579,994</u>	<u>84,387</u>
<b>Expenses:</b>			
<b>City Management:</b>			
Personal services	49,833	56,551	(6,718)
Supplies	2,485	1,382	1,103
Equipment maintenance	3,000	261	2,740
Other services	63,725	48,803	14,922
	<u>119,043</u>	<u>106,996</u>	<u>12,047</u>
<b>City Secretary:</b>			
Personal services	14,138	13,713	425
Supplies	200	-	200
Equipment maintenance	150	-	150
Other services	100	-	100
	<u>14,588</u>	<u>13,713</u>	<u>875</u>

(Continued)

CITY OF DONNA, TEXAS  
WATER AND SEWER FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
<b>Finance/Accounting:</b>			
Personal services	\$ 129,397	\$ 133,995	\$ (4,598)
Supplies	9,650	4,129	5,521
Equipment maintenance	22,300	846	21,454
Other services	80,862	42,285	38,577
	<u>242,209</u>	<u>181,255</u>	<u>60,954</u>
<b>City Hall:</b>			
Personal services	5,604	27,321	(21,717)
	<u>5,604</u>	<u>27,321</u>	<u>(21,717)</u>
<b>Engineer:</b>			
Other services	25,000	15,000	10,000
	<u>25,000</u>	<u>15,000</u>	<u>10,000</u>
<b>Water Distribution:</b>			
Supplies	7,500	-	7,500
Property occupancy	98,800	28,667	70,133
Equipment maintenance	1,500	-	1,500
Other services	6,000	59,528	(53,528)
	<u>113,800</u>	<u>88,196</u>	<u>25,604</u>
<b>Sewer Collection:</b>			
Personal services	-	199	(199)
Equipment Maintenance	-	-	-
Property occupancy	63,000	35,561	27,439
Other services	50,950	49,037	1,913
	<u>113,950</u>	<u>84,797</u>	<u>29,153</u>
<b>Sewer Treatment and Disposal:</b>			
Supplies	75,000	122,525	(47,525)
Other services	178,000	154,956	23,044
	<u>253,000</u>	<u>277,481</u>	<u>(24,481)</u>
<b>Water/Sewer Business Operations:</b>			
Other services	186,250	211,897	(25,647)
	<u>186,500</u>	<u>211,897</u>	<u>(25,397)</u>

(Continued)

CITY OF DONNA, TEXAS  
WATER AND SEWER FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Water/Sewer Liaison for City:			
Personal services	\$ 33,772	\$ 38,332	\$ (4,560)
Supplies	1,300	6,919	(5,619)
Equipment maintenance	950	7,805	(6,855)
Other services	1,725	735	990
	<u>37,747</u>	<u>53,791</u>	<u>(16,044)</u>
Water Supply and Treatment:			
Supplies	250,591	264,256	(13,665)
Property occupancy	26,000	-	26,000
Other services	176,008	145,416	30,592
	<u>452,599</u>	<u>409,672</u>	<u>42,927</u>
Water/Sewer Operations Support:			
Supplies	33,300	33,639	(339)
Property occupancy	3,100	5,260	(2,160)
Equipment maintenance	21,950	55,023	(33,073)
Other services	16,101	14,044	2,057
	<u>74,451</u>	<u>107,966</u>	<u>(33,515)</u>
Water/Sewer Operations Contractor:			
Other services	1,740,804	1,670,060	70,744
	<u>1,740,804</u>	<u>1,670,060</u>	<u>70,744</u>
Non-Departmental Expenses:			
Debt interest	704,890	404,687	300,203
Amortization of issuance costs	62,968	114,087	(51,119)
Depreciation	1,018,000	1,382,039	(364,039)
	<u>1,785,858</u>	<u>1,900,813</u>	<u>(114,955)</u>
Total Expenses	<u>5,165,153</u>	<u>5,148,958</u>	<u>16,195</u>
Income (Loss) Before Transfers and Capital Contributions	330,454	431,035	100,581
Transfers Out	(403,500)	(403,500)	-
Capital Grants and Contributions	-	75,500	75,500
Change in Net Position	(73,046)	103,035	176,081
Net Position Beginning of Year	<u>37,166,283</u>	<u>37,166,283</u>	<u>-</u>
Net Position at End of Year	<u>\$ 37,093,237</u>	<u>\$ 37,269,318</u>	<u>\$ 176,081</u>

CITY OF DONNA, TEXAS  
CITY INTERNATIONAL BRIDGE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget	Actual	Variance with Budget Positive (Negative)
<b>Revenues:</b>			
Charges for services	\$ 1,201,752	\$ 1,343,490	\$ 141,738
Rent	27,000	27,000	-
Interest Earned	880	589	(291)
Total Revenues	<u>1,229,632</u>	<u>1,371,079</u>	<u>141,447</u>
<b>Expense:</b>			
<b>Current:</b>			
City Administration	42,130	25,939	16,191
Finance/Accounting Department	43,698	43,666	32
Security for Bridge	202,772	226,156	(23,384)
Bridge Property	29,132	27,186	1,946
Operations of Toll Bridge	409,066	401,951	7,115
Rental Operations of TABC Bldg.	7,000	161	6,839
Other services	-	36,365	(36,365)
Interest and fiscal charges	1,941,575	1,935,846	5,729
Amortization of issuance costs	64,599	65,231	(632)
Depreciation	-	806,181	(806,181)
Total Expenses	<u>2,739,972</u>	<u>3,568,683</u>	<u>(828,711)</u>
Change in Net Assets Before Transfers	(1,510,340)	(2,197,604)	(687,264)
Contributions and Transfers	<u>2,121,807</u>	<u>2,397,184</u>	<u>275,377</u>
Change in Net Assets	611,467	199,580	(411,887)
Net Assets at Beginning of Year	<u>(5,674,444)</u>	<u>(5,674,444)</u>	-
Net Assets at End of Year	<u>\$ (5,062,977)</u>	<u>\$ (5,474,864)</u>	<u>\$ (411,887)</u>

## COMPONENT UNITS

*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.

Also presented on Exhibit 10-A and 10-C are the respective reconciliations of the governmental fund balance sheets to the statement of net position, and presented on Exhibit 10-B and 10-D 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, 2013

Assets

Cash and cash equivalents	\$	380,980
Restricted cash and cash equivalents		409,369
Receivables, net: Accounts		81,341
Total Assets	\$	871,690

Liabilities and Fund BalanceLiabilities:

Due to primary government	\$	118,192
Total Liabilities		118,192

Fund Balance:

Restricted for debt service		409,369
Unassigned		344,130
Total Fund Balance		753,499

Total Liabilities and Fund Balance \$ 871,690

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

Total fund balance- component unit balance sheet	\$	753,499
Amounts reported for component units in the statement of net position ("SNP") are different because:		
Deferred charges for debt issuance cost are not reported in the fund.		242,749
Discounts on bonds are not reported in the fund.		40,002
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.		(28,952)
Bond debt principal remaining which is not due in the current period are not reported in the fund.		(4,080,000)
Net position of component unit- statement of net position (deficit)	\$	(2,824,487)

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, 2013

Revenues:		
Sales taxes	\$	499,594
Interest		111
		<hr/>
	Total Revenues	499,705
		<hr/>
Expenditures:		
Current:		
Economic development		102,452
Debt service:		
Principal retirements		120,000
Interest and fiscal charges		181,144
		<hr/>
	Total Expenditures	403,595
		<hr/>
Net Change in Fund Balance		96,110
Fund Balance at Beginning of Year		657,389
		<hr/>
Fund Balance at End of Year	\$	<u>753,499</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	\$	96,110
Amounts reported for component units in the statement of activities ("SOA") are different because:		
Amortization of issuance costs and discounts on bonds are not reported in the fund		(13,464)
Net change in accrued interest is reported as an expense in the SOA.		495
Repayment of principal on bonds is not reported as financing use in the SOA.		120,000
		<hr/>
Change in net position of component unit-statement of activities	\$	<u>203,141</u>

CITY OF DONNA, TEXAS  
BALANCE SHEET  
DEVELOPMENT CORPORATION OF DONNA, INC (4B)  
COMPONENT UNIT  
SEPTEMBER 30, 2013

<u>Assets</u>		
Cash and cash equivalents	\$	621,496
Restricted cash and cash equivalents		398,941
Receivables, net:		
Accounts		84,030
Loans		155,025
		155,025
Total Assets	\$	1,259,492
 <u>Liabilities and Fund Balance</u>		
 <u>Liabilities:</u>		
Due to primary government	\$	116,545
Total Liabilities		116,545
 <u>Fund Balance:</u>		
Nonspendable - long-term receivables		155,025
Restricted for debt service		398,941
Unassigned		588,981
		588,981
Total Fund Balance		1,142,947
Total Liabilities and Fund Balance	\$	1,259,492

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

Total fund balance- component unit balance sheet	\$	1,142,947
Amounts reported for component units in the statement of net position ("SNP") are different because:		
Deferred charges for debt issuance costs are not reported in the fund.		228,784
Discounts on bonds are not reported in the fund.		58,682
Payables for accrued interest are not reported in the fund.		(27,621)
Bond debt principal remaining which is not due in the current period are not reported in the fund.		(4,005,000)
		(4,005,000)
Net position of component unit- statement of net position (deficit)	\$	(2,602,209)

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, 2013

Revenues:	
Sales taxes	\$ 499,594
Intergovernmental	-
Interest	3,921
Total Revenues	<u>503,515</u>
Expenditures:	
Current:	
Economic development	72,383
Debt service:	
Principal retirements	120,000
Interest and fiscal charges	173,669
Total Expenditures	<u>366,052</u>
Net Change in Fund Balance	137,463
Fund Balance at Beginning of Year	<u>1,005,484</u>
Fund Balance at End of Year	<u>\$ 1,142,947</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	\$ 137,463
Amounts reported for component units in the statement of activities ("SOA") are different because:	
Amortization of issuance costs and discounts on bonds are not reported in the fund	(13,689)
Net change in accrued interest is reported as an expense in the SOA.	594
Repayment of principal on bonds is not reported as financing use in the SOA.	120,000
Change in net position of component unit-statement of activities	<u>\$ 244,368</u>

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**OTHER SCHEDULES - UNAUDITED**

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

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Public Health and Welfare	Economic Development
2004	\$ 796,100	\$ 1,583,241	\$ 835,488	\$ 524,302	\$ 91,624	\$ 1,440,417
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	-

**TABLE 1**

<u>Tourism Development</u>	<u>Interest on Long-Term Debt</u>	<u>Water and Sewer</u>	<u>City International Bridge Fund</u>	<u>Donna International Bridge Corporation</u>	<u>Cemetary</u>	<u>Totals</u>
\$ 155,379	\$ 335,325	\$ 3,654,074	\$ -	\$ 20,235	\$ 61,192	\$ 9,497,377
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

TABLE 2

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

Fiscal Year	Program Revenues			General Revenues					Totals
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Interest	Miscellaneous	Special Item		
2004	\$ 4,478,018	\$ 2,353,387	\$ 997,774	\$ 3,774,779	\$ 74,675	\$ 13,878	\$ -	\$ 11,692,511	
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	

TABLE 3

**CITY OF DONNA  
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)
2004	\$ 2,674,661	\$ 109,105	\$ 1,629,849	\$ 755,954	\$ 224,452	\$ 29,994	\$ 5,424,015
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

Source: Audit Exhibit 2-C

TABLE 4

**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
2004	\$ 800,196	\$ 1,602,327	\$ 963,744	\$ 499,405	\$ 92,208	\$ 1,661,146	\$ 66,825	\$ 5,685,851
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

Source: Audit Exhibit 2-C

TABLE 5

**CITY OF DONNA  
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
2004	\$ 1,854,716	\$ 1,226,569	\$ 102,204	\$ (5,883)	\$ 93,953	\$ 294,251	\$ 314,424	\$ 3,880,234
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

Source: Audit Exhibit 9-A

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

**LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	Water Distribution	Sewer Collection	Sewer Treatment	Water/Sewer Operations	Water/Supply and Treatment	Engineering Services
2004	\$ 118,419	\$ 109,091	\$ 269,321	\$ 205,791	\$ 248,880	\$ 39,078
2005	99,166	162,026	267,241	234,822	257,651	338,013
2006	97,859	222,331	327,300	259,982	355,705	252,048
2007	137,062	198,981	388,581	201,482	349,794	15,041
2008	46,326	77,606	412,581	236,204	373,019	8,400
2009	36,893	72,797	473,255	184,816	498,168	17,550
2010	7,718	69,573	320,118	249,784	382,669	8,911
2011	11,925	112,108	267,055	266,037	393,276	12,576
2012	102,610	126,379	282,718	301,007	418,909	15,000
2013	88,196	84,797	277,481	211,897	409,672	15,000

TABLE 6

	<u>Administrative</u>	<u>Water/Sewer Operations Contractor</u>	<u>Debt Interest and Fees</u>	<u>Fees for Capital Contributions</u>	<u>Depreciation and Amortization</u>	<u>Transfers Out</u>	<u>Totals</u>
\$	272,628	\$ 1,264,598	\$ 440,901	\$ 61,400	\$ 623,967	\$ -	\$ 3,654,074
	342,192	1,329,509	421,742	62,000	814,310	-	4,328,672
	364,098	1,329,509	402,245	42,400	794,905	-	4,448,382
	411,757	1,363,047	446,925	-	752,134	315,000	4,579,804
	485,419	1,601,873	329,096	235,434	831,706	-	4,637,664
	418,866	1,730,022	359,898	1,145,331	787,071	194,856	5,919,523
	400,126	1,762,784	301,336	124,700	875,262	-	4,502,981
	255,558	1,842,431	368,003	27,257	1,202,986	-	4,759,212
	365,150	1,592,264	395,275	-	1,406,172	-	5,005,484
	491,042	1,670,060	404,687	-	1,496,126	403,500	5,552,458

TABLE 7

## CITY OF DONNA, TEXAS

## PROPERTY TAX RATES AND ASSESSED VALUES

LAST TEN FISCAL YEARS  
(Unaudited)

<u>Fiscal Year</u>	<u>Tax Levy Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Assessed Values</u>
2004	2003	0.626004	0.413824	1.039828	221,077,628
2005	2004	0.623944	0.367704	0.991648	246,505,000
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

**CITY OF DONNA, TEXAS**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**TABLE 7A**

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	
2004	0.626004	0.413824	1.039828	0.5900	1.66000	0.04350	0.21000	0.17380	3.717128
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, 2013  
(Unaudited)**

<u>Type of coverage</u>	<u>Insurer</u>	<u>Policy Number</u>	<u>Policy Period</u>	
			<u>From</u>	<u>To</u>
Real and Personal Property	Texas Municipal League Intergovernmental Risk Pool (TML-IRP)	9424	10/01/12	09/30/13
General Liability	TML-IRP	9424	10/01/12	09/30/13
Errors and Omissions	TML-IRP	9424	10/01/12	09/30/13
Automobile Liability	TML-IRP	9424	10/01/12	09/30/13
Automobile Physical Damage	TML-IRP	9424	10/01/12	09/30/13
Mobile Equipment	TML-IRP	9424	10/01/12	09/30/13
Boiler & Machinery	TML-IRP	9424	10/01/12	09/30/13
Workers' Compensation	TML-IRP	9424	10/01/12	09/30/13
Law Enforcement Liability	TML-IRP	9424	10/01/12	09/30/13
Public Employee Dishonesty	TML-IRP	9424	10/01/12	09/30/13
Forgery or Alteration	TML-IRP	9424	10/01/12	09/30/13
Computer Fraud	TML-IRP	9424	10/01/12	09/30/13
Tax Assessor/Collector Surety	Bon Hartford Casualty Ins Co	61BSBBX5218	10/01/12	09/30/13

**TABLE 8**

<u>Details and Coverage</u>	<u>Per Occur Liability Limits</u>		<u>Annual Premium</u>
Fire, windstorm, valuable papers, accounts receivable, data processing equipment	24,248,700	\$	50,416
General, products, personal	500,000	1 \$	5,080
Public officials and employee liability, claims made	1,000,000	1 \$	8,340
All owned and leased vehicles	1,000,000	\$	19,739
Schedule of vehicles	1,000,000	\$	10,463
Schedule of Mobile equipment	918,590	\$	3,530
	100,000	\$	-
Includes volunteer firemen	N/A	\$	61,313
Law enforcement liability	1,000,000	1 \$	17,538
Public officials and employee dishonesty, claims made	100,000	\$	1,240
Loss resulting from forgery or alteration of covered documents	100,000	\$	161
Loss of money, securities and property	100,000	\$	124
Employee Dishonesty	250,000	\$	1,000

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

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## **Continuing Financial Disclosure Tables**

The Continuing Financial Disclosure Tables portion of the Statistical section presents various financial data originally distributed in debt official statements. The City is required to update financial tables originally distributed in debt official statements. The financial tables that follow are updated through September 30, 2013. This financial information is also sent to the Nationally Recognized Municipal Securities Information Repository (NRMSIR).

**City of Donna, Texas**  
**Table 1 - Valuation, Exemption and Debt Obligation**

2013 Market Valuation Established by Hidalgo County Appraisal District (1)		\$ 590,363,319
<b>Less Exemptions/Reductions at 100% Market Value:</b>		
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
<b>General Obligation Debt Payable from Ad Valorem Taxes</b>		
(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
<b>Less: Self-supporting Debt</b>		
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

Table 2 - Taxable Assessed Valuation by Category

Category	Taxable Appraised Value For Fiscal Year Ended September 30,							
	2014		2013		2012		2011	
	Amount	(1) % of Total	Amount	(1) % 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	13158922	2.23%	23,090,738	4.26%	12,003,448	2.43%	11,302,919	3.13%
Real, Vacant Lots/Tracts	27078216	4.59%	23,364,004	4.31%	18,252,276	3.70%	19,963,067	5.52%
Real, Acreage (Land Only)	29558232	5.01%	28,478,703	5.25%	22,912,459	4.64%	20,477,633	5.67%
Real, Farm and Ranch Improvements	2823281	0.48%	1,784,229	0.33%	1,434,091	0.29%	1,926,532	0.53%
Real, Commercial	89881308	15.22%	82,050,572	15.12%	74,435,684	15.07%	69,816,793	19.32%
Real, Industrial	6957060	1.18%	6,633,333	1.22%	4,886,074	0.99%	5,998,498	1.66%
Real and Tangible Personal, Utilities	7357074	1.25%	6,194,219	1.14%	6,631,484	1.34%	7,579,819	2.10%
Tangible Personal, Commercial	30615834	5.19%	22,411,992	4.13%	22,022,328	4.46%	23,668,277	6.55%
Tangible Personal, Industrial	3741642	0.63%	2,914,628	0.54%	3,091,604	0.63%	3,939,854	1.09%
Tangible Personal, Mobile Homes	13319570	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	1323011	0.22%	1,802,726	0.33%	2,147,083	0.43%	-	0.00%
Special Inventory	3028712	0.51%	1,910,198	0.35%	1,710,153	0.35%	1,806,793	0.50%
Total Exempt Property	135496610	22.95%	127,570,687	23.51%	126,164,888	25.54%	-	0.00%
Total Appraised Value Before Exemptions	\$ 590,363,319	100.00%	\$ 542,558,421	100%	\$ 493,902,441	100%	\$ 361,461,832	100%
Less: Total Exemptions/Reductions	(170848721)		(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		2009		2008		2007	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	Real, Residential, Single-Family	\$ 183,631,647	51.37%	\$ 185,262,397	51.95%	\$ 174,981,388	54.27%	\$ 150,618,597
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 PropertyTax Department

**CITY OF DONNA, TEXAS**  
**Table 3 - Valuation and Funded Debt History**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Estimated Population</u>	<u>Taxable Assessed Valuation (1)</u>	<u>Per Capita Taxable Assessed Valuation</u>	<u>Gross Funded Tax Debt</u>	<u>Ratio Funded Debt to Taxable Assessed Valuation</u>	<u>Gross Per Capita Funded Tax Debt</u>
2004	2003	15,440	\$ 221,077,628	\$ 14,318	\$ 14,395,000	6.51%	932
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

(1) 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**  
**Table 4 - Tax Rate, Levy and Collections History**

<u>Fiscal Year Ending</u>	<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Tax Rate</u>	<u>Tax Levy (1)</u>	<u>% Current Collections</u>	<u>% Total Collections</u>
2003	2002	0.662075	0.377753	1.039828	\$ 2,185,296	87.63%	104.85%
2004	2003	0.626004	0.413824	1.039828	2,298,670	87.32%	108.72%
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	in progress	

(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.

**CITY OF DONNA, TEXAS  
PRINCIPAL TAXPAYERS  
For Fiscal Year Ending 09/30/2013  
Table 5 (Unaudited)**

Taxpayer	2013			2004		
	Taxable Assessed Valuation	Ranked	% of Taxable Assessed Valuation	Taxable Assessed Valuation	Ranked	% of Taxable Assessed Valuation
MHC Victoria Palms LLC	\$ 7,601,143	1	2.00%			
AEP Texas Central Co	3,352,150	2	0.88%	\$ 3,911,350	2	1.77%
BH Hester Donna LLC	3,288,164	3	0.87%			
Bland Farms LLC	2,240,527	4	0.59%			
W Silver Recycling Inc	2,130,910	5	0.56%			
D & J Investments LTD	2,193,063	6	0.58%			
H.E. Butt Grocery Company	2,191,472	7	0.58%	2,698,359	4	1.09%
MHC Victoria Palms II LLC	1,856,570	8	0.49%	3,622,992	3	1.47%
Packaging Corporation of America	1,841,647	9	0.49%			
First National Bank	1,837,655	10	0.48%			
Howard Johnson/Victoria Palms				6,489,114	1	2.63%
Southwestern Bell Telephone				2,597,949	5	1.05%
Hesterstreet L. P.				2,212,374	6	0.90%
Guerra, Hector				2,036,806	7	0.83%
Interstate Frit & Vegetable Co Inc				1,705,172	8	0.69%
Texas Cable Partners				1,487,180	9	0.60%
Kinney Bonded Warehouse				1,425,113	10	0.64%
<b>Totals</b>	<b>\$ 28,533,301</b>		<b>7.52%</b>	<b>\$ 28,186,409</b>		<b>11.68%</b>

Source: Hidalgo County Appraisal District

**CITY OF DONNA, TEXAS**  
**Table 6 - Tax Supported Debt Service Requirements**

Fiscal Year Ending 9/30	Existing Outstanding Gross Funded Debt			% of Principal Retired
	Principal	Interest	Requirements	
2014	\$ 1,045,000	\$ 2,302,816	\$ 3,347,816	
2015	1,090,000	2,248,162	3,338,162	
2016	1,125,000	2,191,339	3,316,339	21.87%
2017	875,000	2,136,887	3,011,887	
2018	1,445,000	2,077,551	3,522,551	
2019	1,515,000	2,007,130	3,522,130	
2020	1,590,000	1,932,647	3,522,647	
2021	1,670,000	1,853,997	3,523,997	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>\$ 41,590,000</u>	<u>\$ 32,710,054</u>	<u>\$ 74,300,054</u>	

Source: Municipal Advisory Council and City of Donna

**CITY OF DONNA, TEXAS**  
**Table 7 - 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. (1)	\$ 103,813
Lease payable due in annual installments of \$10,579, including Interest, collateralized by a Ford Fire Pick-up.	10,580
Lease payable due in annual installments of \$1,219 including interest, collateralized by a Ricoh Copier.	1,625
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	257,412
Lease payable due in annual installments of \$31,663 including interest, collateralized by phone equipment.	63,325
Lease payable due in monthly installments of \$425.10 including interest, collateralized by a Ford Fusion	14,453
Lease payable due in monthly installments of \$118.29 including interest, collateralized by a Ricoh Copier.	1,774
Total Capital Lease Debt	\$ 452,983
Less: Current Portion of Capital Lease Obligations	192,740
Capital Lease Obligations, Net of Current Portion	\$ 260,243

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

<u>Year Ending</u> <u>September 30,</u>	General Government Long-Term Debt
2014	\$ 192,740
2015	180,283
2016	79,960
	\$ 452,983
Less: Amounts Representing Interest	21,785
Balance at September 30, 2013	\$ 431,198

Source: City of Donna, Texas

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

**CITY OF DONNA, TEXAS  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
SEPTEMBER 30, 2013  
(unaudited)**

**TABLE 8**

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	9/30/2011	\$ 29,651,097	100.00%	\$ 29,651,097
<b>Overlapping:</b>				
Donna Independent School District	8/31/2012	105,225,000	33.77%	35,534,483
Hidalgo County	8//31/2012	174,275,000	1.26%	2,195,865
Hidalgo County Drainage District No. 1	12/31/2011	92,186,711	1.31%	1,207,646
Donna Irrigation District Hidalgo Co. No. 1		-	0.00%	-
South Texas CCD	12/31/2012	47,984,413	1.25%	<u>599,805</u>
Total Direct Debt				29,651,097
Total Net Overlapping Debt				<u>39,537,799</u>
Total Direct and Overlapping Debt				<u>\$ 69,188,896</u>
Average Debt Per Capita				\$ 2,601

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

CITY OF DONNA, TEXAS

Table - 9 General Fund Revenues, Expenditures History

Revenues	Fiscal Year Ended September 30,					
	2013	2012	2011	2010	2009	2008
Taxes	\$ 4,533,880	\$ 4,036,307	\$ 3,852,989	\$ 3,551,743	\$ 3,472,034	\$ 3,327,974
Licenses and Permits	134,634	123,623	101,415	83,718	96,836	84,745
Charges for Service	1,199,578	1,204,455	1,189,906	1,141,676	1,111,621	1,229,875
Fines and Forfeits	92,765	97,283	105,244	110,081	138,660	113,433
Intergovernmental	77,183	241,369	326,847	677,142	182,660	607,904
Interest	1,129	583	48,943	1,633	5,194	20,677
Other Revenues	125,669	45,502	-	17,265	16,824	34,953
<b>Total Revenues</b>	<b>6,164,838</b>	<b>5,749,122</b>	<b>5,625,344</b>	<b>5,583,258</b>	<b>5,023,829</b>	<b>5,419,561</b>
<b>Expenditures</b>						
<b>Current:</b>						
General Government	1,209,763	1,078,438	1,010,748	1,069,874	974,982	988,942
Public Safety	2,119,400	1,873,037	1,905,641	2,271,697	1,957,380	1,868,023
Public Works	1,523,106	1,412,629	1,472,449	1,790,994	1,215,055	1,155,302
Economic Development	-	75,000	86,969	-	14,100	494,580
Culture and Recreation	646,579	535,166	516,101	512,410	498,168	518,850
Health and Welfare	164,762	217,651	160,389	143,771	139,375	119,950
<b>Debt Service:</b>						
Principal Retirements	60,290	62,061	60,339	65,814	25,729	19,909
Interest, Fiscal & Issuance Charges	4,120	5,784	6,075	6,626	3,983	6,570
<b>Total Expenditures</b>	<b>5,728,020</b>	<b>5,259,766</b>	<b>5,218,711</b>	<b>5,861,186</b>	<b>4,828,772</b>	<b>5,172,126</b>
<b>Excess/Deficiency of Revenues Over Expenditures</b>	<b>436,818</b>	<b>489,356</b>	<b>406,633</b>	<b>(277,928)</b>	<b>195,057</b>	<b>247,435</b>
<b>Other Financing Sources/Uses</b>						
Operating Transfers In	-	43,066	-	-	1,720	3,212
Operating Transfers Out	(25,831)	-	-	(127,191)	(68,798)	(54,503)
Tax Note Proceeds	-	-	-	-	-	-
Loan and Lease Proceeds	351,753	-	-	137,317	26,293	-
<b>Total Other Financing Sources/Uses</b>	<b>325,922</b>	<b>43,066</b>	<b>-</b>	<b>10,126</b>	<b>(40,785)</b>	<b>(51,291)</b>
<b>Excess/Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Uses</b>	<b>762,740</b>	<b>532,422</b>	<b>406,633</b>	<b>(267,802)</b>	<b>154,272</b>	<b>196,144</b>
<b>Beginning Fund Balance</b>	<b>1,466,773</b>	<b>934,350</b>	<b>871,372</b>	<b>871,372</b>	<b>717,100</b>	<b>520,956</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ 2,229,513</b>	<b>\$ 1,466,772</b>	<b>\$ 1,278,005</b>	<b>\$ 603,570</b>	<b>\$ 871,372</b>	<b>\$ 717,100</b>

Source: City of Donna, Texas Annual Financial Reports

## CITY OF DONNA, TEXAS

### Table 10 - Municipal Sales Tax History

<u>Fiscal Year Ended 9/30</u>	<u>Total Collected</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Total Collections Per Capita</u>
2003	\$ 776,309	31.76%	0.3149	\$ 49.53
2004	864,141	32.72%	0.3236	54.32
2005	933,910	33.89%	0.3355	56.78
2006	1,056,113	34.65%	0.3430	62.40
2007	1,577,673	134.26%	0.7812	93.22
2008	1,561,820	47.23%	0.4644	89.68
2009	1,547,514	44.56%	0.4566	86.44
2010	1,467,723	44.51%	0.4368	81.99
2011	1,592,805	42.82%	0.4665	88.97
2012	1,731,965	36.46%	0.4566	69.00
2013	1,980,685	37.70%	0.4721	74.46

Source: Office of the Texas Comptroller and City of Donna

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**CITY OF DONNA, TEXAS**  
**Table 11 - Interest and Sinking Fund Budget Projection**

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/14	\$	(2,190,626)
Interest and Sinking Fund Balance at 9/30/13		1,094,160
2013 Interest and Sinking Fund Tax Levy @ 100% Collection		1,944,040
Amount paid from other resources		<u>243,727</u>
Estimated Balance as of 9/30/14	\$	<u><u>1,091,301</u></u>

Source: City of Donna, Texas

**CITY OF DONNA, TEXAS**  
**Table 12 - Current Investments**

The City's cash and temporary investments at September 30, 2013 are shown below:

Name	Carrying Amount	Market Value
Non-Interest Bearing Cash Accounts	\$ 1,124,075	\$ 1,124,075
Money Market Fund available from Trustee	2,376,966	2,376,966
Local Government Investment Cooperative (LOGIC) <sup>(1)</sup>	9,088,248	9,088,248
Less: Statement of Fiduciary Net Assets	<u>(230,180)</u>	<u>(230,180)</u>
<b>Total</b>	<u><u>\$ 12,359,109</u></u>	<u><u>\$ 12,359,109</u></u>

(1) 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**  
**Table 13 - Principal Employers**  
**For Fiscal Year Ending 2013 AND 2004**

<u>Employer</u>	<u>2013(1)</u>		<u>2004*</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Donna ISD	2,500	1	unknown	
Idea Public Schools	170	2	unknown	
HEB	115	3	unknown	
City of Donna	100	4	unknown	
Bland Distribution	100	5	unknown	
Paramount Citrus	79	6	unknown	
Victoria Palms Resort	71	7	unknown	
McDonalds	60	8	unknown	
Whataburger Inc.	58	9	unknown	
Rio Valley Canning	47	10	unknown	
Total	<u>3,300</u>		<u>-</u>	

(1) SOURCE DEDC

\* Information was not tracked.