

CITY OF DONNA, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2015

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CITY OF DONNA, TEXAS
ANNUAL FINANCIAL REPORT
September 30, 2015

Council – Manager Form of Government

MAYOR

Irene Munoz

COUNCIL MEMBERS

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

CITY MANAGER

Fernando Flores

FINANCE DIRECTOR

David R. Vasquez

CITY SECRETARY

Martha Alvarado

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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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on Governmental Activities

The City of Donna does not have a property control ledger for its governmental capital assets. Furthermore, as discussed in Note 1 to the financial statements, the City was unable to determine depreciation expense 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 and a gain/loss reported upon the disposition of a capital asset, which would decrease the assets and net position and increase expenses of governmental activities. The amount by which this departure would affect the assets and expenses and net position of governmental activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities for the City of Donna, Texas as of September 30, 2015, and the changes in financial position thereof for the year then ended.

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

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

Qualified Opinions

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to determine the valuation of capital assets in the water and sewer fund and the business-type activities and the related accumulated depreciation and depreciation expense associated therewith, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the water and sewer fund of the City of Donna, Texas as of September 30, 2015, 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 capital projects 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, 2015, 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.

Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015, the City implemented new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to these matters.

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 Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System, Schedule of Employer Contributions – Texas Municipal Retirement System, Schedule of Changes in Net Pension Liability and Related Ratios – Firemen's Relief and Retirement Fund, Schedule of Employer Contributions – Firemen's Relief and Retirement Fund, and the Notes to Budgetary Comparison Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the other supplementary information and combining schedules section, and the other schedules – unaudited section, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information (Continued)

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

Long Chilton, LLP
LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
March 30, 2016

Management's Discussion and Analysis

As management of the City of Donna, we offer readers of the City of Donna 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, 2015.

Financial Highlights In Brief

In regards to the City's government-wide level financial statements, the 2015 and 2014 amounts are included in this discussion and analysis for comparative purposes.

- The assets of the City exceeded liabilities at the close of the 2015 and 2014 fiscal years by \$62,142,248 (net position) and by \$62,953,839 (net position), respectively. At the end of the 2015 and 2014 fiscal years the statement of net position reflects a deficit amount for unrestricted net position of \$7,761,717 and a deficit amount of \$3,993,712, respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,729,980 an increase of \$2,674,564 or 52.9% over the prior year.
- At the end of the current fiscal year, the unreserved undesignated fund balance for the general fund was \$2,636,498 or a positive 30 percent of total current year general fund expenditures.
- The City of Donna's total debt increased by a net amount of \$6,304,089 or 14.07 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 three discretely presented component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found as referenced in the table of contents of this report.

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

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

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

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

Proprietary funds. The City of Donna maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sanitary sewer system, and international bridge.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of individuals, private organizations, and other governments. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City

of Donna maintains one fiduciary fund. The Firemen's Relief and Retirement Fund is reported as a fiduciary pension fund. The basic fiduciary fund financial statements can be found as referenced in the table of contents of this report.

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Donna, assets exceeded liabilities by \$62,142,247 at the close of fiscal year 2015 and by \$62,953,838 at the close of fiscal year 2014.

City of Donna
Net Position
September 30,

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 9,991,804	\$ 7,579,837	\$ 10,699,295	\$ 10,489,242	\$ 20,691,099	\$ 18,069,079
Capital assets	29,982,220	26,456,062	62,096,458	62,969,100	92,078,678	89,425,162
Total assets	39,974,024	34,035,899	72,795,753	73,458,342	112,769,777	107,494,241
Deferred Outflows of Resources	337,577	76,784	135,161	178,992	472,738	255,776
Long-term liabilities	7,115,898	2,035,419	39,644,637	39,193,430	46,760,535	41,228,849
Other liabilities	1,988,894	1,455,583	2,350,841	2,111,746	4,339,735	3,567,329
Total liabilities	9,104,792	3,491,002	41,995,476	41,305,176	51,100,268	44,796,178
Net Position						
Invested in capital assets, net of related debt	24,886,384	24,260,086	36,392,353	36,537,530	61,278,737	60,797,616
Restricted	5,481,325	3,439,698	3,143,902	2,710,237	8,625,227	6,149,935
Unrestricted (deficit)	839,100	2,921,896	(8,600,817)	(6,915,609)	(7,761,717)	(3,993,713)
Total net position	\$ 31,206,809	\$ 30,621,680	\$ 30,935,438	\$ 32,332,158	\$ 62,142,247	\$ 62,953,838

The largest portion of the City's net position (98.61 % in 2015 and 96.57 % in 2014) 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 (13.88 % in 2015 and 9.77% in 2014) represents resources that are subject to external restrictions on how they may be used.

During the year, the city implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this standard resulted in the recording of a net pension liability totaling \$598,927 in the primary government. (Refer to Note 3.I.2)

The City's unrestricted net position under governmental activities reflect positive balances of \$839,100 for 2015 and \$2,921,896 for 2014. During the year, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this standard resulted in the recording of a net pension liability totaling \$598,927 in the primary government, of which \$548,968 was allocated to governmental activities. (Refer to Note 3.I.2)

The City's unrestricted net position under business-type activities reflect a deficit balance of \$8,600,817 at 2015 and a deficit of \$6,915,609 at 2014. During the year, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this standard resulted in the recording of a net pension liability totaling \$598,927 in the primary government, of which \$49,959 was allocated to business-type activities. (Refer to Note 3.I.2)

The Water and Sewer Fund has unrestricted net position of \$4,259,549 at 2015, which reflects an increase of \$164,714 or 4.02 percent over fiscal year 2014. The City International Bridge Fund has an unrestricted net position deficit of \$12,860,366 at 2015, which reflects an increase in the deficit of \$1,849,923 from 2014. 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 2015 and 2014.

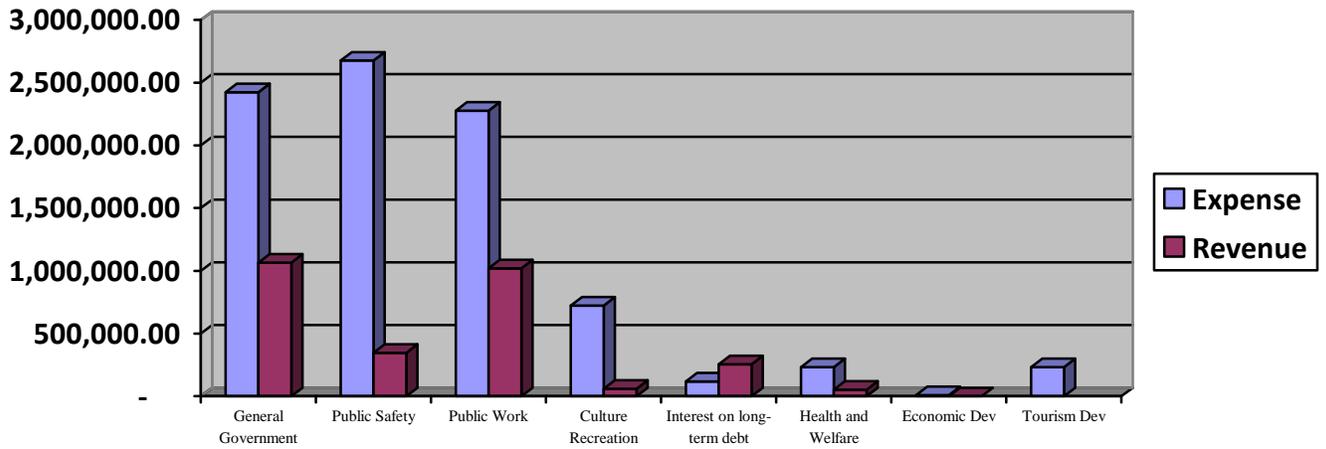
City of Donna
Changes in Net Position
September 30,

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 2,375,381	\$ 1,663,576	\$ 6,780,186	\$ 6,907,284	\$ 9,155,567	\$ 8,570,860
Operating grants and contributions	424,889	664,438	-	153,115	424,889	817,553
Capital grants and contributions	-	1,267,992	432,157	1,518,832	432,157	2,786,824
General Revenues:						
Property taxes	5,574,392	5,442,523	-	-	5,574,392	5,442,523
Other taxes	2,147,013	1,941,849	-	-	2,147,013	1,941,849
Other	91,095	583,403	47,746	13,862	138,841	597,265
Total revenues	<u>10,612,770</u>	<u>11,563,781</u>	<u>7,260,089</u>	<u>8,593,093</u>	<u>17,872,859</u>	<u>20,156,874</u>
Expenses:						
General government	2,423,156	1,395,999	-	-	2,423,156	1,395,999
Public safety	2,675,445	2,251,531	-	-	2,675,445	2,251,531
Public works	2,276,526	1,769,246	-	-	2,276,526	1,769,246
Culture and recreation	723,354	585,057	-	-	723,354	585,057
Public Health and welfare	231,283	238,260	-	-	231,283	238,260
Economic Development	9,000	9,715	-	-	9,000	9,715
Tourism development	231,556	236,107	-	-	231,556	236,107
Interest on long-term debt	117,228	113,604	-	-	117,228	113,604
Utility system operations	-	-	5,806,462	5,160,233	5,806,462	5,160,233
International Bridge Fund	-	-	4,488,981	3,851,680	4,488,981	3,851,680
Total expenses	<u>8,687,548</u>	<u>6,599,519</u>	<u>10,295,443</u>	<u>9,011,913</u>	<u>18,982,991</u>	<u>15,611,432</u>
Changes in net position before transfers	1,925,222	4,964,262	(3,035,354)	(418,820)	(1,110,132)	4,545,442
Transfers	(1,610,089)	(2,094,974)	1,610,089	2,094,974	-	-
Changes in net position	<u>315,131</u>	<u>2,869,286</u>	<u>(1,425,266)</u>	<u>1,676,153</u>	<u>(1,110,132)</u>	<u>4,545,442</u>
Net Position – beginning of year	30,621,679	27,780,612	32,332,158	31,794,454	62,953,838	59,575,067
Prior period adjustment	269,997	(28,219)	28,545	(1,138,449)	298,542	(1,166,668)
Net Position – end of year	<u>\$ 31,206,809</u>	<u>\$ 30,621,679</u>	<u>\$ 30,935,438</u>	<u>\$ 32,332,158</u>	<u>\$ 62,142,247</u>	<u>\$ 62,953,838</u>

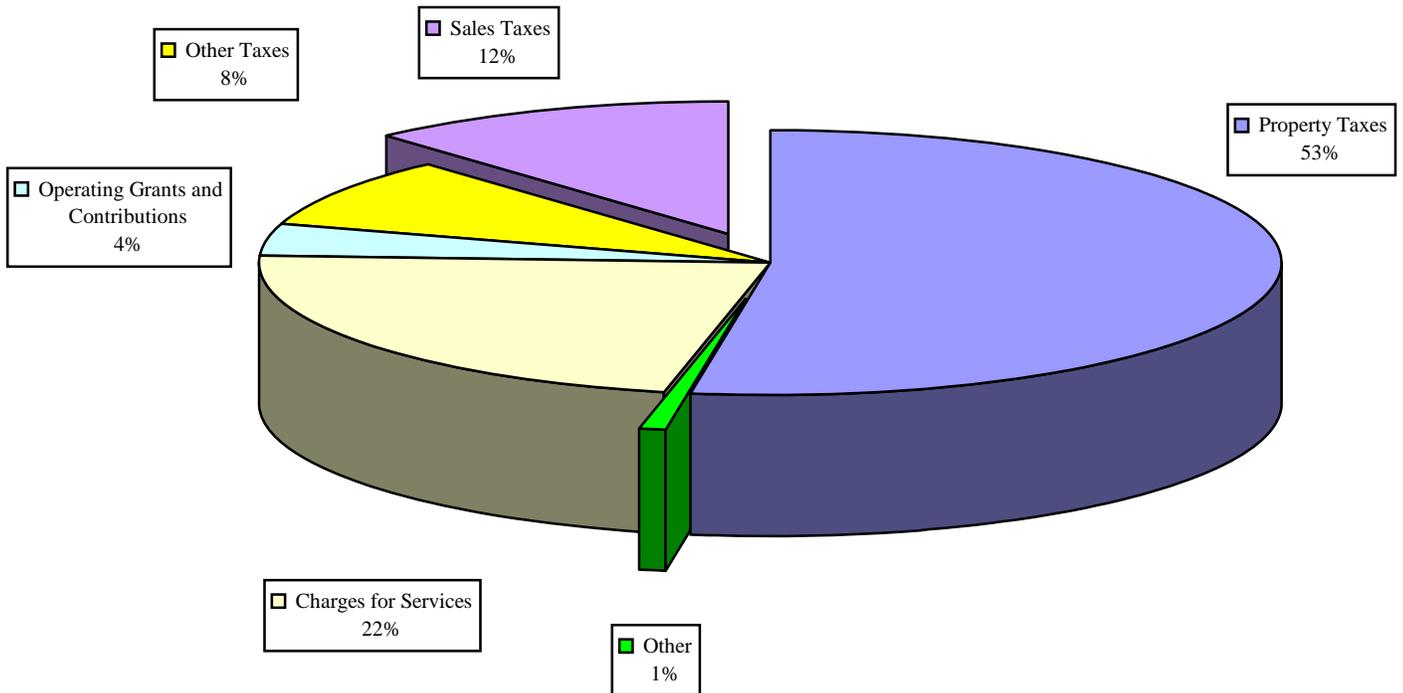
Total revenues generated from both governmental and business-type activities for fiscal year 2015 amounted to \$17,872,859 with expenses of \$18,982,991 resulted in a net position decrease of \$1,110,132 for fiscal year 2015. Compared to fiscal year 2014, there were \$20,156,874 in revenues with expenses of \$15,611,432 that resulted in a net position increase of \$4,545,442 for fiscal year 2014.

Governmental activities. Governmental activities increased the City of Donna’s net position by \$315,132 thereby accounting for an increase of 1 percent in governmental net position for 2015.

Expenses and Program Revenues-Governmental Activities

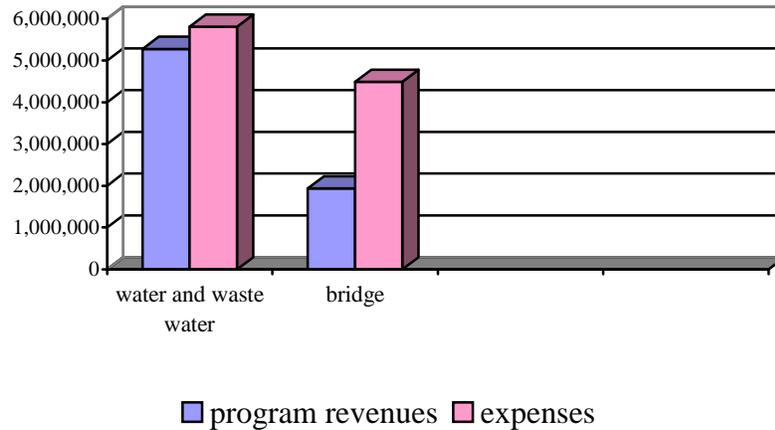


Revenues by Source-Governmental Activities

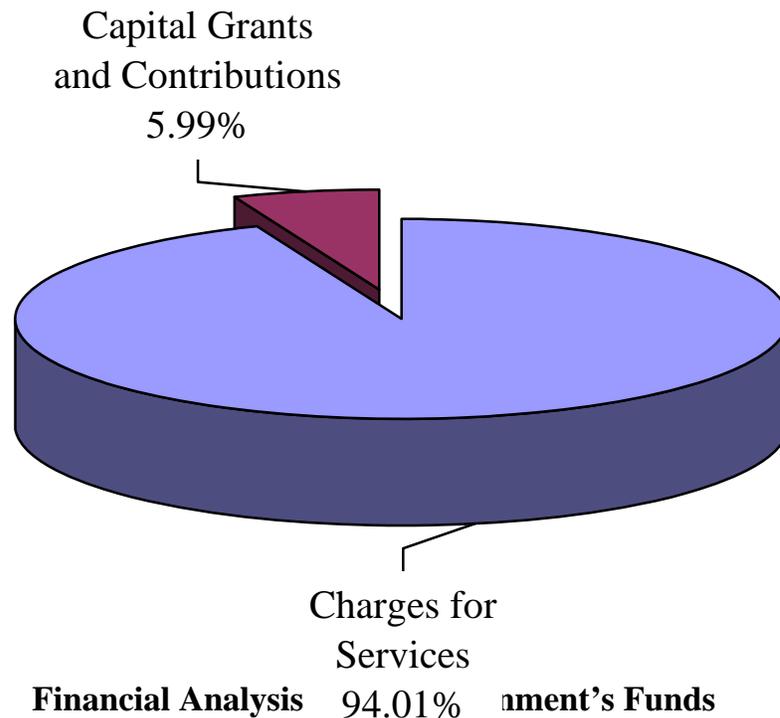


Business-type activities. Business-type activities decreased the City of Donna's net position by \$1,425,266 thereby accounting for a decrease of 4.40 percent in total net position in fiscal year 2015. Capital contributions recorded were \$432,157, a decrease of \$1,086,675 over fiscal year 2014. Interfund Transfers totaled \$1,610,089, a decrease of \$484,885 or 23% over fiscal year 2014.

Expenses and Program Revenues-Business Type Activities



Revenues by Source-Business-Type Activities



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 \$7,729,980 an increase of \$2,674,564 or 52.9 percent. A positive amount of \$2,636,498 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 \$5,093,482 is restricted and \$2,167,375 is for capital projects.

The General Fund is the chief operating fund of the City of Donna. At the end of the 2015 fiscal year unreserved undesignated fund balance of the General Fund was \$2,636,498. 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 2015 unreserved undesignated fund balance represents a positive 30.50 percent of total General Fund expenditures.

During the 2015 fiscal year, the net change in fund balance of the City's General Fund increased by \$287,086. The key components and factors in this increase are as follows:

- Ad Valorem Taxes collected and Charges for Services revenues greater than budgeted amounts
- Prudent budgeting in several key departments such as Police Department, Public Safety, and Parks and Recreation lead to positive budget variances.

The Debt Service Fund has a total fund balance of \$1,383,775, 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 2015 of \$239,986 and a net increase of \$49,629 in 2014. The Debt Service fund was budgeted with a positive balance of \$58,187 in 2015. 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 \$8,600,817 at 2015 is comprised of the respective proprietary funds as follows; Water and Sewer Fund \$4,259,549, City International Bridge Fund deficit of \$12,860,366. 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 fourth consecutive year of 12 months of operation at the bridge.

General Fund Budgetary Highlights

The original General Fund budget increased by \$1,636,027 (Expenditures) or 26.13 percent compared to fiscal year 2014 of \$528,230. While budget variances were incurred at the department level, Revenues over Expenditures was a positive \$287,086.

Capital Assets

The City of Donna's investment in capital assets for its governmental and business type activities as of September 30, 2015 and 2014 amounts to \$92,078,679 and \$89,425,159, respectively (net of accumulated depreciation on the business-type activities capital assets). This investment in capital assets includes land, buildings and improvements, machinery and equipment, streets, a waterworks system, a sanitary sewer system and the development of an international bridge with related service assets. The overall increase in the City of Donna's investment in capital assets for the current year was 3.0 percent (a 13.3 percent increase for governmental activities and a 1.4 percent decrease for business-type activities, net of accumulated depreciation). The current year depreciation expense for business-type activities was \$2,303,992 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		
	2015	2014	2015	2014	2015	2014	
Land	\$ 1,027,449	\$ 1,027,449	\$ 1,237,616	\$ 1,237,616	\$ 2,265,065	\$ 2,265,065	
Buildings	2,819,611	2,725,574	2,687,102	2,748,410	5,506,713	5,473,984	
Improvements other than buildings	10,050,452	9,284,841	17,256,773	478,238	27,307,225	9,763,079	
Infrastructure	6,371,429	6,371,429	39,385,470	57,887,026	45,756,899	64,258,455	
Furniture and equipment	8,464,516	7,046,767	659,212	246,498	9,123,728	7,293,265	
Other developments in progress	1,248,762	-	870,284	371,311	2,119,046	371,311	
Total	<u>\$ 29,982,219</u>	<u>\$ 26,456,060</u>	<u>\$ 62,096,457</u>	<u>\$ 62,969,099</u>	<u>\$ 92,078,676</u>	<u>\$ 89,425,159</u>	

Debt Administration

The City of Donna's total long-term debt for its governmental and business-type activities as of September 30, 2015 and 2014 amounts to \$48,503,531 and \$42,775,196 respectively.

City of Donna						
Outstanding Debt at Year End						
General Obligation, Revenue Bonds, and Other Debt						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds - net	\$ 6,029,345	\$ 1,891,126	\$ 37,794,056	\$ 38,508,874	\$ 43,823,401	\$ 40,400,000
Tax Notes Payable	432,000	-	768,000	-	1,200,000	-
Contractual Obligations	760,000	-	-	-	760,000	-
Claims payable	-	-	2,158,301	1,624,795	2,158,301	1,624,795
Capital leases	74,755	242,728	4,197	9,459	78,952	252,187
Notes and loans payable	233,051	233,051	-	-	233,051	233,051
Compensated absences	232,268	247,537	17,558	17,626	249,826	265,163
Total	<u>\$ 7,761,419</u>	<u>\$ 2,614,442</u>	<u>\$ 40,742,112</u>	<u>\$ 40,160,754</u>	<u>\$ 48,503,531</u>	<u>\$ 42,775,196</u>

The City's total debt increased by a net \$5,728,335 or 13.39 percent, during the current fiscal year. Additional information on the City of Donna's long-term debt can be found in note 3, Section G of this report.

During and after the construction of the international bridge and related bridge service assets, bridge related debt service payments are funded primarily by the general government's Debt Service Fund via transfers to the City International Bridge Fund. Operating Income from the international bridge (excluding depreciation and amortization) contributed to debt service payments. For the current year the general government's Debt Service Fund has paid \$1,610,089 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.

Economic Factors and Next Year's Budgets and Rates

- The assessed taxable valuations used in preparing 2015-2016 budget were up \$59,833,979 or 14 percent from the prior year.
- The City decreased the tax rate for fiscal year 2015-2016 to \$.982828 per \$100 valuation, a decrease of \$0.16 or 14% from prior year.
- In the 2015-2016 Budget, the General Fund revenues and expenditures are budgeted at an increase of 7% over 2015 fiscal year. The 2016 General Fund budget is a balanced budget.
- The Sales Tax increased by \$241,606 or 23 percent over prior year.
- The City of Donna 559 submission for southbound empty commercial traffic was approved.
- The City's engineers DOS Logistics have completed plans and submitted the design plans to US Customs and GSA for review.
- The City has submitted a second 559 application for the crossing of northbound empty commercial traffic. The application is currently under review by the Federal Government.
- The Sol Star completed installation of fiber to the Donna-Rio Bravo POE. The system was a joint project with the local internet provider and will provide service to the city and federal facilities.

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 12th Street, City of Donna, Texas, 78537.

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BASIC FINANCIAL STATEMENTS

CITY OF DONNA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,015,420	\$ 3,649,918	\$ 10,665,337
Receivables, net	2,231,929	900,886	3,132,815
Internal balances	501,345	(501,345)	-
Due from primary government	-	-	-
Inventories	4,284	-	4,284
Restricted assets			
Cash and cash equivalents	-	5,077,426	5,077,426
Intergovernmental receivables	-	258,786	258,786
Long-term investments	220,077	1,244,525	1,464,602
Capital assets:			
Land	1,027,449	1,237,616	2,265,065
Construction in progress	1,248,762	870,284	2,119,047
Other capital assets, net of accumulated depreciation	27,706,009	59,988,558	87,694,567
Other assets	18,750	69,098	87,848
Total assets	39,974,023	72,795,753	112,769,777
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding (net)	46,070	107,395	153,466
Deferred outflows pensions	291,507	27,766	319,273
Total deferred outflows of resources	337,577	135,161	472,739
LIABILITIES			
Accounts payable	65,129	172,227	237,356
Accrued interest payable	29,703	293,638	323,340
Accrued liabilities	455,567	19,733	475,301
Liabilities payable from restricted assets	-	290,759	290,759
Due to component unit	109,273	-	109,273
Due to fiduciary	-	-	-
Deposits	121,067	427,049	548,116
Unearned revenue	13,663	-	13,663
Pension liability	548,968	49,959	598,927
Non-current liabilities:			
Due within one year	645,523	1,097,476	1,742,999
Due in more than one year	7,115,898	39,644,637	46,760,535
Total liabilities	9,104,792	41,995,476	51,100,267
NET POSITION (DEFICIT)			
Net investment in capital assets	24,886,384	36,392,353	61,278,737
Restricted for:			
Capital projects	2,167,375	483,816	2,651,191
Operations and maintenance	-	899,772	899,772
Restricted for repairs and replacements	-	733,468	733,468
Debt service	2,150,223	1,026,846	3,177,069
Tourism	736,382	-	736,382
Tax increment zone purposes	423,988	-	423,988
Other purposes	3,357	-	3,357
Unrestricted (deficit)	839,100	(8,600,817)	(7,761,717)
Total net position (deficit)	\$ 31,206,809	\$ 30,935,438	\$ 62,142,247

The accompanying notes are an integral part of this statement.

EXHIBIT 1-A

Component Units		
Donna Economic Development Corporation	Development Corporation of Donna, Inc.	Tax Increment Reinvestment Zone Number Two
\$ 187,968	\$ 523,277	\$ 31,423
125,435	238,883	23,713
-	-	-
54,636	54,636	-
-	-	-
408,327	397,713	-
-	-	-
-	-	-
248,216	-	-
-	-	-
-	-	-
-	-	-
<u>1,024,584</u>	<u>1,214,510</u>	<u>55,136</u>
-	-	-
2,869	2,869	-
<u>2,869</u>	<u>2,869</u>	<u>-</u>
2,101	2,553	-
27,531	26,283	-
23,511	22,514	-
-	-	-
-	-	-
-	-	-
-	1,430	-
5,161	5,161	-
135,000	135,000	-
<u>3,643,807</u>	<u>3,551,907</u>	<u>2,313,052</u>
<u>3,837,111</u>	<u>3,744,849</u>	<u>2,313,052</u>
248,216	-	-
-	-	-
-	-	-
-	-	-
408,327	397,713	-
-	-	-
-	-	-
-	-	-
<u>(3,466,203)</u>	<u>(2,925,183)</u>	<u>(2,257,916)</u>
<u>\$ (2,809,659)</u>	<u>\$ (2,527,470)</u>	<u>\$ (2,257,916)</u>

CITY OF DONNA, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities				
General government	\$ 2,423,156	\$ 1,065,606	\$ -	\$ -
Public safety	2,675,445	206,863	139,433	-
Public works	2,276,526	1,020,698	-	-
Culture and recreation	723,354	29,628	30,693	-
Public health and welfare	231,283	52,586	-	-
Economic development	9,000	-	-	-
Tourism development	231,556	-	-	-
Interest on long-term debt	117,228	-	254,763	-
Total governmental activities	8,687,548	2,375,381	424,890	-
Business-type activities:				
Water and sewer	5,806,462	5,045,190	-	232,157
International Bridge	4,488,981	1,734,996	-	200,000
Total business-type activities	10,295,443	6,780,185	-	432,157
Total primary government	\$ 18,982,991	\$ 9,155,567	\$ 424,890	\$ 432,157
COMPONENT UNITS:				
Economic Development	\$ 1,175,278	\$ -	\$ -	\$ -
Total component units	\$ 1,175,278	\$ -	\$ -	\$ -

General revenues:

Taxes:

Property taxes - general purposes/tax increment

Sales taxes

Franchise taxes

Hotel occupancy tax

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position (deficit)-beginning

Prior period adjustment

Net position (deficit)-ending

The accompanying notes are an integral part of this statement

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total	Component Units		
			Donna Economic Development Corporation	Development Corporation of Donna, Inc.	Tax Increment Reinvestment Zone Number Two
\$ (1,357,550)	\$ -	\$ (1,357,550)			
(2,329,148)	-	(2,329,148)			
(1,255,829)	-	(1,255,829)			
(663,034)	-	(663,034)			
(178,697)	-	(178,697)			
(9,000)	-	(9,000)			
(231,556)	-	(231,556)			
137,535	-	137,535			
<u>(5,887,278)</u>	<u>-</u>	<u>(5,887,278)</u>			
-	(529,116)	(529,116)			
-	(2,553,985)	(2,553,985)			
-	(3,083,100)	(3,083,100)			
<u>\$ (5,887,278)</u>	<u>\$ (3,083,100)</u>	<u>\$ (8,970,378)</u>			
			\$ (509,429)	\$ (476,424)	\$ (180,425)
			<u>\$ (509,429)</u>	<u>\$ (476,424)</u>	<u>\$ (180,425)</u>
5,574,392	-	5,574,392	-	-	51,447
1,252,446	-	1,252,446	626,223	626,223	-
775,496	-	775,496	-	-	-
119,071	-	119,071	-	-	-
3,994	21,157	25,151	100	4,309	-
87,101	26,589	113,690	-	-	-
(1,610,089)	1,610,089	-	-	-	-
<u>6,202,410</u>	<u>1,657,835</u>	<u>7,860,245</u>	<u>626,323</u>	<u>630,532</u>	<u>51,447</u>
315,132	(1,425,266)	(1,110,133)	116,893	154,108	(128,978)
30,621,680	32,332,158	62,953,838	(2,929,502)	(2,684,528)	(2,128,938)
269,997	28,545	298,542	2,949	2,949	-
<u>\$ 31,206,809</u>	<u>\$ 30,935,438</u>	<u>\$ 62,142,247</u>	<u>\$ (2,809,659)</u>	<u>\$ (2,527,470)</u>	<u>\$ (2,257,916)</u>

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FUND FINANCIAL STATEMENTS

CITY OF DONNA, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 2,039,208	\$ 1,573,864	\$ 2,436,536	\$ 965,812	\$ 7,015,420
Receivables, net:					
Property taxes	979,622	630,751	-	-	1,610,373
Accounts	496,397	-	-	125,159	621,555
Inventories	4,285	-	-	-	4,285
Due from other funds	1,014,711	-	-	107,834	1,122,546
Prepaid items	-	-	18,750	-	18,750
Long-term investments	-	-	-	220,077	220,077
Advances to other funds	166,175	-	-	-	166,175
	<u>\$ 4,700,398</u>	<u>\$ 2,204,615</u>	<u>\$ 2,455,286</u>	<u>\$ 1,418,882</u>	<u>\$ 10,779,181</u>
Total Assets					
<u>Liabilities</u>					
Current Liabilities:					
Accounts payable	\$ 65,129	\$ -	\$ 82,277	\$ 29,510	\$ 176,916
Accrued liabilities	343,780	-	-	-	343,780
Due to other funds	340,329	231,565	215,483	-	787,376
Due to component units	109,273	-	-	-	109,273
Unearned revenues	6,012	-	-	7,651	13,663
Deposits	121,067	-	-	-	121,067
	<u>985,590</u>	<u>231,565</u>	<u>297,760</u>	<u>37,161</u>	<u>1,552,076</u>
Total Liabilities					
Deferred Inflows of Resources:					
Total Deferred Inflows of Resources -					
Property taxes	<u>907,851</u>	<u>589,274</u>	<u>-</u>	<u>-</u>	<u>1,497,126</u>
<u>Fund Balances</u>					
Nonspendable - prepaid and inventory	4,285	-	-	-	4,285
Nonspendable - long term advances to funds	166,175	-	-	-	166,175
Restricted for:					
Tourism	-	-	-	736,382	736,382
Law enforcement	-	-	-	3,357	3,357
Fire equipment debt service	-	-	-	206,790	206,790
Park improvements	-	-	-	1,355	1,355
Debt service	-	1,383,775	-	-	1,383,775
Tax increment zone one purposes	-	-	-	423,988	423,988
Capital projects	-	-	2,157,526	9,849	2,167,375
Unassigned	2,636,498	-	-	-	2,636,498
	<u>2,806,958</u>	<u>1,383,775</u>	<u>2,157,526</u>	<u>1,381,721</u>	<u>7,729,980</u>
Total Fund Balances					
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,700,398</u>	<u>\$ 2,204,615</u>	<u>\$ 2,455,286</u>	<u>\$ 1,418,882</u>	<u>\$ 10,779,181</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, 2015

Total fund balances- governmental funds balance sheet	\$	7,729,980
Amounts reported for governmental activities in the statement of net position ("SNP") are different because:		
Deferred charges on refunding (net) are not reported in the funds.		46,070
Capital assets used in governmental activities are not reported in the funds.		29,982,219
Deferred outflows related to the pension liability are not reported in the funds.		291,507
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,497,126
Payables for bond and contractual obligations principal, which are not due in the current period are not reported in the funds.		(6,262,397)
Payables for tax notes, which are not due in the current period are not reported in the funds.		(432,000)
Payables for debt interest, which are not due in the current period are not reported in the funds.		(29,703)
Payables for contractual obligations, which are not due in the current period are not reported in the funds.		(760,000)
Payables for capital lease obligations, which are not due in the current period are not reported in the funds.		(74,756)
Payables for pension liability, which are not due in the current period are not reported in the funds.		(548,968)
Payables for compensated absences, which are not due in the current period are not reported in the funds.		(232,269)
		31,206,809
Net position of governmental activities- statement of net position	\$	31,206,809

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, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 5,648,581	\$ 1,964,097	\$ -	\$ 273,233	\$ 7,885,911
Licenses and permits	134,150	-	-	-	134,150
Charges for services	1,355,187	-	-	72,011	1,427,198
Fines and forfeitures	137,876	-	-	-	137,876
Intergovernmental	800,564	-	-	254,763	1,055,328
Interest	1,390	856	24	1,723	3,994
Other	92,101	-	-	45,719	137,820
Total Revenues	<u>8,169,849</u>	<u>1,964,954</u>	<u>24</u>	<u>647,449</u>	<u>10,782,276</u>
Expenditures:					
Current:					
General government	2,533,486	-	-	9,000	2,542,486
Public safety	2,800,668	-	-	-	2,800,668
Public works	2,151,430	-	-	-	2,151,430
Culture and recreation	785,679	-	-	-	785,679
Health and welfare	250,941	-	-	-	250,941
Tourism development	-	-	-	231,556	231,556
Capital outlay	-	-	2,608,514	16,112	2,624,627
Debt Service:					
Principal retirements	118,600	305,182	-	49,444	473,227
Interest and other charges	3,587	64,460	201,901	2,462	272,411
Total Expenditures	<u>8,644,393</u>	<u>369,642</u>	<u>2,810,416</u>	<u>308,575</u>	<u>12,133,026</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(474,544)</u>	<u>1,595,312</u>	<u>(2,810,391)</u>	<u>338,875</u>	<u>(1,350,749)</u>
Other Financing Sources (Uses):					
Capital debt issued	760,000	-	4,497,000	-	5,257,000
Premium/discount on bonds	-	-	378,401	-	378,401
Transfers in	1,630	254,763	-	-	256,393
Transfers out	-	(1,610,089)	(1,630)	(254,763)	(1,866,482)
Total Other Financing Sources (Uses)	<u>761,630</u>	<u>(1,355,326)</u>	<u>4,873,771</u>	<u>(254,763)</u>	<u>4,025,312</u>
Net Change in Fund Balances	287,086	239,986	2,063,380	84,111	2,674,563
Fund Balances at Beginning of Year	<u>2,519,871</u>	<u>1,143,789</u>	<u>94,146</u>	<u>1,297,609</u>	<u>5,055,416</u>
Fund Balances at End of Year	<u>\$ 2,806,958</u>	<u>\$ 1,383,775</u>	<u>\$ 2,157,526</u>	<u>\$ 1,381,721</u>	<u>\$ 7,729,980</u>

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, 2015

Net change in fund balances- total governmental funds	\$	2,674,563
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		3,531,159
Capital asset deletions are not reported in the funds.		(5,000)
Certain property tax revenues are deferred in the funds. This is the change in these amounts for this year.		(164,507)
Repayment of principal on long-term debt is an expenditure in the funds, but is not an expense in the SOA.		473,227
Amortization of refunding loss in the SOA not in the funds.		(30,714)
(Increase) decrease in accrued interest payable from beginning of the period to end of period.		(16,004)
Debt issuance amounts are resources in the fund, not in the SOA.		(5,635,401)
Pension expense is reported in the SOA; contributions are reported in the fund.		(478,185)
Amortization of pension deferred outflows/inflows in the SOA, not in the funds.		(49,273)
Compensated absences are reported as the amount is incurred in the SOA, but as paid in the funds; this is the change in these amounts for the year.		15,268
		15,268
Change in net position of governmental activities-statement of activities	\$	315,132

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Business-type Activities		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
<u>Assets</u>			
Current Assets			
Cash and cash equivalents	\$ 3,517,953	\$ 131,964	\$ 3,649,918
Restricted assets			
Cash and cash equivalents	2,200,989	2,876,437	5,077,426
Intergovernmental receivables	258,786	-	258,786
Receivables, net:			
Accounts	900,718	168	900,886
Due from other funds	440,379	7,774	448,153
Total Current Assets	7,318,826	3,016,343	10,335,169
Noncurrent assets			
Advances to other funds	241,692	-	241,692
Long-term investments	1,244,525	-	1,244,525
Other assets	69,098	-	69,098
Capital assets	59,085,880	25,349,989	84,435,869
Less accumulated depreciation	(18,472,349)	(3,867,061)	(22,339,411)
Net Capital Assets	40,613,531	21,482,928	62,096,459
Total Noncurrent Assets	42,168,845	21,482,928	63,651,773
Total Assets	49,487,671	24,499,271	73,986,942
Deferred Outflows of Resources			
Deferred charges on refunding (net)	107,395	-	107,395
Deferred outflows related to pensions	4,552	23,214	27,766
Total Deferred Outflows of Resources	111,948	23,214	135,161

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Business-Type Activities		Total Proprietary Funds
	Water and Sewer Fund	City International Bridge Fund	
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 152,343	\$ 19,884	\$ 172,227
Accrued liabilities	9,231	10,502	19,733
Accrued interest payable	58,594	235,044	293,638
Liabilities payable from restricted assets:			
Construction payables	290,759	-	290,759
Compensated absences payable	1,610	5,413	7,023
Due to other funds	488,936	294,385	783,322
Current portion of bonds	165,000	559,656	724,656
Current portion of capital leases payable	-	4,197	4,197
Current portion of tax notes	121,600	-	121,600
Current portion of claims payable	240,000	-	240,000
Deposits	427,049	-	427,049
	<u>1,955,121</u>	<u>1,129,082</u>	<u>3,084,203</u>
Total Current Liabilities			
Noncurrent liabilities			
Bonds net of unamortized discount	7,969,400	29,100,000	37,069,400
Tax notes payable, net of current portion	646,400	-	646,400
Claims payable, net of current portion	1,202,301	716,000	1,918,301
Compensated absences, net of current portion	-	10,536	10,536
Pension plan liability	8,191	41,768	49,959
Advances from other funds	-	407,868	407,868
	<u>9,826,291</u>	<u>30,276,172</u>	<u>40,102,463</u>
Total Noncurrent Liabilities			
	<u>11,781,412</u>	<u>31,405,253</u>	<u>43,186,666</u>
Total Liabilities			
Net Position (Deficit)			
Net investment in capital assets	31,416,261	4,976,092	36,392,353
Restricted for capital projects	483,816	-	483,816
Restricted for operations and maintenance	631,734	268,038	899,772
Restricted for repairs and replacements	-	733,468	733,468
Restricted for debt service	1,026,846	-	1,026,846
Unrestricted (deficit)	4,259,549	(12,860,366)	(8,600,817)
	<u>37,818,206</u>	<u>(6,882,768)</u>	<u>30,935,438</u>
Total Net Position (Deficit)			

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION- PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities		Total Proprietary Funds
	Water and Sewer Fund	City International Bridge Fund	
Operating Revenues:			
Charges for services	\$ 5,045,190	\$ 1,707,996	\$ 6,753,185
Rent building	-	27,000	27,000
Total Operating Revenues	<u>5,045,190</u>	<u>1,734,996</u>	<u>6,780,185</u>
Operating Expenses:			
Salaries, wages and employee benefits	87,392	422,434	509,826
Supplies and materials	414,879	13,664	428,543
Property occupancy	230,391	21,337	251,728
Equipment maintenance	31,311	9,884	41,195
Other services	1,263,440	525,191	1,788,631
Depreciation and amortization	1,491,854	812,138	2,303,992
Operating contractor fees	1,831,144	-	1,831,144
Total Operating Expenses	<u>5,350,412</u>	<u>1,804,648</u>	<u>7,155,060</u>
Operating Income (Loss)	<u>(305,222)</u>	<u>(69,652)</u>	<u>(374,874)</u>
Non-Operating Revenues (Expenses):			
Interest income	20,543	614	21,157
Interest expense	(384,453)	(1,868,333)	(2,252,786)
Other	26,589	-	26,589
Consultant fees and services	-	(816,000)	(816,000)
Amortization of refunding loss	(71,597)	-	(71,597)
Total Non-Operating Revenues (Expenses)	<u>(408,918)</u>	<u>(2,683,719)</u>	<u>(3,092,637)</u>
Income (Loss) Before Contributions and Transfers	<u>(714,140)</u>	<u>(2,753,371)</u>	<u>(3,467,511)</u>
Capital Contributions	232,157	200,000	432,157
Transfers In	-	1,610,089	1,610,089
Total Contributions and Transfers	<u>232,157</u>	<u>1,810,089</u>	<u>2,042,246</u>
Change in Net Position	<u>(481,983)</u>	<u>(943,282)</u>	<u>(1,425,266)</u>
Net Position Beginning of Year	38,295,510	(5,963,351)	32,332,158
Prior Period Adjustment	4,680	23,865	28,545
Net Position at End of Year	<u>\$ 37,818,206</u>	<u>\$ (6,882,768)</u>	<u>\$ 30,935,438</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, 2015

	Business-type Activities -		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
Cash Flows From Operating Activities:			
Cash received from customers	\$ 4,920,078	\$ 1,734,408	\$ 6,654,486
Cash payments to employees for services	(88,548)	(423,416)	(511,964)
Cash payments to other suppliers for goods and services	(3,543,367)	(557,856)	(4,101,223)
Cash payments received for deposits	9,142	-	9,142
Net Cash Provided (Used) by Operating Activities	<u>1,297,305</u>	<u>753,136</u>	<u>2,050,441</u>
Cash Flows From Noncapital Financing Activities:			
Other	26,589	-	26,589
Contributions from component units	-	200,000	200,000
Interfund loan or loan payments received (paid)	167,529	110,664	278,193
Transfers from (to) other funds	-	1,610,089	1,610,089
Net Cash Provided (Used) By Noncapital Financing Activities	<u>194,118</u>	<u>1,920,753</u>	<u>2,114,871</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from issuance of long-term debt less issuance costs	552,517	-	552,517
Acquisition and construction of capital assets	(1,171,826)	-	(1,171,826)
Principal paid on long-term debt	(341,082)	(619,791)	(960,873)
Interest paid on long-term debt	(384,792)	(1,865,876)	(2,250,668)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(1,345,183)</u>	<u>(2,485,667)</u>	<u>(3,830,850)</u>
Cash Flows from Investing Activities:			
Interest from investments	20,543	614	21,157
Net Cash Provided (Used) for Investing Activities	<u>20,543</u>	<u>614</u>	<u>21,157</u>
Net Increase (Decrease) in Cash and Cash Equivalents	166,783	188,836	355,619
Cash and Cash Equivalents at Beginning of Year	<u>5,552,159</u>	<u>2,819,565</u>	<u>8,371,724</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,718,942</u>	<u>\$ 3,008,401</u>	<u>\$ 8,727,343</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, 2015

	Business-type Activities-		Total Proprietary Funds
	Water and Sewer Fund	City International Bridge Fund	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (305,222)	\$ (69,652)	\$ (374,874)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	1,491,854	812,138	2,303,992
Other non-operating expenses	-	-	-
Change in Assets and Liabilities:			
Decrease (increase) in receivables	(125,111)	1,662	(123,449)
Decrease (increase) prepaids	164,227	-	164,227
Increase (decrease) in accounts payable	63,571	12,220	75,791
Increase (decrease) in accrued liabilities	(1,156)	(982)	(2,138)
Increase (decrease) in deposits	9,142	(2,250)	6,892
Total Adjustments	1,602,527	822,788	2,425,315
Net Cash Provided (Used) by Operating Activities	\$ 1,297,305	\$ 753,136	\$ 2,050,441
Noncash Capital and related Financing Activities:			
Accounts receivable and capital contribution recognized for capital asset reimbursement	\$ 232,157	\$ -	\$ 232,157

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	<u>Fireman's Pension Fund</u>
<u>Assets</u>	
Restricted assets:	
Cash and cash equivalents	\$ 816
Due from other funds	<u> 75</u>
Total Assets	<u> 891</u>
 <u>Liabilities</u>	
	<u> -</u>
 <u>Net Position</u>	
Held in trust for pension benefits	<u> 891</u>
Total Net Position	<u><u> \$ 891</u></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, 2015

	Fireman's Pension Fund
Additions	
Contributions:	
City	\$ 2,300
Total Additions	2,300
Deductions	
Benefits	2,225
Total Deductions	2,225
Change in Net Position	75
Net Position- Beginning of the Year	816
Net Position - End of the Year	\$ 891

The accompanying notes are an integral part of this statement.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (continued)

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

Tax Increment Reinvestment Zone Number Two (TIRZ #2)

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

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

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

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

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (continued)

The City has the following blended governmental component unit:

Tax Increment Reinvestment Zone Number One (TIRZ #1)

This reinvestment zone was created pursuant to Chapter 311 of the Texas Tax Code by and between the City of Donna, Hidalgo County, TIRZ #1 (the Zone), and Garden Valley Homes, LLC (the developer and petitioner for creation of the TIRZ #1) to provide property tax increment funding to the Zone to support qualifying development activities (public improvements) within the Zone to the extent that property tax increment collections are available. The Zone is managed by the Zone Board and has all powers allowed under Chapter 311 of the Texas Tax Code to manage the Zone and carry out the project and finance plan. However, the costs incurred by the developer are not, and shall never become obligations or the debt of any participating entity.

An interlocal agreement provides that the City shall pay all of their respective property tax increment collections from taxpayers within the Tax Increment Zone to the TIRZ #1 and that the County shall pay 50% of all of their respective M&O property tax increment collections to TIRZ #1, except that 50% of the M&O 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. This entity is presented as a blended component unit, a nonmajor special revenue fund. The City currently has operational responsibilities for this component unit. The entity has a September 30 year end and does not issue separate financial statements.

New Pronouncements

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 No. 68, *Accounting and Financial Reporting for Pensions*. This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 68 in this annual report. The effect of implementing this statement required a restatement of Net Position – Beginning at the government-wide level financial statements in the Statement of Activities. See related Note 3 I for further details on the impact of this change.

GASB No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013. The City has implemented GASB No. 69 in this annual report however it does not have any current impact on the City.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

A. Reporting Entity (continued)

GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 71 in this annual report.

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.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The government reports the following major governmental funds:

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

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

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).

Additionally, the government reports the following other nonmajor 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 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.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

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

The government reports the following fiduciary fund types:

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for 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 non-operating revenues and expenses.

Both the government-wide and proprietary fund financial statements apply all applicable GASB pronouncements.

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, deferred outflows of resources, liabilities, deferred inflows of resources 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.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or equity(Continued)

1. Deposits and investments (Continued)

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

The Donna Economic Development Corporation, the Development Corporation of Donna, Inc., and the Tax Increment Zone #1 and #2 funds are authorized to invest in adequately secured investments in accordance with the Public Funds Investment Act.

Investments for the component units are reported at fair value.

2. Receivables and payables

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

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

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

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

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.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or equity(Continued)

3. Inventories and prepaid items

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

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

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

5. Capital Assets

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

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.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or equity(Continued)

5. Capital Assets (Continued)

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

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

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

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

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.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or equity(Continued)

6. Compensated Absences

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

7. Long-Term Obligations

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

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

8. Fund Balance Reporting

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

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

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

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The responsibility to commit funds rests with the City Council. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or equity(Continued)

8. Fund Balance Reporting (Continued)

- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The responsibility to assign funds rests with the City Council. The City does not have any assigned fund balances. Unlike commitments, assignments generally only exist temporarily. An additional action does not have to be taken for the removal of an assignment.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

Fund balance flow assumptions:

When expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

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

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

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

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

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

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or equity(Continued)

See item 10. *Pensions* regarding pension-related deferred outflows and deferred inflows of resources.

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

10. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the pension plan measured as of the actuarial measurement date. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earning on qualified pension plan investments are recognized as component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

A. Budgetary Information (continued)

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

B. Net Position Deficits

The City International Bridge Fund, a proprietary fund, has an unrestricted net position deficit of \$11,389,176.

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 \$2,809,659 and \$2,527,470, respectively. These economic development component units provide economic development stimulus, which intends that the funding is provided in the form of grants. These are planned unrestricted net position deficits from the leveraging of economic stimulus that these entities are able to provide with an amount of debt that is able to be serviced from cash flows available from the sales taxes they receive. Both component units assisted in the Donna-Rio Bravo international bridge project, which was a large economic development project for the City of Donna.

The Tax Increment Reinvestment Zone Number 2 component unit reflects a net position deficit of \$2,257,916. This component unit provides tax increment financing to support development activities in the zone as discussed at the reporting entity. This is a planned net position deficit, which has resulted from recording the liability to developers for improvements in the zone area. This deficit will remain until the tax increment payments from the City and Hidalgo County are collected and remitted to the TIRZ. No funds shall be disbursed from the Tax Increment funds without the prior written approval of the Zone Board.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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, 2015.

At September 30, 2015, the carrying amount of the City's deposits with financial institutions was \$5,913,866 and the bank balance was \$6,134,907. Bank balances of the City were covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's Investment Policy and its Depository Agreement.

Investments

At September 30, 3 2015, the City had the following investments:

	Fair Value	Weighted Average Maturity	Credit Rating
Local Government Investments			
Cooperative (LOGIC)	\$ 6,847,162	57 days	AAAm
Invesco Treasury Portfolio Trust	2,976,338	< 90 days	AAAm
Cash and Cash Equivalents on the Statement of Net Position	\$ 9,823,500		
First Empire Securities, Inc.			
Negotiable CD's	\$ 1,464,602	2-4 years	N/A
Long-term Investments on the Statement of Net Position	\$ 1,464,602		

Custodial Credit Risk- Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. The City's cash deposits at September 30, 2015 and during the year ended September 30, 2015 were covered by federal deposit insurance or were secured by collateral held by the City's agent in the City's name pursuant to the City's Investment Policy and its Depository Agreement.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

1. Primary Government (continued)

Investments (continued)

Custodial Credit Risk- Deposits (continued)

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

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

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

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

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

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

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

Concentration of Credit Risk

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and investments (continued)

1. Primary Government (continued)

Concentration of Credit Risk (continued)

As of September 30, 2015, the Local Government Investment Cooperative (LOGIC) reported the following concentrations of investments in its portfolio:

Commercial paper	56.72%
Repurchase Agreements	20.61%
Government Securities	22.67%

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

As of September 30, 2015, the City’s long-term investments through First Empire Securities included the following:

	<u>Maturities</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
American Express Federal Savings	10/23/2017	\$ 248,139	17%
Barclay's	4/15/2016	249,249	17%
Citizen's State Bank	12/30/2015	220,077	15%
GE Capital Bank	7/29/2016	248,571	17%
Goldman Sachs Bank	11/5/2018	247,335	17%
Wells Fargo	10/17/2018	251,231	17%
Total Negotiable CDs		\$ 1,464,602	100%

Credit Risk

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

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and investments (continued)

1. Primary Government (continued)

Credit Risk (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 months.

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

2. Component Units

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

Deposits for DEDC-4A and DCD-4B are held separately from those of the City's funds. At September 30, 2015, the reported amount of deposits for DEDC-4A totaled \$187,965, and the bank balances totaled \$200,087. The reported deposits for DCD-4B totaled \$523,275 and the bank balances totaled \$535,507.

CITY OF DONNA, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

2. Component Units (continued)

At September 30, 2015, 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, 2015, are as follows:

	Fair Value	Average Maturity	Rating
Invesco Treasury Portfolio Trust	\$ 408,331	< 90 days	AAAm

The DCB-4B’s investments at September 30, 2015, are as follows:

	Fair Value	Average Maturity	Rating
Invesco Treasury Portfolio Trust	\$ 397,715	< 90 days	AAAm

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

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

Please refer to the descriptions of concentration of credit risk, interest rate risk, credit risk, and custodial credit risk above relating to the primary government. The DEDC-4A, DCD-4B and the TIRZ#1 and #2 follow the same policies relating to investments.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

3. Reconciliation

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

	Primary Government	Component Units		
		Donna Economic Development Corporation	Development Corporation of Donna	Tax Increment Zone Number Two
Cash on hand	\$ 6,213	\$ -	\$ -	\$ -
Carrying amount deposits	5,913,866	187,968	523,277	31,423
Short-term investments	9,823,500	408,327	397,713	-
Less: Statement of Fiduciary Net Assets	(816)	-	-	-
Cash and cash equivalents	<u>\$ 15,742,763</u>	<u>\$ 596,295</u>	<u>\$ 920,990</u>	<u>\$ 31,423</u>
Cash and cash equivalents	\$ 10,665,337	\$ 187,968	\$ 523,277	\$ 31,423
Cash and cash equivalents - restricted	5,077,426	408,327	397,713	-
Cash and cash equivalents Statement of Net Position	<u>\$ 15,742,763</u>	<u>\$ 596,295</u>	<u>\$ 920,990</u>	<u>\$ 31,423</u>

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

B. Property Taxes

The City’s property tax is levied each October 1, on the assessed value listed as of the prior January 1 for all real and business personal property in the City in conformity with Subtitle E, Texas Property Code. Assessed values are an approximation of market values. A receivable for property taxes is recognized and recorded at the levy date. The adjusted assessed value for the roll as of January 1, 2014, upon which the 2014 levy was based, was \$440,108,919.

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, 95% of the current year tax levy (October 1, 2014) was collected. The statutory lien date is January 1.

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

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

B. Property Taxes (continued)

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

The tax rate to finance general governmental purposes, other than the payment of principal and interest on tax supported general obligation long-term debt, for the year ended September 30, 2015, was \$.762395 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, 2015, was \$.380026 per \$100 of assessed valuation. The combined tax rate for the City is \$1.142421 per \$100 of assessed valuation. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy up to \$2.50 per \$100 of assessed valuation for general governmental purposes, including the payment of principal and interest on general obligation long-term debt.

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

C. Receivables

1. Primary Government

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

Governmental Activities as of September 30, 2015:

	General Fund	Debt Service Fund	Total
Property taxes receivable	\$ 1,257,143	\$ 803,990	\$ 2,061,133
Less allowance for uncollectibles	(277,520)	(173,239)	(450,759)
Net property taxes receivable	\$ 979,622	\$ 630,751	\$ 1,610,373

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

C. Receivables (continued)

1 Primary Government (continued)

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

	General Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Water and Sewer Fund	City International Bridge Fund	Total
Receivables:						
Property taxes	\$ 1,257,143	\$ 803,990	\$ -	\$ -	\$ -	\$ 2,061,133
Accounts	590,165	-	133,144	1,368,269	168	2,091,747
Intergovernmental - grant	-	-	-	258,786	-	258,786
Gross receivables	1,847,308	803,990	133,144	1,627,055	168	4,411,666
Less: Allowance for uncollectible	<u>(371,289)</u>	<u>(173,239)</u>	<u>(7,986)</u>	<u>(467,551)</u>	<u>-</u>	<u>(1,020,064)</u>
Net total receivables	<u>\$ 1,476,019</u>	<u>\$ 630,751</u>	<u>\$ 125,159</u>	<u>\$ 1,159,504</u>	<u>\$ 168</u>	<u>\$ 3,391,601</u>

Revenues of the Water and Sewer Fund are reported net of a provision for estimated uncollectible amounts in the amount of \$27,001.

2. Component Units

Accounts Receivable

At September 30, 2015, the DEDC-4A and the DCD-4B each had a sales tax receivable of \$125,435.

Loans Receivable

At September 30, 2015 the Development Corporation of Donna (DCD-4B) had U.S. Department of Agriculture, Rural Business Enterprise Grant program loans outstanding in the amount of \$113,448. These loans were funded \$114,200 by the grant and the City provided matching funds of \$57,442.

D. Deferred Outflows and Inflows of Resources

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

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

D. Deferred Outflows and Inflows of Resources (continued)

As of September 30, 2015 the various components of deferred outflows and inflows of resources are as follows:

Primary Government.

At the fund level financial statements, the City has the following deferred inflows of resources:

	General Fund	Debt Service Fund	Total
Property Taxes, unavailable	\$ 907,851	\$ 589,274	\$ 1,497,125
Totals Exhibit 2-A	\$ 907,851	\$ 589,274	\$ 1,497,125

At the government-wide financial statements (Exhibit 1-A), the City reports cumulative deferred amounts on bond refundings as Deferred Outflows of Resources in the amount of \$138,211, net of cumulative amortization of \$92,141, or \$46,070 for governmental activities and \$322,186, net of cumulative amortization of \$214,791, or \$107,395 of unamortized deferred amounts on bond refundings in business-type activities.

Deferred outflows of resources related to pensions is \$291,507 for governmental activities reported at the government-wide financial statements and \$27,766 for business-type activities. See Note 3 I. for further details.

Component Units.

The deferred outflows at the government-wide financial statements for the DEDC and the DCD discretely presented component units are related to pensions. See related details at Note 3 I. regarding pensions.

E. Interfund Payables/ Receivables, Advances and Transfers

Interfund receivable and payable balances at September 30, 2015 were as follows:

Governmental Funds – Receivable Fund

Receivable Entity	Payable Entity	Amount
General Fund	Water and Sewer Fund	\$ 488,761
General Fund	Debt Service Fund	231,565
General Fund	Bridge Fund	294,385
Nonmajor Governmental Fund	General Fund	107,834
		\$ 1,122,546

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Proprietary Funds – Receivable Fund

Receivable Entity	Payable Entity	Amount
City International Bridge Fund	General Fund	\$ 7,774
Water and Sewer	General Fund	224,896
Water and Sewer	Caipital Projects	215,483
		<u>\$ 448,153</u>

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

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

Advances receivable and payable balances at September 30, 2015 were as follows:

Governmental Funds – Receivable Fund

Receivable Fund	Payable Fund	Amount
General Fund	City International Bridge Fund	\$ 166,176
		<u>\$ 166,176</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, 2015 were as follows:

Receivable Entity	Payable Entity	Amount
Component Unit - DEDC (4A)	Primary Government-General Fund	\$ 54,636
Component Unit - DCD (4B)	Primary Government-General Fund	54,636
		<u>\$ 109,273</u>

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers during the year were as follows:

Transfer Out:	Transfer In:			
	Debt Service	City International Bridge Fund	General Fund	Total
Capital Projects Fund	\$ -	\$ -	\$ 1,630	\$ 1,630
Debt Service Fund	-	1,610,089	-	1,610,089
Nonmajor Governmental	254,763	-	-	254,763
Total	\$ 254,763	\$ 1,610,089	\$ 1,630	\$ 1,866,483

Transfers were used primarily to 1) move funds from the 2009 Tax Notes Fund to the General Fund to reimburse for capital assets purchased and close the fund, 2) move tax revenues levied for debt service of bonds from the Debt Service Fund to the City International Bridge Fund, and 3) to move funds from the Urban County Program Fund to pay preauthorized debt service payments.

F. Capital assets

1. Primary Government

Capital asset activity for the year ended September 30, 2015 was as follows:

	Balance at October 1, 2014	Increases	Decreases	Balance at September 30, 2015
<u>Governmental Activities:</u>				
Capital assets, not subject to depreciation:				
Land	\$ 1,027,449	\$ -	\$ -	\$ 1,027,449
Construction in Progress	-	1,248,762	-	1,248,762
Total capital assets, not to be depreciated	1,027,449	1,248,762	-	2,276,211
Capital assets, depreciable:				
Buildings	2,725,574	94,037	-	2,819,611
Improvements other than buildings	9,284,841	765,610	-	10,050,451
Infrastructure	6,371,430	-	-	6,371,430
Furniture and equipment	7,046,767	1,422,749	(5,000)	8,464,516
Total capital assets, depreciable	25,428,612	2,282,396	(5,000)	27,706,009
Governmental Activities Capital Assets	\$ 26,456,061	\$ 3,531,158	\$ (5,000)	\$ 29,982,220

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

F. Capital assets (continued)

1. Primary Government

	Balance at October 1, 2014	Increases	Decreases	Balance at September 30, 2015
<u>Business-type Activities:</u>				
Capital assets, not subject to depreciation:				
Land	\$ 1,237,616	\$ -	\$ -	\$ 1,237,616
Construction in progress	371,311	498,973	-	870,284
Total assets, not to be depreciated	1,608,927	498,973	-	2,107,900
Capital assets, being depreciated:				
Buildings	3,006,302	-	-	3,006,302
Improvements other than buildings	576,647	-	-	576,647
Infrastructure	77,071,981	467,228	-	77,539,209
Furniture and equipment	740,663	465,149	-	1,205,812
Total assets, being depreciated	81,395,592	932,377	-	82,327,970
Less accumulated depreciation:				
Buildings	257,893	61,307	-	319,200
Improvements other than buildings	98,408	26,868	-	125,276
Infrastructure	19,216,794	2,125,960	-	21,342,754
Furniture and equipment	462,323	89,856	-	552,179
Total accumulated depreciation	20,035,419	2,303,992	-	22,339,411
Total capital assets, being depreciated, net	61,360,173	(1,371,615)	-	59,988,558
Business-Type Activities Capital Assets, Net	\$ 62,969,100	\$ (872,641)	\$ -	\$ 62,096,459

No interest was capitalized in the Business-Type Activities in 2015.

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

<u>Business-type Activities:</u>	
Water and Sewer	\$1,491,854
City International Bridge Fund	812,138
Total depreciation expense - business-type activities	\$2,303,992

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

F. Capital assets (continued)

2. Component Units

Donna Economic Development Corporation - DECD 4A

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

	Balance at October 1, 2014	Increases	Decreases	Balance at September 30, 2015
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 \$9,609,374.

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

Governmental bond obligations currently outstanding are as follows:

Governmental activities:

Series 2001 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in variable annual installments of \$50,000 to \$320,000 through February 1, 2016; interest at 4.0% to 4.8%, payable semi-annually. The original issuance amount of these bonds was \$3,050,000. \$ 320,000

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

1. Primary Government (continued)

Governmental activities (Continued)

Series 2006 Limited Tax Refunding Bonds due in variable annual installments of \$20,000 to \$165,000 through February 1, 2016; interest at 3.82% to 4.27%, payable semi-annually. Approximately 3.24% is accounted for with governmental activities and 96.76% is accounted for with business-type activities. The original issuance amount of these bonds was \$41,774 accounted for with governmental activities and \$1,248,226 accounted for with business-type activities. 5,344

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

Series 2014 Tax Notes due in variable annual installments of \$190,000 to \$210,000 through February 1, 2021; interest at 1.77%, payable semi-annually. Approximately 36% is accounted for with governmental activities and 64% is accounted for with business-type activities. The original issuance amount of these tax notes was \$432,000 accounted for with governmental activities and \$768,000 accounted for with business-type activities. 432,000

Series 2015 Certificates of Obligation due in variable annual installments of \$145,000 to \$310,000 through February 15, 2035; interest at 2.0% to 4.50%, payable semi-annually. The original issuance amount of these bonds was \$4,065,000. 4,065,000

Series 2015 Public Property Finance Contractual Obligations due in variable installments through September 15, 2023; interest at 3.44%, payable semi-annually. The original issuance amount of these obligations was \$760,000. 760,000

Total Bonds, Tax Notes, and Contractual Obligations 6,842,944

Less Current Portion of Bonds, Tax Notes and Contractual Obligations Payable (477,861)

Plus Unamortized Premium/Discount on 2015 Certificates of Obligation (Amortized Over the Life of the Bond, 18 Years) 378,401

Bonds Payable, Tax Notes and Contractual Obligations Net of Current Portion \$ 6,743,484

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

1. Primary Government (continued)

Debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2016	\$ 477,861	\$ 234,209
2017	302,161	226,349
2018	466,138	216,956
2019	463,700	205,323
2020	485,890	193,023
2021-2025	2,112,194	743,053
2026-2030	1,125,000	448,313
2031-2035	1,410,000	164,700
Total	\$ 6,842,944	\$ 2,431,926

Business – type activities:

Long-term Debt 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 \$41,630,626.

Bonds and Tax Notes outstanding at September 30, 2015 are as follows:

<p>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.</p>	\$ 159,656
<p>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.</p>	29,500,000
<p>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.</p>	4,620,000

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

1. Primary Government (continued)

Business – type activities (continued):

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

Series 2014 Tax Notes due in variable annual installments of \$190,000 to \$210,000 through February 1, 2021; interest at 1.77%, payable semi-annually. Approximately 36% is accounted for with governmental activities and 64% is accounted for with business-type activities. The original issuance amount of these bonds was \$432,000 accounted for with governmental activities and \$768,000 accounted for with business-type activities. 768,000

Total Bonds and Tax Notes Payable	38,562,056
Less Current Portion Payable from Restricted Assets	<u>(846,256)</u>
Bonds and Tax Notes Payable, Net of Current Portion	<u>\$ 37,715,800</u>

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

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2016	\$ 846,256	\$ 2,158,461
2017	999,800	2,111,423
2018	1,423,840	2,051,968
2019	1,504,400	1,983,367
2020	1,565,440	1,910,770
2021-2025	8,547,320	8,333,625
2026-2030	8,435,000	6,017,674
2031-2035	10,540,000	3,012,500
2036-2037	<u>4,700,000</u>	<u>296,873</u>
Total	<u>\$ 38,562,056</u>	<u>\$ 27,876,661</u>

The City International Bridge Fund accounts and reports for all the bridge related activities including debt. \$1,610,089 of the bridge debt service payments was funded by the general government’s Debt Service Fund via transfers to the City International Bridge Fund.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

1. Primary Government (continued)

Business – type activities (continued):

It is presently the City's intention to continue these debt service payments with the levy of taxes at current levels and 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 \$8.9M in combination tax and revenue bonds issued in varying years as described above. Proceeds from the bonds provided financing for projects as detailed above. The bonds are payable through 2034. Annual principal and interest payments on the bonds are expected to require approximately 41 percent of net revenues. Principal and interest paid for the current year and total water and sewer fund net revenues were \$488,585 and \$1,186,632, 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 2015-2016 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 \$615,000 with a final payment in 2017 and \$325,000 to \$360,000 with a final payment in 2016 respectively.

As a result, the refunded bonds are considered to be defeased and the liability for the Bonds, has been removed from the City's books. At September 30, 2015 the amount of defeased debt outstanding was \$1,515,000.

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, 2015 the amount of defeased debt outstanding was \$1,165,000.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

1. Primary Government (continued)

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:

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.	<u>\$ 74,755</u>
Total Capital Lease Obligations	74,755
Less: Current Portion of Capital Lease Obligations	<u>(74,755)</u>
Capital Lease Obligations, Net of Current Portion	<u><u>\$ -</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015 are as follows:

Fiscal Year Ending September 30, 2016	Governmental Activities
	\$ 75,709
Total Payments	\$ 75,709
Less: Amounts Representing Interest	954
Present Value of Payments	<u><u>\$ 74,755</u></u>

Business-type Activities:

Lease payable due in annual installments of \$5,101, including interest, collateralized by a 2013 Ford Focus.	<u>\$4,197</u>
Total Capital Lease Obligations	4,197
Less: Current Portion of Capital Lease Obligations	<u>(4,197)</u>
Capital Lease Obligations, Net of Current Portion	<u><u>\$ -</u></u>

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

1. Primary Government (continued)

Capital Lease Obligations (continued)

Business-type Activities (continued):

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015 are as follows:

Fiscal Year Ending September 30, 2016	Business-type Activities
Total Payments	\$ 4,251
Less: Amounts Representing Interest	54
Present Value of Payments	\$ 4,197

The City's commitment under operating leases and related 2015 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, 2015, 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, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

1. Primary Government (continued)

Claims Payable (continued)

Business-type activities: (continued)

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

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

Claims payable by Water and Sewer Fund to consultant are due in monthly installments of \$20,000 including interest through June 1, 2022 with a payment of \$15,609 including interest due July 1, 2022. These claims payable were discounted to a rate of 3.73%.	\$ 1,442,301
Total Present Value of Claims Payable to Consultant	1,442,301
Less Current Portion of Claims Payable	<u>(240,000)</u>
Total Present Value of Claims Payable, Net of Current Portion	<u>\$ 1,202,301</u>

The future minimum claims obligations and the net present value of these minimum claims payments as of September 30, 2015 are as follows:

Fiscal Year Ending September 30,	Business-Type Activities
2016	\$ 240,000
2017	240,000
2018	240,000
2019	240,000
2020	240,000
2021-22	<u>435,609</u>
Total Payments	\$ 1,635,609
Less: Amounts Representing Interest	<u>193,308</u>
Present Value of Payments	<u>\$ 1,442,301</u>

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

2. Primary Government (continued)

Claims Payable (continued)

Business-type activities: (continued)

In 2015, 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 Transportation Commission in order to obtain financing for the construction of the commercial inspection facilities for southbound bridge 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 in 2015, wherein the City was billed a total of \$1,000,000, less \$184,000 in fees paid to consultant resulting in an \$816,000 balance. Since the City was unable to pay this, the consultant offered a payment agreement that the City accepted and became effective May 19, 2015.

Claims payable by City International Bridge Fund to consultant are due in monthly installments of \$20,000 beginning July 19, 2022 through September 19, 2026; interest accruing from May 19, 2015 at 3.00%.	<u>\$ 716,000</u>
Total Claims Payable to Consultant	716,000
Less Current Portion of Claims Payable	<u> -</u>
Total Claims Payable, Net of Current Portion	<u>\$ 716,000</u>

The future minimum claims obligations requirements to maturity are as follows:

Year Ending September 30,	Business-type Activities	
	<u>Principal</u>	<u>Interest</u>
2016	\$ -	\$ -
2017	-	-
2018	-	-
2019	-	-
2020	-	-
2021-2025	582,153	216,713
2026-2030	<u>133,847</u>	<u>1,724</u>
Total	<u>\$ 716,000</u>	<u>\$ 218,437</u>

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

1. Primary Government (continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2015 is as follows:

	Balance at September 30, 2014	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2015	Amounts Due within One Year
<u>Governmental Activities:</u>					
Bonds payable	\$ 1,891,126	\$ 4,065,000	\$ 305,182	\$ 5,650,944	\$ 325,344
Plus bond premium/discount	-	378,401	-	378,401	
Tax Notes Payable	-	432,000	-	432,000	68,400
Contractual Obligations	-	760,000	-	760,000	84,117
Capital leases	242,728	-	167,973	74,755	74,755
Notes and loans payable	233,051	-	-	233,051	-
Compensated absences	247,537	280,508	295,777	232,268	92,907
Total Governmental Activities					
Long-term Liabilities	<u>\$ 2,614,442</u>	<u>\$ 5,915,909</u>	<u>\$ 768,932</u>	<u>\$ 7,761,419</u>	<u>\$ 645,523</u>
<u>Business-type Activities:</u>					
Bonds payable	\$ 38,508,874		\$ 714,818	37,794,056	\$ 724,656
Tax Notes Payable	-	768,000	-	768,000	121,600
Capital Leases	9,459	-	5,262	4,197	4,197
Claims Payables	1,624,795	816,000	282,494	2,158,301	240,000
Compensated absences	17,626	22,100	22,168	17,558	7,023
Total Business-Type Activities					
Long-term Liabilities	<u>\$ 40,160,754</u>	<u>\$ 1,606,100</u>	<u>\$ 1,024,742</u>	<u>\$ 40,742,112</u>	<u>\$ 1,097,476</u>

2. Component Units

Donna Economic Development Corporation (DEDC-4A):

Bonds outstanding at September 30, 2015 are:

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

	<u>\$ 3,815,000</u>
Total DEDC -4A Bonds Payable	3,815,000
Less Current Portion	(135,000)
Less Unamortized Face Discount on Bonds	<u>(36,193)</u>
Total DEDC-4A Bonds, Net of Current Portion and Discount	<u>\$ 3,643,807</u>

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

2. Component Units (continued)

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

The bonds payable annual debt service requirements to maturity are:

Fiscal Year Ending September 30,	Bonds Payable	
	Principal	Interest
2016	\$ 135,000	\$ 167,019
2017	140,000	162,294
2018	145,000	156,694
2019	155,000	150,894
2020	160,000	144,694
2021-2025	895,000	621,319
2026-2030	1,105,000	411,944
2031-2034	1,080,000	131,336
Total	\$ 3,815,000	\$ 1,946,194

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

Bonds outstanding at September 30, 2015 are:

Series 2009 Sales Tax Revenue and Refunding Bonds due in variable installments of \$70,000 to \$285,000 through August 1, 2034; interest is between 4.07% to 4.75%, payable semi-annually.	<u>\$ 3,740,000</u>
Total DCD-4B Bonds Payable	3,740,000
Less Current Portion	(135,000)
Less Unamortized Face Discount on Bonds	(53,093)
Total DCD-4B Bonds, Net of Current Portion and Discount	<u>\$ 3,551,907</u>

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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
2016	135,000	159,450
2017	140,000	155,063
2018	145,000	150,513
2019	150,000	145,619
2020	155,000	140,369
2021-2025	875,000	606,731
2026-2030	1,080,000	403,775
2031-2034	1,060,000	128,961
Total	<u>\$ 3,740,000</u>	<u>\$ 1,890,481</u>

The following are summaries of changes in long-term debt obligations for DEDC-4A and DCD-4B for the year ended September 30, 2015:

Donna Economic Development Corporation (DEDC-4A)

	Balance at September 30, 2014	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2015	Amounts Due within One Year
Bonds Payable	\$ 3,950,000	\$ -	\$ 135,000	\$ 3,815,000	\$ 135,000
Less Discount	(38,097)	-	(1,905)	(36,192)	-
Totals	<u>\$ 3,911,903</u>	<u>\$ -</u>	<u>\$ 133,095</u>	<u>\$ 3,778,808</u>	<u>\$ 135,000</u>

Prior Years Long-Term Debt Refunding

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

As a result, the refunded bonds are considered to be defeased and the liability for the Bonds, has been removed from the Donna Economic Development Corporation's books. At September 30, 2015 the amount of defeased debt outstanding was \$2,710,000.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

2. Component Units (continued)

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

	Balance at September 30, 2014	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2015	Amounts Due within One Year
Bonds Payable	\$ 3,875,000	\$ -	\$ 135,000	\$ 3,740,000	\$ 135,000
Less Discount	(55,887)	-	(2,794)	(53,092)	-
Totals	<u>\$ 3,819,113</u>	<u>\$ -</u>	<u>\$ 132,206</u>	<u>\$ 3,686,908</u>	<u>\$ 135,000</u>

Prior Years Long-Term Debt Refunding

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

As a result, the refunded bonds are considered to be defeased and the liability for the Bonds, has been removed from the Development Corporation of Donna, Inc.'s books. At September 30, 2015 the amount of defeased debt outstanding was \$2,655,000.

Revenues Pledged in Connection with Component Unit Debt

Donna Economic Development Corporation (4A)

The City has pledged future sales tax revenues to repay \$3.82 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 \$5,761,194. Principal and interest paid for the current year and total net revenues as defined by the pledge agreements were \$306,744 and \$305,644, respectively.

Development Corporation of Donna, Inc. (4B)

The City has pledged future sales tax revenues to repay \$3.74 million in sales tax revenue and refunding bonds issued in December, 2009. Proceeds from the bonds provided a refunding of prior bonds and financing for projects related to the bridge projects, industrial park and related infrastructure. The bonds are payable through 2034. Annual principal and interest payments on the bonds are expected to require 100 percent of net revenues. The total principal and interest remaining to be paid on the bonds to be paid by the Development Corporation of Donna, Inc. (4B) \$5,630,481. Principal and interest paid for the current year and total net revenues as defined by the pledge agreements were \$298,669 and \$297,569, respectively.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Long Term Debt (continued)

Bond Compliance Requirements

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

The City is also required under its present ordinances to provide certain monthly reports, set aside certain funds for future requirements, submit continuing disclosure reporting and annual financial statements. The City was current on these reporting and funding requirements with the exception of the operations and maintenance set-aside for the City Bridge operations. The funding of this account was short by approximately \$27,500.

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, 2015 consist of:

Water and Sewer:		
O&M Reserve	\$	631,734
Construction		483,816
Debt Service		1,085,440
Total Water and Sewer	\$	2,200,989
City International Bridge:		
O&M Reserve	\$	268,038
Repairs & Replacement Reserve		733,468
Debt Service		1,874,931
Total International Bridge	\$	2,876,437
Restricted Assets on the Statement of Net Position	\$	5,077,426

Liabilities payable from restricted assets included in business-type activities as of September 30, 2015 are construction payables.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Assets and Payables (continued)

2. Component Units

Other Non-Current Liabilities - Component Unit

The Tax Increment Reinvestment Zone #2 has accrued expenses of \$2,313,052 for completed infrastructure by developers. These amounts will be reimbursed to the extent that future tax increment funding becomes available.

I. Retirement Benefit Plans

1. Texas Municipal Retirement System

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Employees can retire at age 60 and above with 5 or more years of service, or with 20 years of service regardless of age.

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Retirement Benefit Plans (continued)

1. Texas Municipal Retirement System (continued)

Employees covered by benefit terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

	TMRS
Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	53
Active employees	101
Total participants	179

Contributions

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

Employees for the City of Donna were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Donna were 2.32% and 5.04% in calendar years 2014 and 2015, respectively. The City’s contributions to TMRS for the year ended September 30, 2015, were \$160,460, and were equal to the required contributions.

Net Pension Liability

The city’s Net Pension Liability (NPL) was measured as of December 31, 2014 for TMRS and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of those dates.

Actuarial Assumptions

The total pension liability at December 31, 2014 actuarial valuations was determined using the following actuarial assumptions:

Inflation	3.0%
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Retirement Benefit Plans (continued)

1. Texas Municipal Retirement System (continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates by 103%. Based on the size of the City, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

For TMRS, actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Retirement Benefit Plans (continued)

1. Texas Municipal Retirement System (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	<u>5.0%</u>	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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

The following presents the City’s net pension liability for the TMRS pension, calculated using the discount rate, as well as what the City’s net pension liability and proportionate share of the net pension liability allocated would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
	6.0%	7.0%	8.0%
City’s Net Pension Liability - TMRS	\$ 1,488,473	\$ 580,494	\$ (145,539)

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Retirement Benefit Plans (continued)

1. Texas Municipal Retirement System (continued)

Changes in the Net Pension Liability – TMRS

Changes in the City’s net pension liability for the TMRS pension for the fiscal year ended September 30, 2015 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balance	\$ 4,116,323	\$ 4,394,788	\$ (278,465)
Changes for the year:			
Service cost	208,287	-	208,287
Interest	334,029	-	334,029
Change of benefit terms	635,673	-	635,673
Difference between expected and actual experience	183,965	-	183,965
Changes of assumptions	-	-	-
Contributions - employer	-	76,494	(76,494)
Contributions - employee	-	177,894	(177,894)
Net investment income	-	251,448	(251,448)
Benefit payments, including refunds of employee contributi	(168,599)	(168,599)	-
Administrative expense	-	(2,625)	2,625
Other changes	-	(216)	216
Net changes	<u>\$ 1,193,355</u>	<u>\$ 334,396</u>	<u>\$ 858,959</u>
Ending Balance	<u>\$ 5,309,678</u>	<u>\$ 4,729,184</u>	<u>\$ 580,494</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plans’ Fiduciary Net Position is available in a separately-issued financial report. The TMRS financial report may be obtained on the Internet at www.tmr.com.

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

For the year ended September 30, 2015, the city recognized pension expense of \$695,301 for the TMRS pension plan.

At September 30, 2015, the city reported deferred outflows of resources related to TMRS pension:

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Retirement Benefit Plans (continued)

1. Texas Municipal Retirement System (continued)

	TMRS
	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 140,498
Changes in actuarial assumptions	-
Differences between projected and actual investment earnings	44,950
Contributions subsequent to the measurement date 12.31.2014	137,177
Total	\$ 322,625

\$137,177 of contributions paid to the pension plans subsequent to measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining deferred outflows and (inflows) of resources related to pensions will be amortized and recognized in pension expense as follows:

	TMRS
Year ending September 30:	
2016	\$ 54,704
2017	54,704
2018	54,704
2019	21,336
2020	-
Thereafter	-
Total	\$ 185,448

2. Firemen’s Relief and Retirement Fund

The Firemen’s Relief and Retirement Fund (FRRP) is a single-employer pension system established and administered by the Board of Trustees of the City of Donna to provide pension, disability and death benefits for emergency services personnel who serve without significant monetary remuneration. The nine members Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System. The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighters’ Pension Commissioner. While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries.

CITY OF DONNA, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Retirement Benefit Plans (continued)

1. Firemen’s Relief and Retirement Fund (continued)

For financial reporting purposes, the State of Texas is considered the primary reporting government. TESRS’ financial statements are included in the State’s Comprehensive Annual Financial Report. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org.

Benefits Provided:

City of Donna Firemen’s Relief and Retirement Fund provides retirement, disability, withdrawal and death benefits. Retirement benefits for plan members are \$300 annually paid as a Joint and 66.67% survivor benefit. Plan members with 20 years of service are vested and eligible to retire at age 55. All plan members are eligible for disability benefits after 20 years of service if disabled while in service and duty related. Disability retirement benefits are equal to \$300 annually paid as a Joint and 66.67% survivor benefit. Death benefits for a member who dies with 20 years of service while in active service and duty related is paid to the member’s surviving spouse and dependent children are equal to \$200 and \$72 annually, respectively. A plan member who leaves City service with at least 20 years of service may commence retirement benefits starting at age 55.

Employees covered by benefit terms

As of most recent measurement date, pension plan membership are as follows:

	FRRP
Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	0
Active employees	21
Total participants	30

Contributions:

An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2014 measurement period, the active member contribution rate was 2% of annual pay, and the City average contribution rate was N/A percent of annual payroll (no payroll exists as members are unpaid volunteers).

Net Pension Liability:

The city’s Net Pension Liability (NPL) was measured as of December 31, 2014 for Firemen’s Relief and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of those dates.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Retirement Benefit Plans (continued)

1. Firemen’s Relief and Retirement Fund (continued)

Actuarial Assumption:

The total pension liability was determined by an actuarial valuation for the 2014 measurement period using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	N/A
Investment rate of return	4.25% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Tables for Males and Females with blue collar adjustment.

The actuarial assumptions used in the valuation for the 2014 measurement period was based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan.

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue and investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

For the 2014 measurement period, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was N/A percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation for the 2014 measurement period are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	0%	5.4-7.4%
International Equity	0%	5.5-7.5%
Fixed Income	0%	1.3-3.3%
Real Estate	0%	4.5-5.5%
Cash	<u>100%</u>	0.0-2.0%
Total	100.0%	

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Retirement Benefit Plans (continued)

1. Firemen’s Relief and Retirement Fund (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

If projected cash flows show depletion, liability will be discounted from point of depletion using a 20-year municipal tax-free bond rate.

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

The following presents the net pension liability for the Firemen’s Relief pension, calculated using the discount rate of 4.25%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
	<u>3.25%</u>	<u>4.25%</u>	<u>5.25%</u>
City’s Net Pension Liability – Firemen’s Relief	\$ 33,411	\$ 28,756	\$ 25,247

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Retirement Benefit Plans (continued)

2. Firemen’s Relief and Retirement Fund (continued)

Changes in the Net Pension Liability – Firemen’s Relief

Changes in the City’s net pension liability for the Firemen’s Relief pension for the fiscal year ended September 30, 2015 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balance	\$ 29,927	\$ 816	\$ 29,111
Changes for the year:			
Service cost	-	-	-
Interest	1,224	-	1,224
Change of benefit terms	-	-	-
Difference between expected and actual experience	921	-	921
Changes of assumptions	-	-	-
Contributions - employer	-	2,500	(2,500)
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee cc	(2,300)	(2,300)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	<u>\$ (155)</u>	<u>\$ 200</u>	<u>\$ (355)</u>
Ending Balance	<u>\$ 29,772</u>	<u>\$ 1,016</u>	<u>\$ 28,756</u>

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

For the year ended September 30, 2015 the city recognized pension expense of \$1,185 for the Firemen’s Relief pension plan.

At September 30, 2015, the city reported deferred outflows of resources related to Firemen’s Relief pension:

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Retirement Benefit Plans (continued)

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

	FRRP Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 679
Changes in actuarial assumptions	-
Differences between projected and actual investment earnings	31
Contributions subsequent to the measurement date	1,675
Total	\$ 2,385

\$1,675 of contributions paid to the pension plans subsequent to measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining deferred outflows and (inflows) of resources related to pensions will be amortized and recognized in pension expenses as follows:

	FRRP
Year ending September 30:	
2016	\$ 250
2017	250
2018	203
2019	7
2020	-
Thereafter	-
Total	\$ 710

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Retirement Benefit Plans (continued)

2. Firemen’s Relief and Retirement Fund (continued)

Retirement Benefit Plans reconciliation

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	DEDC - 4A	DCD - 4B
Deferred Outflows of Resources - TMRS	\$ 289,122	\$ 27,766	\$ 316,888	\$ 2,868	\$ 2,868
Deferred Outflows of Resources - FRRP	2,385	-	2,385	-	-
Total Deferred Outflows related to pensions	291,507	27,766	319,273	2,868	2,868
Net Pension Liability - TMRS	520,212	49,959	570,171	5,161	5,161
Net Pension Liability - FRRP	28,756	-	28,756	-	-
Total Net Pension Liability	548,968	49,959	598,927	5,161	5,161
Prior period adjustment - TMRS	(297,233)	(28,545)	(325,778)	(2,949)	(2,949)
Prior period adjustment - FRRP	27,236	-	27,236	-	-
Total Prior Period adjustment related to pensions	(269,997)	(28,545)	(298,542)	(2,949)	(2,949)

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.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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

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.

The City's contributions to the TMRS SDBF for the years ended September 30, 2015, 2014 and 2013 were \$6,630, \$1,274, and \$1,134, respectively, which equaled the required contributions each year.

J. Construction and Improvement Commitments

At September 30, 2015, the City had the following contractual commitments outstanding.

Project	Remaining Contract
Governmental Activities:	
2015 Certificates of Obligations Construction Fund:	
Engineering Inspection Facility Bridge	\$ 74,293
Fiber Optic Project Bridge	18,750
Truck Connector Bridge	85,000
Street Improvements	94,097
Total Governmental Activities	\$ 272,140
Business-type Activities	
Water and Sewer Fund Project Contracts:	
493 Water & Sewer Line Relocation	\$ 108,116
Total Business-type Activities	\$ 108,116

The City maintains insurance for all business and government functions for which it may be liable for claims. The more significant of these include general liability insurance in an aggregate amount of \$1,000,000 and \$500,000 per occurrence. Property insurance covering the City's buildings and properties in an aggregate amount of approximately \$25,692,663; 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 \$175,000 in claim settlements during the current year, \$192,500 during 2014 and \$8,000 during 2013. Additionally, full time employees are covered by a fully insured health insurance plan.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

K. Fund Balances

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

Nonspendable: The City's nonspendable fund balances totaled \$170,460 and represented \$4,285 in inventory and \$166,175 in long term advances to funds.

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

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

Federal Laws, Texas Statutes and local ordinances require that certain revenues be specifically designated for the purposes as determined by state and local regulations, debt service, and capital projects. The funds have been included in the restricted category of fund balance. The restricted fund balances totaled \$4,923,022 and represented \$947,884 in local and state, \$423,988 for tax increment zone purposes, \$2,167,375 in capital projects and \$1,383,775 in debt service.

- Unassigned:

The unassigned fund balance for the General Fund is \$2,636,498.

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.

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.

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

L. Contingencies (Continued)

2. City International Bridge Fund

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

M. Subsequent Events

Subsequent to year end, Council approved supplemental work authorization No. 2 to No. 3 for a professional services contract regarding southbound inspection facilities not to exceed \$600,097.

Subsequent to year end, Council approved work authorization No. 3 for a professional services contract regarding the design for northbound traffic for \$85,000.

On February 10, 2016, the Council approved the purchase of 800 series radios for police department, public works and utilities in an amount totaling \$603,494 to be funded by the General Fund and the Water and Sewer Fund.

On February 17, 2016, the Council approved the refinancing of the 2007 Bridge Certificates of Obligation.

N Restatement of Prior Year Net Position/Prior Period Adjustments

1. Primary Government

As a result of implementing GASB Statement No. 68, net position/(deficit) was restated at October 1, 2014. With the adoption of GASB Statement No. 68, the City is reporting the difference between the net pension obligation calculation and the net liability calculation as an increase (decrease) to the prior year net position/(deficit).

Governmental Activities

The City’s Statement of Net Position restatement for Governmental Activities is as follows:

	Governmental Activities
October 1, 2014, as previously reported	\$ 30,621,680
GASB 68 Restatement - TMRS	297,233
GASB 68 Restatement - Firemen's Relief	(27,236)
October 1, 2014, as restated	\$ 30,891,677

CITY OF DONNA, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

N. Restatement of Prior Year Net Position/Prior Period Adjustments (Continued)

1. Primary Government (Continued)

Enterprise Funds and Business-Type Activities

The City’s Statement of Net Position restatements for the Enterprise Funds and Business-Type Activities are as follows:

	Water and Sewer Fund	City International Bridge Fund	Total Business-Type
October 1, 2014, as previously reported	\$38,295,510	\$ (5,963,351)	\$32,332,158
GASB 68 Restatement - TMRS	4,680	23,865	28,545
October 1, 2014, as restated	\$38,300,190	\$ (5,939,486)	\$32,360,704

Discretely Presented Component Units

As a result of implementing GASB Statement No. 68, net position/(deficit) was restated at October 1, 2014. With the adoption of GASB Statement No. 68, the Component Units are reporting the difference between the net pension obligation calculation and the net liability calculation as an increase to the prior year net position/(deficit).

The Component Units’ net position restatements are as follows:

	Component Units	
	DEDC 4-A	DCD 4-B
October 1, 2014, as previously reported	\$ (2,929,502)	\$ (2,684,528)
GASB 68 Restatement - TMRS	2,949	2,949
October 1, 2014, as restated	\$ (2,926,553)	\$ (2,681,579)

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DONNA, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	\$ 3,392,044	\$ 3,546,871	\$ 3,620,640	\$ 73,769
Sales	1,254,437	1,254,437	1,252,446	(1,991)
Franchise	679,420	679,420	671,363	(8,057)
Other	104,413	104,413	104,133	(280)
Total Taxes	<u>5,430,314</u>	<u>5,585,141</u>	<u>5,648,581</u>	<u>63,440</u>
Licenses and permits:				
Licenses	8,600	8,600	7,050	(1,550)
Permits	127,420	127,420	127,100	(320)
Total Licenses and Permits	<u>136,020</u>	<u>136,020</u>	<u>134,150</u>	<u>(1,870)</u>
Charges for services	<u>1,273,831</u>	<u>1,273,831</u>	<u>1,355,187</u>	<u>81,356</u>
Fines and forfeitures:				
Municipal court	125,000	125,000	108,606	(16,394)
Other fines	37,000	37,000	29,270	(7,730)
Total Fines and Forfeitures	<u>162,000</u>	<u>162,000</u>	<u>137,876</u>	<u>(24,124)</u>
Intergovernmental	<u>852,303</u>	<u>868,482</u>	<u>800,564</u>	<u>(67,918)</u>
Other revenues:				
Interest	1,000	1,000	1,390	390
Other	42,300	42,300	92,101	49,801
Total Other Revenues	<u>43,300</u>	<u>43,300</u>	<u>93,491</u>	<u>50,191</u>
Total Revenues	<u>7,897,768</u>	<u>8,068,774</u>	<u>8,169,849</u>	<u>101,075</u>
Expenditures:				
General Government:				
City Council:				
Supplies	800	800	680	120
Other services	26,250	16,250	16,238	12
Total City Council	<u>27,050</u>	<u>17,050</u>	<u>16,918</u>	<u>132</u>

(Continued)

CITY OF DONNA, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Expenditures (Continued) :	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
<i>General Government (continued):</i>				
<i>City Management:</i>				
Personnel services	\$ 194,952	\$ 176,602	\$ 164,085	\$ 12,517
Supplies	8,153	8,153	7,496	657
Equipment maintenance and repairs	2,500	2,500	2,267	233
Other services	23,300	67,600	84,203	(16,603)
Total City Management	228,905	254,855	258,051	(3,196)
<i>Finance/Accounting:</i>				
Personnel services	384,156	379,156	369,645	9,511
Supplies	6,200	10,250	11,019	(769)
Equipment maintenance and repairs	18,460	17,960	19,171	(1,211)
Other services	31,026	27,476	33,954	(6,478)
Total Finance/Accounting	439,842	434,842	433,789	1,053
<i>City Hall:</i>				
Personnel services	87,927	87,927	87,836	91
Supplies	7,460	9,360	8,682	678
Property occupancy	6,750	31,980	31,762	218
Equipment maintenance and repairs	6,150	6,150	4,330	1,820
Other services	145,950	145,950	142,500	3,450
Total City Hall	254,237	281,367	275,111	6,256
<i>City Secretary:</i>				
Personnel services	98,545	98,545	100,547	(2,002)
Supplies	2,275	1,375	1,123	252
Equipment maintenance and repairs	200	200	-	200
Other services	22,400	5,800	4,308	1,492
Total City Secretary	123,420	105,920	105,977	(57)
<i>Business Rental Properties:</i>				
Other services	5,000	5,000	5,176	(176)
Total Business Rental Properties	5,000	5,000	5,176	(176)

(Continued)

CITY OF DONNA, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Expenditures (Continued) :				
General Government (continued):				
Municipal Court:				
Personnel services	\$ 79,802	\$ 79,802	\$ 78,401	\$ 1,401
Supplies	1,700	9,802	3,710	6,092
Equipment maintenance and repairs	15,190	10,910	10,815	95
Other services	37,500	48,028	45,629	2,399
Total Municipal Court	<u>134,192</u>	<u>148,542</u>	<u>138,555</u>	<u>9,987</u>
Information Technology:				
Personnel services	54,434	56,934	56,646	288
Supplies	1,320	1,320	1,115	205
Equipment maintenance and repairs	-	2,825	2,823	2
Other services	4,928	1,428	1,323	105
Total Information Technology	<u>60,682</u>	<u>62,507</u>	<u>61,906</u>	<u>601</u>
Non-Department:				
Other services	352,974	243,296	238,980	4,316
Capital outlay	-	-	760,000	(760,000)
Total Non-Department	<u>352,974</u>	<u>243,296</u>	<u>998,980</u>	<u>(755,684)</u>
Planning and Community Development:				
Personnel services	113,403	85,903	79,790	6,113
Supplies	4,420	4,420	2,389	2,031
Equipment maintenance and repairs	850	850	212	638
Other services	25,150	25,150	21,191	3,959
Total Planning and Community Development	<u>143,823</u>	<u>116,323</u>	<u>103,582</u>	<u>12,741</u>

(Continued)

CITY OF DONNA, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Expenditures (Continued) :				
General Government(<i>continued</i>):				
Tax/Assessor Collector:				
Personnel services	59,377	59,377	59,174	203
Supplies	8,050	6,859	6,219	640
Equipment maintenance and repairs	13,275	12,175	12,000	175
Other services	58,720	60,011	58,048	1,963
Total Tax Assessor Collector	139,422	138,422	135,441	2,981
Total General Government	1,909,547	1,808,124	2,533,486	(725,362)
Public Safety:				
Police:				
Personnel services	2,371,407	2,307,052	2,229,472	77,580
Supplies	158,920	152,620	140,509	12,111
Property occupancy	17,500	17,500	8,230	9,270
Equipment maintenance and repairs	63,550	63,550	72,543	(8,993)
Other services	37,200	45,375	69,808	(24,433)
Capital outlay	67,960	103,195	99,151	4,045
Total Police	2,716,537	2,689,292	2,619,713	69,579
Fire:				
Personnel services	64,243	64,243	63,879	364
Supplies	25,240	27,040	21,504	5,536
Property occupancy	3,500	1,700	1,580	120
Equipment maintenance and repairs	21,397	21,397	20,192	1,205
Other services	45,950	45,950	50,568	(4,618)
Total Fire	160,330	160,330	157,723	2,607
Emergency Medical Services:				
Property occupancy	-	-	230	(230)
Other services	17,500	8,000	7,268	732
Total Emergency Medical Services	17,500	8,000	7,498	502

(Continued)

CITY OF DONNA, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Expenditures (Continued) :				
Public Safety (continued):				
Safety Inspections:				
Personnel services	\$ 52,999	\$ 6,699	\$ 536	\$ 6,163
Supplies	2,060	2,060	3,104	(1,044)
Equipment maintenance and repairs	4,000	4,000	2,101	1,899
Other services	2,880	11,380	9,992	1,388
	<u>61,939</u>	<u>24,139</u>	<u>15,734</u>	<u>8,405</u>
Total Safety Inspections				
Total Public Safety	<u>2,956,306</u>	<u>2,881,761</u>	<u>2,800,668</u>	<u>81,093</u>
Public Works:				
Public Works Department:				
Personnel services	634,140	684,140	674,774	9,366
Supplies	63,960	81,860	83,556	(1,696)
Property occupancy	59,050	119,050	116,572	2,478
Equipment maintenance and repairs	55,976	77,276	81,528	(4,252)
Other services	29,840	53,539	53,506	33
Capital outlay	-	14,945	14,945	-
	<u>842,966</u>	<u>1,030,810</u>	<u>1,024,881</u>	<u>5,929</u>
Total Public Works Department				
City Vehicle Maintenance				
Personnel services	34,971	34,971	34,259	712
Supplies	2,875	2,875	2,908	(33)
Equipment maintenance and repairs	700	700	415	285
Other services	100	100	(104)	204
	<u>38,646</u>	<u>38,646</u>	<u>37,478</u>	<u>1,168</u>
Total City Vehicle Maintenance				
Sanitation Services:				
Other services	827,000	823,000	825,241	(2,241)
	<u>827,000</u>	<u>823,000</u>	<u>825,241</u>	<u>(2,241)</u>
Total Sanitation Services				
Street and Roadway Lighting				
Property occupancy	10,000	46,000	61,145	(15,145)
Other services	211,500	211,500	202,685	8,815
	<u>221,500</u>	<u>257,500</u>	<u>263,831</u>	<u>(6,331)</u>
Total Street and Roadway Lighting				
Total Public Works	<u>1,930,112</u>	<u>2,149,956</u>	<u>2,151,430</u>	<u>(1,474)</u>
Culture and Recreation:				
Parks/Donna Recreation Center:				
Personnel services	163,514	154,465	124,567	29,898
Supplies	26,600	18,873	20,334	(1,461)
Property occupancy	35,950	32,450	38,901	(6,451)
Equipment maintenance and repairs	6,140	6,140	10,005	(3,865)
Other services	43,090	44,590	39,001	5,589
Capital outlay	-	32,874	32,874	-
	<u>275,294</u>	<u>289,392</u>	<u>265,681</u>	<u>23,711</u>
Total Parks				

(Continued)

CITY OF DONNA, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Expenditures (Continued) :				
Culture and Recreation (continued):				
Library:				
Personnel services	\$ 278,032	\$ 278,032	\$ 231,087	\$ 46,945
Supplies	16,900	16,900	13,485	3,415
Property occupancy	7,500	7,500	17,570	(10,070)
Equipment maintenance and repairs	8,763	8,763	9,619	(856)
Other services	32,050	32,050	59,234	(27,184)
Capital outlay	-	32,874	25,513	7,361
Total Library	<u>343,245</u>	<u>376,119</u>	<u>356,507</u>	<u>19,612</u>
Swimming Pool:				
Personnel services	33,517	33,517	21,848	11,669
Supplies	4,850	4,850	10,374	(5,524)
Property occupancy	3,000	3,000	8,905	(5,905)
Equipment maintenance and repairs	1,500	1,500	1,745	(245)
Other services	13,255	13,255	10,842	2,413
Total Swimming Pool	<u>56,122</u>	<u>56,122</u>	<u>53,713</u>	<u>2,409</u>
Community Support Services:				
Supplies	650	650	235	415
Property occupancy	10,050	30,550	24,550	6,000
Other services	48,400	83,000	84,994	(1,994)
Total Community Support Services	<u>59,100</u>	<u>114,200</u>	<u>109,779</u>	<u>4,421</u>
Total Culture and Recreation	<u>733,761</u>	<u>835,833</u>	<u>785,679</u>	<u>50,154</u>
Public Health:				
Health Inspection/Code Enforcement:				
Personnel services	73,859	78,859	76,781	2,078
Supplies	4,880	4,880	4,194	686
Equipment maintenance and repairs	5,900	6,700	6,275	425
Other services	8,680	7,880	1,972	5,908
Total Inspection/Code Enforcement	<u>93,319</u>	<u>117,977</u>	<u>108,880</u>	<u>9,097</u>
Animal Control:				
Personnel services	37,398	37,398	36,258	1,140
Supplies	7,800	3,558	822	2,736
Equipment maintenance and repairs	3,600	4,900	2,638	2,262
Other services	37,900	37,900	37,395	505
Total Animal Control	<u>86,698</u>	<u>83,756</u>	<u>77,114</u>	<u>6,642</u>
Cemetery:				
Personnel services	38,595	41,937	43,454	(1,517)
Supplies	4,500	4,500	4,541	(41)
Property occupancy	3,500	-	-	-
Equipment maintenance and repairs	3,000	6,500	2,385	4,115
Other services	15,490	15,490	14,567	923
Total Cemetery	<u>65,085</u>	<u>68,427</u>	<u>64,948</u>	<u>3,479</u>
Total Public Health	<u>245,102</u>	<u>270,160</u>	<u>250,941</u>	<u>19,219</u>

(Continued)

CITY OF DONNA, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Expenditures (Continued) :				
Debt Service:				
Principal retirements	\$ 118,530	\$ 118,530	\$ 118,600	\$ (70)
Interest and fiscal charges	4,410	4,410	3,587	823
Total Debt Service	<u>122,940</u>	<u>122,940</u>	<u>122,188</u>	<u>752</u>
Total Expenditures	<u>7,897,768</u>	<u>8,068,774</u>	<u>8,644,393</u>	<u>(575,619)</u>
Excess (Deficiency) of Revenues				
Over (under) Expenditures	<u>-</u>	<u>-</u>	<u>(474,544)</u>	<u>(474,544)</u>
Other Financing Sources (Uses):				
Debt Issuance	-	-	760,000	760,000
Transfers In	<u>-</u>	<u>-</u>	<u>1,630</u>	<u>1,630</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>761,630</u>	<u>761,630</u>
Net Change in Fund Balance	-	-	287,086	287,086
Fund Balance at Beginning of Year	<u>2,519,871</u>	<u>2,519,871</u>	<u>2,519,871</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,519,871</u>	<u>\$ 2,519,871</u>	<u>\$ 2,806,958</u>	<u>\$ 287,086</u>

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CITY OF DONNA, TEXAS
 NOTES TO BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

1. Budgetary Expenditures in Excess of Appropriations

During the year ended September 30, 2015, expenditures exceeded appropriations as follows in the General Fund.

Department	General Fund Excess of Expenditures Over Appropriations
City Management	\$ 3,196
City Secretary	57
Business Rental Properties	176
Non-Department Capital Outlay	755,684
Sanitation Services	2,241
Street and Roadway Lighting	6,331
	\$ 767,685

2. Budgetary Basis of Accounting

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

CITY OF DONNA, TEXAS
SCHEDULE OF CHANGES IN THE CITY'S PENSION LIABILITY AND
RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT 5-B

	<u>2015</u>
Total pension liability	
Service Cost	\$ 208,287
Interest (on the Total Pension Liability)	334,029
Changes of benefit terms	635,673
Difference between expected and actual experience	183,965
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(168,599)
Net Change in Total Pension Liability	<u>1,193,355</u>
Total Pension Liability - Beginning	<u>4,116,323</u>
Total Pension Liability - Ending (a)	<u><u>5,309,678</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	76,494
Contributions - Employee	177,894
Net Investment Income	251,448
Benefit payments, including refunds of employee contributions	(168,599)
Administrative Expense	(2,625)
Other	(216)
Net Change in Plan Fiduciary Net Position	<u>334,396</u>
Plan Fiduciary Net Position - Beginning	<u>4,394,788</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>4,729,184</u></u>
 Net Pension Liability - Ending (a)-(b)	580,494
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.07%
Covered Employee Payroll	\$ 3,557,888
Net Pension Liability as a Percentage of Covered Employee Payroll	16.32%

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

**CITY OF DONNA, TEXAS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>2015</u>
Actuarially Determined Contribution	\$ 160,460.00
Contributions in relation to the actuarially determined contribution	<u>\$ 160,460.00</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 3,899,718.00
Contributions as a percentage of covered employee payroll	4.11%

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

CITY OF DONNA, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT 5-C (Cont'd.)

Notes to Schedule of Contributions

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009

Mortality

RP2000 Combined
Mortality Table
with Blue Collar

Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis
with scale BB

Other Information:

Notes

There were no benefit changes during the year.

CITY OF DONNA, TEXAS
SCHEDULE OF CHANGES IN THE CITY'S PENSION LIABILITY AND
RELATED RATIOS
FIREMEN'S RELIEF AND RETIREMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT 5-D

	<u>2015</u>
Total pension liability	
Service Cost	\$ -
Interest (on the Total Pension Liability)	1,224
Changes of benefit terms	-
Difference between expected and actual experience	921
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(2,300)</u>
Net Change in Total Pension Liability	<u>(155)</u>
Total Pension Liability - Beginning	<u>29,927</u>
Total Pension Liability - Ending (a)	<u><u>29,772</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	2,500
Contributions - Employee	-
Net Investment Income	-
Benefit payments, including refunds of employee contributions	(2,300)
Administrative Expense	-
Other	-
Net Change in Plan Fiduciary Net Position	<u>200</u>
Plan Fiduciary Net Position - Beginning	<u>816</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>1,016</u></u>
Net Pension Liability - Ending (a)-(b)	<u>28,756</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	3.41%
Covered Employee Payroll	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A

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

**CITY OF DONNA, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREMEN'S RELIEF AND RETIREMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT 5-E

	<u>2015</u>
Actuarially Determined Contribution	\$ 2,075
Contributions in relation to the actuarially determined contribution	<u>\$ (2,500)</u>
Contribution deficiency (excess)	<u>\$ (425)</u>
Covered employee payroll	N/A
Contributions as a percentage of covered employee payroll	N/A

**CITY OF DONNA, TEXAS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FIREMEN'S RELIEF AND RETIREMENT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT 5-E Con'td.

Notes to Schedule of Contributions

Valuation Date: January 1, 2014
 Notes Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age
Amortization Method	Level dollar
Remaining Amortization Period	20 years
Asset Valuation Method	Market value adjusted for unrecognized gains and losses from
Inflation	3.0%
Salary Increases	N/A percent, including inflation
Investment Rate of Return	4.25 percent, net of pension plan investment expense, includin
Retirement Age	Age 55 with 20 years' experince
Mortality	2000 RP Mortality Tables for males and females with Blue Col

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

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**OTHER SUPPLEMENTARY INFORMATION AND
COMBINING SCHEDULES**

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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 firefighting equipment.

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

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

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

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

EXHIBIT 6-A

CITY OF DONNA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 965,812	\$ 965,812
Receivables, net:		
Accounts	125,159	125,159
Prepaid items	-	-
Due from other funds	107,834	107,834
Long-term investments	<u>220,077</u>	<u>220,077</u>
Total Assets	<u>\$ 1,418,882</u>	<u>\$ 1,418,882</u>
 <u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 29,510	\$ 29,510
Unearned revenue	7,651	7,651
Due to component units	-	-
Due to other funds	<u>-</u>	<u>-</u>
Total Liabilities	<u>37,161</u>	<u>37,161</u>
 Fund Balances:		
Restricted for:		
Tourism	-	-
Law enforcement	-	-
Fire equipment debt service	-	-
Equipment purchases	-	-
Park improvements	-	-
Tax increment zone one purposes	<u>1,381,721</u>	<u>1,381,721</u>
Total Fund Balances	<u>1,381,721</u>	<u>1,381,721</u>
Total Liabilities and Fund Balances	<u>\$ 1,418,882</u>	<u>\$ 1,418,882</u>

CITY OF DONNA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:		
Taxes	\$ 273,233	\$ 273,233
Charges for services	72,011	72,011
Fines and forfeitures	-	-
Intergovernmental	254,763	254,763
Interest	1,723	1,723
Other	45,719	45,719
	<u>647,449</u>	<u>647,449</u>
Total Revenues		
Expenditures:		
Current:		
General government	9,000	9,000
Tourism development	231,556	231,556
Capital outlay	16,112	16,112
Debt Service		
Principal retirements	49,444	49,444
Interest and other charges	2,462	2,462
	<u>308,575</u>	<u>308,575</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>338,875</u>	<u>338,875</u>
Other Financing Sources (Uses):		
Transfers out	<u>(254,763)</u>	<u>(254,763)</u>
Total Other Financing Sources (Uses)	<u>(254,763)</u>	<u>(254,763)</u>
Net Change in Fund Balances	84,111	84,111
Fund Balances at Beginning of Year	<u>1,297,609</u>	<u>1,297,609</u>
Fund Balances at End of Year	<u>\$ 1,381,721</u>	<u>\$ 1,381,721</u>

CITY OF DONNA, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2015

	Hotel Occupancy Tax	Texas Confiscated Forfeitures	Fire Equipment Service Fee	Tax Note Equipment Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 744,755	\$ 3,357	\$ 200,163	\$ 9,849
Receivables, net:				
Accounts	-	-	6,410	-
Due from other funds	789	-	217	-
Long-term investments	-	-	-	-
Total Assets	\$ 745,544	\$ 3,357	\$ 206,790	\$ 9,849
 <u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 1,510	\$ -	\$ -	\$ -
Unearned revenue	7,651	-	-	-
Total Liabilities	9,161	-	-	-
 Fund Balances:				
Restricted for:				
Tourism	736,382	-	-	-
Law enforcement	-	3,357	-	-
Fire equipment debt service	-	-	206,790	-
Equipment purchases	-	-	-	9,849
Park improvements	-	-	-	-
Tax increment zone one purposes	-	-	-	-
Total Fund Balances	736,382	3,357	206,790	9,849
Total Liabilities and Fund Balance	\$ 745,544	\$ 3,357	\$ 206,790	\$ 9,849
	-	-	-	-

EXHIBIT 6-C

<u>Urban County CDBG Program</u>	<u>Park Improvement Fee Fund</u>	<u>Tax Increment Reinvestment Zone One</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 605	\$ 7,084	\$ 965,812
-	-	118,749	125,159
-	750	106,078	107,834
-	-	220,077	220,077
<u>\$ -</u>	<u>\$ 1,355</u>	<u>\$ 451,988</u>	<u>\$ 1,418,882</u>
\$ -	\$ -	\$ 28,000	\$ 29,510
-	-	-	7,651
-	-	28,000	37,161
-	-	-	736,382
-	-	-	3,357
-	-	-	206,790
-	-	-	9,849
-	1,355	-	1,355
-	-	423,988	423,988
-	1,355	423,988	1,381,721
<u>\$ -</u>	<u>\$ 1,355</u>	<u>\$ 451,988</u>	<u>\$ 1,418,882</u>

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CITY OF DONNA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Hotel Occupancy Tax	Texas Confiscated Forfeitures	Fire Equipment Service Fee	Tax Note Equipment Fund
Revenues				
Taxes	\$ 119,071	\$ -	\$ -	\$ -
Charges for services	-	-	71,261	-
Intergovernmental	-	-	-	-
Interest	717	-	154	24
Other	45,719	-	-	-
Total Revenues	165,507	-	71,415	24
Expenditures:				
Current:				
General government	-	-	-	-
Tourism development	231,556	-	-	-
Capital Outlay	-	12	-	16,100
Debt service				
Principal retirements	-	-	49,444	-
Interest and other charges	-	-	2,462	-
Total Expenditures	231,556	12	51,906	16,100
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,050)	(12)	19,508	(16,076)
Other Financing Sources (Uses):				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(66,050)	(12)	19,508	(16,076)
Fund Balances at Beginning of Year	802,432	3,369	187,282	25,925
Fund Balances at End of Year	\$ 736,382	\$ 3,357	\$ 206,790	\$ 9,849

EXHIBIT 6-D

<u>Urban County CDBG Program</u>	<u>Park Improvement Fee Fund</u>	<u>Tax Increment Reinvestment Zone One</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 154,162	\$ 273,233
-	750	-	72,011
254,763	-	-	254,763
-	-	828	1,723
-	-	-	45,719
<u>254,763</u>	<u>750</u>	<u>154,990</u>	<u>647,449</u>
-	-	9,000	9,000
-	-	-	231,556
-	-	-	16,112
-	-	-	49,444
-	-	-	2,462
<u>-</u>	<u>-</u>	<u>9,000</u>	<u>308,575</u>
<u>254,763</u>	<u>750</u>	<u>145,990</u>	<u>338,874</u>
<u>(254,763)</u>	<u>-</u>	<u>-</u>	<u>(254,763)</u>
<u>(254,763)</u>	<u>-</u>	<u>-</u>	<u>(254,763)</u>
-	750	145,990	84,111
-	605	277,998	1,297,609
<u>\$ -</u>	<u>\$ 1,355</u>	<u>\$ 423,988</u>	<u>\$ 1,381,721</u>

CITY OF DONNA, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues:			
Taxes:			
Ad valorem taxes	\$ 1,777,169	\$ 1,964,097	\$ 186,928
Interest	<u>1,250</u>	<u>856</u>	<u>(394)</u>
Total Revenues	<u>1,778,419</u>	<u>1,964,954</u>	<u>186,535</u>
Expenditures:			
Debt Service:			
Principal retirements	305,182	305,182	-
Interest and fiscal charges	<u>59,724</u>	<u>64,460</u>	<u>(4,736)</u>
Total Expenditures	<u>364,906</u>	<u>369,642</u>	<u>(4,736)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,413,513</u>	<u>1,595,312</u>	<u>181,799</u>
Other Financing Sources (Uses)			
Transfers in	254,763	254,763	-
Transfers out	<u>(1,610,089)</u>	<u>(1,610,089)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,355,326)</u>	<u>(1,355,326)</u>	<u>-</u>
Net Change in Fund Balance	58,187	239,986	181,799
Fund Balance at Beginning of Year	<u>1,143,789</u>	<u>1,143,789</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,201,976</u>	<u>\$ 1,383,775</u>	<u>\$ 181,799</u>

CITY OF DONNA, TEXAS
HOTEL OCCUPANCY TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Taxes	\$ 123,500	\$ 119,071	\$ (4,429)
Other	12,915	45,719	32,804
Interest	-	717	717
Total Revenues	<u>136,415</u>	<u>165,507</u>	<u>29,092</u>
Expenditures:			
Current:			
Tourism development	418,211	231,556	186,655
Total Tourism Development	<u>418,211</u>	<u>231,556</u>	<u>186,655</u>
Total Expenditures	<u>418,211</u>	<u>231,556</u>	<u>186,655</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(281,796)</u>	<u>(66,050)</u>	<u>215,746</u>
Fund Balance at Beginning of Year	<u>802,432</u>	<u>802,432</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 520,636</u>	<u>\$ 736,382</u>	<u>\$ 215,746</u>

CITY OF DONNA, TEXAS
 FIRE EQUIPMENT SERVICE FEE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
Revenues:			
Charges for services	\$ 74,047	\$ 71,261	\$ (2,786)
Interest	150	154	4
Total Revenues	<u>74,197</u>	<u>71,415</u>	<u>(2,782)</u>
Expenditures:			
Debt service:			
Principal retirements	49,444	49,444	-
Interest	<u>2,462</u>	<u>2,462</u>	<u>-</u>
Total Expenditures	<u>51,906</u>	<u>51,906</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	22,291	19,508	(2,782)
Fund Balance at Beginning of Year	<u>187,283</u>	<u>187,283</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 209,574</u>	<u>\$ 206,791</u>	<u>\$ (2,782)</u>

**BUDGETARY COMPARISON –CITY
INTERNATIONAL BRIDGE FUND**

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CITY OF DONNA, TEXAS
CITY INTERNATIONAL BRIDGE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues:			
Charges for services	\$ 1,715,252	\$ 1,707,996	\$ (7,256)
Rent	27,000	27,000	-
Interest	420	614	194
Other Revenue	200,912	200,000	(912)
Total Revenues	<u>1,943,584</u>	<u>1,935,610</u>	<u>(7,974)</u>
Expense:			
Current:			
Bridge Property	26,700	25,113	1,587
Operations of Toll Bridge	940,096	774,438	165,658
Rental Operations of TABC Bldg.	750	990	(240)
Professional fees	119,100	191,969	(72,869)
Consultant fee	-	816,000	(816,000)
Interest and fiscal charges	2,417,608	1,868,333	549,275
Depreciation and amortization	-	812,138	(812,138)
Total Expenses	<u>3,504,254</u>	<u>4,488,981</u>	<u>(984,727)</u>
Change in Net Assets Before Transfers	(1,560,670)	(2,553,371)	(992,701)
Contributions and Transfers	<u>1,610,089</u>	<u>1,610,089</u>	<u>-</u>
Change in Net Assets	49,419	(943,282)	(992,701)
Net Assets at Beginning of Year	(5,963,351)	(5,963,351)	-
Prior Period Adjustment	23,865	23,865	-
Net Assets at End of Year	<u>\$ (5,890,067)</u>	<u>\$ (6,882,768)</u>	<u>\$ (992,701)</u>

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DISCRETELY PRESENTED COMPONENT UNITS

Governmental

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

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

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

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

CITY OF DONNA, TEXAS
BALANCE SHEET
DONNA ECONOMIC DEVELOPMENT CORPORATION (4A)
COMPONENT UNIT
SEPTEMBER 30, 2015

Assets

Cash and cash equivalents	\$	187,968
Restricted cash and cash equivalents		408,327
Receivables, net:		
Accounts		125,435
Due from primary government		54,636
Total Assets	\$	776,367

Liabilities and Fund BalanceLiabilities:

Accounts payable	\$	2,101
Accrued liabilities		23,511
Total Liabilities		25,612

Fund Balance:

Restricted for debt service		408,327
Unassigned		342,428
Total Fund Balance		750,755

Total Liabilities and Fund Balance \$ 776,367

RECONCILIATION OF FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total fund balance- component unit balance sheet	\$	750,755
--	----	---------

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

Discounts on bonds are not reported in the fund.		36,193
Capital assets used in component unit activities are not reported in the fund.		248,216
Pension liability is not reported in the fund		(5,161)
Deferred outflows related to pension liability are not reported in the fund		2,869
Payables for accrued interest are not reported in the fund.		(27,531)
Bond debt principal remaining which is not due in the current period are not reported in the fund.		(3,815,000)

Net assets of component unit- statement of net position (deficit)	\$	(2,809,659)
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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, 2015

Revenues:	
Sales taxes	\$ 626,223
Interest	100
	626,323
	Total Revenues
	626,323
Expenditures:	
Current:	
Economic development	332,183
Debt service:	
Principal retirements	135,000
Interest and fiscal charges	171,744
	638,927
	Total Expenditures
	638,927
Net Change in Fund Balance	(12,604)
Fund Balance at Beginning of Year	763,359
	763,359
Fund Balance at End of Year	\$ 750,755
	750,755

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

Net change in fund balance- component unit	\$ (12,604)
Amounts reported for component units in the statement of activities ("SOA") are different because:	
Amortization of discounts on bonds is not reported in the fund.	(1,905)
Amortization of deferred outflows related to pensions is not reported in the fund.	(486)
Pension expense in the funds is deferred outflows or reduce pension liability in the SOA.	(4,755)
Net change of compensated absences reported in SOA as incurred, but as paid in the fund.	865
Net change in accrued interest is reported as an expense in the SOA.	779
Repayment of principal on bonds is not reported as financing use in the SOA.	135,000
	135,000
Change in net assets of component unit-statement of activities	\$ 116,893
	116,893

CITY OF DONNA, TEXAS
BALANCE SHEET
DEVELOPMENT CORPORATION OF DONNA, INC (4B)
COMPONENT UNIT
SEPTEMBER 30, 2015

Assets

Cash and cash equivalents	\$	523,277
Restricted cash and cash equivalents		397,713
Receivables, net:		
Accounts		125,435
Loans		113,448
Due from primary government		54,636
Total Assets	\$	1,214,510

Liabilities and Fund BalanceLiabilities:

Accounts payable	\$	2,553
Unearned revenue		1,430
Accrued liabilities		22,514
Total Liabilities		26,497

Fund Balance:

Nonspendable - long-term receivables		113,448
Restricted for debt service		397,713
Unassigned		676,852
Total Fund Balance		1,188,012

Total Liabilities and Fund Balance \$ 1,214,510

RECONCILIATION OF FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total fund balance- component unit balance sheet	\$	1,188,012
Amounts reported for component units in the statement of net position ("SNP") are different because:		
Discounts on bonds are not reported in the fund.		53,093
Payables for accrued interest are not reported in the fund.		(26,283)
Pension liability is not reported in the fund		(5,161)
Deferred outflows related to pension liability are not reported in the fund		2,869
Bond debt principal remaining which is not due in the current period are not reported in the fund.		(3,740,000)
Net assets of component unit- statement of net position (deficit)	\$	(2,527,470)

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, 2015

Revenues:	
Sales taxes	\$ 626,223
Interest	4,309
Total Revenues	630,532
Expenditures:	
Current:	
Economic development	306,280
Debt service:	
Principal retirements	135,000
Interest and fiscal charges	163,669
Total Expenditures	604,948
Net Change in Fund Balance	25,584
Fund Balance at Beginning of Year	1,162,429
Fund Balance at End of Year	\$ 1,188,012

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

Net change in fund balance- component unit	\$ 25,584
Amounts reported for component units in the statement of activities ("SOA") are different because:	
Amortization of discounts on bonds is not reported in the fund.	(2,794)
Amortization of deferred outflows related to pensions is not reported in the fund.	(486)
Pension expense in the funds is deferred outflows or reduce pension liability in the SOA.	(4,755)
Net change of compensated absences reported in SOA as incurred, but as paid in the fund.	865
Net change in accrued interest is reported as an expense in the SOA.	695
Repayment of principal on bonds is not reported as financing use in the SOA.	135,000
Change in net assets of component unit-statement of activities	\$ 154,108

CITY OF DONNA, TEXAS
BALANCE SHEET
TAX INCREMENT REINVESTMENT ZONE NUMBER TWO
COMPONENT UNIT
SEPTEMBER 30, 2015

Assets

Cash and cash equivalents	\$	31,423
Receivables, net:		
Accounts		23,713
Total Assets	\$	55,136

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$	-
Total Liabilities		-

Fund Balance:

Restricted for tax increment zone purposes		55,136
Total Fund Balance		55,136
Total Liabilities and Fund Balance	\$	55,136

RECONCILIATION OF FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total fund balance- component unit balance sheet	\$	55,136
Amounts reported for component units in the statement of net position ("SNP") are different because:		
Long-term payables not due in the current period are not reported in the fund.		(2,313,052)
Net assets of component unit- statement of net position (deficit)	\$	(2,257,916)

CITY OF DONNA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
TAX INCREMENT REINVESTMENT ZONE NUMBER TWO
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Revenues:	
Tax increment revenues	\$ 51,447
	<u>51,447</u>
	Total Revenues
	<u>51,447</u>
Expenditures:	
Current:	
Economic development	35,000
	<u>35,000</u>
	Total Expenditures
	<u>35,000</u>
Net Change in Fund Balance	16,447
Fund Balance at Beginning of Year	<u>38,689</u>
Fund Balance at End of Year	<u>\$ 55,136</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	\$ 16,447
Amounts reported for component units in the statement of activities ("SOA") are different because:	
Accrued long-term claims are not reported in the fund	<u>(145,425)</u>
Change in net assets of component unit-statement of activities	<u>\$ (128,978)</u>

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OTHER SCHEDULES – UNAUDITED

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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, 2015. This financial information is also sent to the Electronic Municipal Market Access (EMMA) website, the official repository for information on municipal bonds.

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

TABLE 1

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net investments in capital assets	\$ 16,905,784	\$ 17,737,205	\$ 18,123,327	\$ 19,030,800
Restricted	729,361	1,406,278	1,800,502	2,062,762
Unrestricted	<u>(1,085,772)</u>	<u>1,187,144</u>	<u>1,148,756</u>	<u>1,285,394</u>
Total governmental activities net position	<u>\$ 16,549,373</u>	<u>\$ 20,330,627</u>	<u>\$ 21,072,585</u>	<u>\$ 22,378,956</u>
Business-type activities				
Net investments in capital assets	\$ 17,334,466	\$ 16,828,094	\$ 20,631,084	\$ 23,273,380
Restricted	3,253,910	3,323,881	3,197,793	3,793,066
Unrestricted	<u>(113,879)</u>	<u>(60,419)</u>	<u>348,028</u>	<u>(1,041,856)</u>
Total business-type activities net position	<u>\$ 20,474,497</u>	<u>\$ 20,091,556</u>	<u>\$ 24,176,905</u>	<u>\$ 26,024,590</u>
Primary government				
Net investments in capital assets	\$ 34,240,250	\$ 34,565,299	\$ 38,754,411	\$ 42,304,180
Restricted	3,983,271	4,730,159	4,998,295	5,855,828
Unrestricted	<u>(1,199,651)</u>	<u>1,126,725</u>	<u>1,496,784</u>	<u>243,538</u>
Total primary government activities net position	<u>\$ 37,023,870</u>	<u>\$ 40,422,183</u>	<u>\$ 45,249,490</u>	<u>\$ 48,403,546</u>

TABLE 1

2010	2011	2012	2013	2014	2015
\$ 20,126,091	\$ 20,740,814	\$ 22,322,916	\$ 22,508,397	\$ 24,260,086	\$ 24,886,384
2,143,596	2,172,676	2,861,266	2,786,431	3,439,698	5,481,325
1,019,772	1,556,572	1,425,585	2,485,784	2,921,896	839,100
<u>\$ 23,289,459</u>	<u>\$ 24,470,062</u>	<u>\$ 26,609,767</u>	<u>\$ 27,780,612</u>	<u>\$ 30,621,680</u>	<u>\$ 31,206,809</u>
\$ 34,732,029	\$ 36,199,880	\$ 37,284,859	\$ 37,091,287	\$ 36,537,530	\$ 36,392,353
3,583,175	2,938,719	2,149,273	2,370,963	2,710,237	3,143,902
(8,572,995)	(9,146,475)	(7,942,293)	(7,667,796)	(6,915,609)	(8,600,817)
<u>\$ 29,742,209</u>	<u>\$ 29,992,124</u>	<u>\$ 31,491,839</u>	<u>\$ 31,794,454</u>	<u>\$ 32,332,158</u>	<u>\$ 30,935,438</u>
\$ 54,858,120	\$ 56,940,694	\$ 59,607,775	\$ 59,599,684	\$ 60,797,616	\$ 61,278,737
5,726,771	5,111,395	5,010,539	5,157,394	6,149,935	8,625,227
(7,553,223)	(7,589,903)	(6,516,708)	(5,182,012)	(3,993,712)	(7,761,717)
<u>\$ 53,031,668</u>	<u>\$ 54,462,186</u>	<u>\$ 58,101,606</u>	<u>\$ 59,575,066</u>	<u>\$ 62,953,839</u>	<u>\$ 62,142,247</u>

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

TABLE 2

	<u>2007</u>	<u>2008</u>	<u>2009</u>
EXPENSES			
Governmental activities			
General government	\$ 911,943	\$ 989,315	\$ 981,874
Public Safety	1,751,093	1,887,064	1,892,031
Public Works	1,051,501	1,155,302	1,216,881
Culture and recreation	449,060	548,678	513,119
Health and welfare	134,225	174,118	165,438
Economic development	3,737,303	494,580	14,100
Tourism development	26,015	25,375	13,961
Interest on long term debt	453,620	135,685	124,192
Total governmental activities expenses	<u>\$ 8,514,760</u>	<u>\$ 5,410,117</u>	<u>\$ 4,921,596</u>
Business-type activities			
Water and sewer	\$ 4,264,804	\$ 4,336,321	\$ 5,724,668
International Bridge	-	602,044	480,594
Donna International Bridge Corporation	5	7,500	20
Cemetery services	61,366	70,542	77,625
Total business-type activities	<u>4,326,175</u>	<u>5,016,407</u>	<u>6,282,907</u>
Total Primary government expenses	<u>\$ 12,840,935</u>	<u>\$ 10,426,524</u>	<u>\$ 11,204,502</u>
PROGRAM REVENUES			
Governmental activities			
Charges for services			
General government	\$ 270,380	\$ 406,248	\$ 289,189
Public Safety	180,693	220,660	232,509
Public Works	670,703	791,240	785,496
Culture and recreation	47,794	46,774	61,989
Health and welfare	34,492	28,576	46,057
Economic development	-	-	-
Tourism development	-	-	-
Interest on Long Term Debt	-	-	-
Operating grants and contributions	167,439	293,720	212,348
Capital grants and contributions	3,947,116	644,630	737,549
Total governmental activities program revenues	<u>\$ 5,318,617</u>	<u>\$ 2,431,848</u>	<u>\$ 2,365,137</u>
Business-type activities			
Charges for services			
Water and sewer	\$ 4,011,286	\$ 4,702,864	\$ 5,029,666
International Bridge	-	-	-
Donna International Bridge Corporation	-	-	-
Cemetery services	24,525	25,500	29,650
Operating grants and contributions	297,220	-	-
Capital grants and contributions	1,044,193	2,478,734	2,041,473
Total business-type activities program revenues	<u>5,377,224</u>	<u>7,207,098</u>	<u>7,100,789</u>
Total primary government program revenues	<u>\$ 10,695,841</u>	<u>\$ 9,638,946</u>	<u>\$ 9,465,926</u>

TABLE 2

2010	2011	2012	2012	2013	2014	2015
\$ 1,090,389	\$ 977,799	\$ 977,800	\$ 1,083,063	\$ 1,150,560	\$ 1,395,999	\$ 2,423,156
2,114,746	1,895,532	1,895,533	1,847,489	1,956,753	2,251,531	2,675,445
1,313,233	1,312,661	1,312,662	1,391,738	1,459,303	1,769,246	2,276,526
513,191	515,698	515,699	519,826	591,910	585,057	723,354
141,256	162,383	162,384	217,651	155,716	238,260	231,283
-	86,969	86,970	144,809	-	9,715	9,000
17,500	18,487	18,488	17,598	75,771	236,107	231,556
151,112	142,597	142,598	73,071	124,785	113,604	117,228
<u>\$ 5,341,427</u>	<u>\$ 5,112,126</u>	<u>\$ 5,112,134</u>	<u>\$ 5,295,244</u>	<u>\$ 5,514,799</u>	<u>\$ 6,599,519</u>	<u>\$ 8,687,548</u>
\$ 4,378,281	\$ 4,731,955	\$ 4,731,956	\$ 5,005,481	\$ 5,148,958	\$ 5,160,233	\$ 5,806,462
2,362,173	3,029,406	3,029,407	3,551,342	3,568,683	3,851,680	4,488,981
-	-	-	-	-	-	-
68,792	70,696	70,697	-	-	-	-
<u>6,809,246</u>	<u>7,832,057</u>	<u>7,832,060</u>	<u>8,556,823</u>	<u>8,717,642</u>	<u>9,011,913</u>	<u>10,295,443</u>
<u>\$ 12,150,674</u>	<u>\$ 12,944,183</u>	<u>\$ 12,944,194</u>	<u>\$ 13,852,066</u>	<u>\$ 14,232,440</u>	<u>\$ 15,611,432</u>	<u>\$ 18,982,991</u>
\$ 232,167	\$ 184,365	\$ 184,366	\$ 197,791	\$ 225,776	\$ 315,141	\$ 1,065,606
189,542	269,610	269,611	268,301	229,304	241,697	346,296
898,315	913,022	913,023	945,531	980,066	1,004,919	1,020,698
62,797	55,517	55,518	60,926	29,700	28,292	60,321
29,343	52,053	52,054	29,673	37,179	59,858	52,586
-	-	1	-	-	13,669	-
-	-	1	-	-	-	-
-	-	-	-	-	-	254,763
351,889	396,884	396,885	312,700	88,950	664,438	-
766,265	188,049	188,050	976,729	-	1,267,992	-
<u>\$ 2,530,318</u>	<u>\$ 2,059,499</u>	<u>\$ 2,059,508</u>	<u>\$ 2,791,650</u>	<u>\$ 1,590,975</u>	<u>\$ 3,596,005</u>	<u>\$ 2,800,270</u>
\$ 4,527,957	\$ 4,879,568	\$ 4,879,569	\$ 5,451,758	\$ 5,573,405	\$ 5,236,681	\$ 5,045,190
-	656,386	656,387	1,148,628	1,370,490	1,670,603	1,734,996
-	-	1	-	-	-	-
25,049	19,250	19,251	-	-	-	-
-	-	1	-	-	153,115	-
<u>5,225,947</u>	<u>1,021,106</u>	<u>1,021,107</u>	<u>1,941,851</u>	<u>127,000</u>	<u>1,518,832</u>	<u>432,157</u>
<u>9,778,953</u>	<u>6,576,310</u>	<u>6,576,316</u>	<u>8,542,237</u>	<u>7,070,895</u>	<u>8,579,231</u>	<u>7,212,344</u>
<u>\$ 12,309,271</u>	<u>\$ 8,635,809</u>	<u>\$ 8,635,824</u>	<u>\$ 11,333,887</u>	<u>\$ 8,661,870</u>	<u>\$ 12,175,236</u>	<u>\$ 10,012,614</u>

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

**TABLE 2
(continued)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>
NET (EXPENSES)/PROGRAM REVENUES			
Governmental activities	(3,196,143)	(2,978,269)	(2,556,460)
Business-type activities	1,051,049	2,190,691	817,882
Total primary government net expenses	<u>\$ (2,145,094)</u>	<u>\$ (787,578)</u>	<u>\$ (1,738,578)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS			
GOVERNMENTAL ACTIVITIES			
Taxes			
Property taxes general purposes	\$ 3,120,946	\$ 3,220,106	\$ 3,427,368
Sales taxes	803,161	783,195	772,619
Franchises taxes	597,472	645,001	664,341
Hotel occupancy tax	78,236	79,653	77,183
Investment earnings	109,504	83,147	23,559
Miscellaneous	39,771	21,042	19,977
Special item	2,000,309	-	-
Transfers	227,998	(1,227,733)	(1,122,217)
Total governmental activities	<u>6,977,397</u>	<u>3,604,411</u>	<u>3,862,830</u>
Business type activities			
Investment earnings	315,895	722,186	389,707
Miscellaneous	2,263	3,169	11,296
Special items	(1,524,150)	-	(192,074)
Transfers	(227,998)	1,227,733	1,122,217
Total business -type activities	<u>(1,433,990)</u>	<u>1,953,088</u>	<u>1,331,146</u>
Total primary government	<u>\$ 5,543,407</u>	<u>\$ 5,557,499</u>	<u>\$ 5,193,976</u>
CHANGES IN NET POSITION			
Governmental activities	\$ 3,781,254	\$ 626,142	\$ 1,306,370
Business- type activities	(382,941)	4,143,779	2,149,028
Total primary government	<u>\$ 3,398,313</u>	<u>\$ 4,769,921</u>	<u>\$ 3,455,399</u>

TABLE 2
(continued)

2010	2011	2012	2012	2013	2014	2015
(2,811,109)	(3,052,627)	(3,052,626)	(2,503,594)	(3,923,824)	(3,003,514)	(5,887,278)
2,969,707	(1,255,747)	(1,255,744)	(14,586)	(1,646,747)	(432,682)	(3,083,099)
<u>\$ 158,598</u>	<u>\$ (4,308,375)</u>	<u>\$ (4,308,371)</u>	<u>\$ (2,518,180)</u>	<u>\$ (5,570,571)</u>	<u>\$ (3,436,198)</u>	<u>\$ (8,970,379)</u>
\$ 3,632,590	\$ 4,030,202	\$ 4,030,203	\$ 4,390,543	\$ 5,038,673	\$ 5,442,523	\$ 5,574,392
749,462	819,491	819,492	865,983	999,188	1,052,265	1,252,446
655,780	674,619	674,620	731,064	751,686	762,260	775,496
86,710	99,331	99,332	108,290	115,573	127,324	119,071
9,632	7,776	7,777	8,245	6,027	3,893	3,994
18,715	42,008	42,009	43,218	125,706	579,510	87,101
-	-	1	-	-	-	-
(1,431,276)	(1,440,198)	(1,440,197)	(1,504,045)	(1,942,184)	(2,094,974)	(1,610,089)
<u>3,721,611</u>	<u>4,233,229</u>	<u>4,233,237</u>	<u>4,643,298</u>	<u>5,094,670</u>	<u>5,872,801</u>	<u>6,202,410</u>
85,211	36,039	36,040	10,256	7,178	12,570	21,157
8,685	29,427	29,428	-	-	1,292	26,589
-	-	1	-	-	-	-
1,431,276	1,440,198	1,440,199	1,504,045	1,942,184	2,094,974	1,610,089
<u>1,525,172</u>	<u>1,505,664</u>	<u>1,505,668</u>	<u>1,514,301</u>	<u>1,949,362</u>	<u>2,108,836</u>	<u>1,657,835</u>
<u>\$ 5,246,783</u>	<u>\$ 5,738,893</u>	<u>\$ 5,738,905</u>	<u>\$ 6,157,598</u>	<u>\$ 7,044,032</u>	<u>\$ 7,981,637</u>	<u>\$ 7,860,245</u>
\$ 910,502	\$ 1,180,602	\$ 1,180,611	\$ 2,139,704	\$ 1,170,846	\$ 2,869,287	\$ 315,132
4,494,879	249,917	249,924	1,499,715	302,615	1,676,154	(1,425,266)
<u>\$ 5,405,382</u>	<u>\$ 1,430,518</u>	<u>\$ 1,430,534</u>	<u>\$ 3,639,419</u>	<u>\$ 1,473,461</u>	<u>\$ 4,545,439</u>	<u>\$ (1,110,133)</u>

TABLE 3

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues					
Taxes	\$ 4,182,064	\$ 4,479,848	\$ 4,642,278	\$ 4,876,110	\$ 4,984,238
Licenses and permits	85,393	70,282	84,745	96,836	83,718
Charges for services	846,372	976,311	1,294,570	1,175,721	1,211,047
Fines and forfeitures	168,281	157,469	114,183	142,683	110,400
Intergovernmental	1,782,411	4,304,269	947,340	663,669	910,088
Investment earnings	79,722	109,504	83,148	23,559	9,632
Other	36,585	51,882	34,953	20,517	27,196
Total revenues	<u>7,180,828</u>	<u>10,149,565</u>	<u>7,201,217</u>	<u>6,999,095</u>	<u>7,336,319</u>
Expenditures					
General government	978,652	905,680	989,315	977,165	1,069,874
Public safety	1,775,271	1,830,250	1,872,309	1,959,490	2,271,697
Public works	1,174,028	1,073,277	1,155,302	1,215,055	1,790,994
Culture and recreation	639,721	479,708	548,678	697,561	512,410
Health and welfare	151,322	134,225	174,118	164,861	143,771
Economic development	2,149,121	3,737,303	494,580	14,100	-
Tourism development	83,140	26,015	25,375	13,961	17,500
Capital outlay	214,481	374,551	22,901	24,852	-
Debt service:					
Principal	1,603,939	639,858	368,462	370,806	402,632
Interest	299,483	318,273	135,011	117,267	184,689
Issuance charges	137,971	-	-	-	-
Total expenditures	<u>9,207,129</u>	<u>9,519,140</u>	<u>5,786,051</u>	<u>5,555,117</u>	<u>6,393,566</u>
Excess of revenues over (under) expenditures	(2,026,301)	630,425	1,415,166	1,443,978	942,754
Other Financing Sources (Uses)					
Transfers in	503,317	1,110,047	231,348	424,560	232,946
Transfers out	(721,454)	(882,057)	(1,459,081)	(1,546,777)	(1,664,223)
Bond proceeds	2,372,237	-	-	-	1,537,279
Lease/Loan proceeds	77,725	7,335	-	26,293	137,317
Other	-	-	-	-	-
Total other financing sources (uses)	<u>2,231,825</u>	<u>235,325</u>	<u>(1,227,733)</u>	<u>(1,095,924)</u>	<u>243,319</u>
Net change in fund balances	<u>\$ 205,524</u>	<u>\$ 865,750</u>	<u>\$ 187,433</u>	<u>\$ 348,054</u>	<u>\$ 1,186,073</u>
Debt service as a percentage of noncapital expenditures	28.74%	17.80%	9.60%	8.87%	9.21%

Source: Comprehensive Annual Financial Reports

TABLE 3

	2011	2012	2013	2014	2015
\$	5,487,950	\$ 6,021,470	\$ 6,809,260	\$ 7,332,268	\$ 7,885,911
	101,415	123,623	134,634	165,471	134,150
	1,256,644	1,271,315	1,269,626	1,308,877	1,427,198
	109,994	97,283	98,188	175,558	137,876
	564,082	478,287	320,909	377,508	1,055,328
	7,776	8,245	6,027	3,893	3,994
	53,971	55,502	137,014	335,480	137,820
	<u>7,581,832</u>	<u>8,055,726</u>	<u>8,775,658</u>	<u>9,699,056</u>	<u>10,782,277</u>
	1,010,748	1,083,183	1,209,763	1,414,959	2,542,486
	1,905,641	1,873,037	2,119,400	2,357,686	2,800,668
	1,472,449	1,412,629	1,523,106	1,685,840	2,151,430
	516,101	535,166	646,579	631,467	785,679
	160,389	217,651	164,762	238,260	250,941
	86,969	144,809	-	-	-
	18,487	17,598	75,771	306,797	231,556
	-	605,493	838,933	117,424	2,624,627
	451,819	629,765	394,091	454,184	473,227
	147,534	136,765	97,824	86,879	272,411
	-	-	-	-	-
	<u>5,770,136</u>	<u>6,656,095</u>	<u>7,070,228</u>	<u>7,293,496</u>	<u>12,133,025</u>
	1,811,696	1,399,631	1,705,430	2,405,560	(1,350,748)
	171,235	285,288	269,558	291,193	256,393
	(1,611,433)	(1,808,499)	(2,084,532)	(2,386,167)	(1,866,482)
	-	1,260,600	-	-	4,875,401
	42,812	-	351,753	-	760,000
	-	(1,228,516)	-	544,628	-
	<u>(1,397,386)</u>	<u>(1,491,127)</u>	<u>(1,463,222)</u>	<u>(1,550,346)</u>	<u>4,025,312</u>
\$	<u>414,310</u>	<u>\$ (91,496)</u>	<u>\$ 242,208</u>	<u>\$ 855,214</u>	<u>\$ 2,674,564</u>
	10.58%	13.02%	7.99%	7.88%	8.04%

TABLE 4

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved	\$ 3,799	\$ 2,583	\$ 8,228	\$ -
Unreserved	(241,319)	518,373	708,872	871,372
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ (237,520)</u>	<u>\$ 520,956</u>	<u>\$ 717,100</u>	<u>\$ 871,372</u>
All Other Governmental Funds				
Reserved, reported in : special revenue funds	\$ 1,262,642	\$ 1,362,560	\$ 1,349,959	\$ 1,471,350
Unreserved, reported in: special revenue funds	31,306	38,662	42,552	106,384
Restricted, reported in special revenue funds and debt service fund	-	-	-	-
Committed, reported in capital project and special revenue funds	-	-	-	-
Total all other governmental funds	<u>\$ 1,293,948</u>	<u>\$ 1,401,222</u>	<u>\$ 1,392,511</u>	<u>\$ 1,577,734</u>

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

TABLE 4

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 2,106	\$ -	\$ -	\$ -	\$ -	\$ -
601,463	-	-	-	-	-
-	-	592,346	336,460	170,620	170,460
-	-	-	-	-	-
-	-	-	-	-	-
-	934,350	874,428	1,893,052	2,349,252	2,636,498
<u>\$ 603,569</u>	<u>\$ 934,350</u>	<u>\$ 1,466,774</u>	<u>\$ 2,229,512</u>	<u>\$ 2,519,871</u>	<u>\$ 2,806,958</u>
\$ 2,848,694	\$ -	\$ -	\$ -	\$ -	\$ -
182,917	-	-	-	-	-
-	1,587,145	1,674,015	1,793,223	2,441,399	2,765,496
-	1,527,995	817,205	177,467	94,146	2,157,526
<u>\$ 3,031,611</u>	<u>\$ 3,115,140</u>	<u>\$ 2,491,220</u>	<u>\$ 1,970,690</u>	<u>\$ 2,535,545</u>	<u>\$ 4,923,022</u>

TABLE 5

CITY OF DONNA, TEXAS
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
2006	\$ 966,082	\$ 1,771,330	\$ 1,130,324	\$ 575,807	\$ 151,322	\$ 237,366
2007	911,943	1,751,093	1,051,501	449,060	134,225	3,737,303
2008	989,315	1,887,064	1,155,302	548,678	174,118	494,580
2009	981,874	1,892,031	1,216,881	513,119	165,438	14,100
2010	1,090,389	2,114,746	1,313,233	513,191	141,256	-
2011	977,799	1,895,532	1,312,662	515,698	162,383	(27,000)
2012	1,083,063	1,847,489	1,391,738	519,826	217,651	144,809
2013	1,150,560	1,956,753	1,459,303	591,910	155,716	-
2014	1,395,999	2,251,531	1,769,246	585,057	238,260	9,715
2015	2,423,156	2,675,445	2,276,526	723,354	231,283	9,000

TABLE 5

Tourism Development	Interest on Long-Term Debt	Water and Sewer	City International Bridge Fund	Donna International Bridge Corporation	Cemetery	Totals
\$ 83,140	\$ 432,579	\$ 4,448,382	\$ -	\$ 7,500	\$ 67,650	\$ 9,871,482
26,015	453,620	4,264,804	-	5	61,366	12,840,935
25,375	135,685	4,336,321	602,044	7,500	70,542	10,426,524
13,961	124,192	5,724,668	480,594	20	77,625	11,204,503
17,500	151,112	4,378,282	2,362,173	-	68,792	12,150,674
18,487	144,374	4,731,955	3,029,406	-	70,696	12,831,992
17,598	73,071	5,005,481	3,551,342	-	-	13,852,068
75,771	124,785	5,148,958	3,568,683	-	-	14,232,439
236,107	113,604	5,160,233	3,851,680	-	-	15,611,433
231,556	117,228	5,806,462	4,488,981	-	-	18,982,991

TABLE 6

**CITY OF DONNA, TEXAS
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		
2006	\$ 5,099,904	\$ 246,733	\$ 1,936,509	\$ 4,269,347	\$ 333,988	\$ 38,371	\$ -	\$ 11,924,852	
2007	5,239,873	464,659	4,991,309	4,599,815	425,399	42,034	476,159	16,239,248	
2008	6,221,862	293,720	3,123,364	4,727,955	805,333	24,211	-	15,196,445	
2009	6,474,556	212,348	2,779,022	4,941,511	413,266	31,273	(192,074)	14,659,902	
2010	5,965,172	351,889	5,992,213	5,124,542	94,843	27,400	-	17,556,059	
2011	7,029,771	396,884	1,209,155	5,623,643	43,814	71,435	-	14,374,702	
2012	8,102,608	312,700	2,918,580	6,095,880	18,501	43,218	-	17,491,487	
2013	8,445,921	88,950	127,000	6,905,120	13,205	125,706	-	15,705,902	
2014	8,570,860	817,553	2,786,824	7,384,372	16,463	580,802	-	20,156,874	
2015	9,155,567	424,890	432,157	7,721,405	25,151	113,690	-	17,872,860	

TABLE 7

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

Fiscal Year	Taxes	Licenses and Permits	Inter- governmental Revenues	Charges for Services	Fines and Forfeitures	Interest and Other	Totals (Excluding Other Sources)
2006	\$ 3,092,271	\$ 85,393	\$ 1,477,772	\$ 787,170	\$ 146,838	\$ 41,046	\$ 5,630,490
2007	3,235,365	70,282	3,847,188	912,318	152,733	84,792	8,302,678
2008	3,327,974	84,745	607,904	1,229,875	113,433	55,630	5,419,561
2009	3,472,034	96,836	182,660	1,111,621	138,660	22,018	5,023,829
2010	3,551,743	83,718	677,142	1,141,676	110,081	18,898	5,583,258
2011	3,852,989	101,415	326,847	1,189,906	105,244	48,943	5,625,344
2012	4,036,307	123,623	241,369	1,204,455	97,283	46,085	5,749,122
2013	4,533,880	134,634	77,183	1,199,578	92,765	126,798	6,164,838
2014	4,953,773	165,471	130,074	1,238,179	175,558	36,132	6,699,187
2015	5,648,581	134,150	800,564	1,355,187	137,876	93,491	8,169,849

TABLE 8

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

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Public Health	Economic Development	Debt Service	Totals
2006	\$ 978,652	\$ 1,761,777	\$ 1,174,028	\$ 583,789	\$ 151,322	\$ 2,086,923	\$ 174,473	\$ 6,910,964
2007	904,889	1,700,035	1,073,277	470,332	123,875	3,737,303	46,143	8,055,854
2008	988,942	1,868,023	1,155,302	518,850	119,950	494,580	26,479	5,172,126
2009	974,982	1,957,380	1,215,055	498,168	139,375	14,100	29,712	4,828,772
2010	1,069,874	2,271,697	1,790,994	512,410	143,771	-	72,440	5,861,186
2011	1,010,748	1,905,641	1,472,449	516,101	160,389	86,969	66,414	5,218,711
2012	1,078,438	1,873,037	1,412,629	535,166	217,651	75,000	67,845	5,259,766
2013	1,209,763	2,119,400	1,523,106	646,579	164,762	-	64,410	5,728,020
2014	1,405,244	2,357,686	1,685,840	631,467	238,260	-	135,776	6,454,273
2015	2,533,486	2,800,668	2,151,430	785,679	250,941	-	122,187	8,644,393

TABLE 9

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

Fiscal Year	Water Sales	Sewer Sales	Penalties	Provision for Bad Debt	Other Service Charges	Interest/ Capital/ Other	Transfers In	Totals
2006	\$ 2,199,866	\$ 1,617,092	\$ 118,752	\$ (63,625)	\$ 90,555	\$ 655,404	\$ 188,138	\$ 4,806,182
2007	2,228,945	1,558,480	124,155	(38,146)	137,852	1,098,989	23,972	5,134,247
2008	2,707,828	1,821,315	154,387	(38,049)	57,383	2,603,175	400	7,306,439
2009	2,873,005	2,000,240	150,399	(45,551)	51,573	2,094,327	-	7,123,993
2010	2,472,028	1,936,599	146,411	(32,173)	63,346	35,365	8,688,732	13,310,308
2011	2,642,087	2,090,514	150,781	(56,190)	52,375	17,432	4,832,002	9,729,001
2012	3,121,738	2,100,585	168,625	(47,666)	91,761	1,847,951	39,421	7,322,415
2013	3,100,797	2,196,913	184,925	(15,010)	105,780	82,089	-	5,655,494
2014	2,875,418	2,136,133	185,096	(35,088)	76,503	1,364,711	-	6,602,772
2015	2,763,986	1,951,688	172,605	(27,001)	183,911	47,746	-	5,092,936

TABLE 10

**CITY OF DONNA, TEXAS
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	Administrative
2006	\$ 97,859	\$ 222,331	\$ 327,300	\$ 259,982	\$ 355,705	\$ 252,048	\$ 364,098
2007	137,062	198,981	388,581	201,482	349,794	15,041	411,757
2008	46,326	77,606	412,581	236,204	373,019	8,400	485,419
2009	36,893	72,797	473,255	184,816	498,168	17,550	418,866
2010	7,718	69,573	320,118	249,784	382,669	8,911	400,126
2011	11,925	112,108	267,055	266,037	393,276	12,576	255,558
2012	102,610	126,379	282,718	301,007	418,909	15,000	365,150
2013	88,196	84,797	277,481	211,897	409,672	15,000	491,042
2014	42,407	131,247	293,199	210,521	416,498	15,000	463,055
2015	36,593	160,441	316,077	777,330	523,488	-	213,484

TABLE 10

Water/Sewer Operations Contractor	Debt Interest and Fees	Fees for Capital Contributions	Depreciation and Amortization	Transfers Out	Totals
\$ 1,329,509	\$ 402,245	\$ 42,400	\$ 794,905	\$ -	\$ 4,448,382
1,363,047	446,925	-	752,134	315,000	4,579,804
1,601,873	329,096	235,434	831,706	-	4,637,664
1,730,022	359,898	1,145,331	787,071	194,856	5,919,523
1,762,784	301,336	124,700	875,262	-	4,502,981
1,842,431	368,003	27,257	1,202,986		4,759,212
1,592,264	395,275	-	1,406,172	-	5,005,484
1,670,060	404,687	-	1,496,126	403,500	5,552,458
1,721,967	391,699	-	1,474,641	-	5,160,233
1,831,144	384,453	-	1,563,451	-	5,806,462

TABLE 11

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

Fiscal Year	Tax Levy Year	General Fund	Debt Service Fund	Total	Assessed Values
2006	2005	0.622352	0.366786	0.989138	\$ 267,030,270
2007	2006	0.589760	0.400239	0.989999	278,379,965
2008	2007	0.589805	0.400194	0.989999	307,899,033
2009	2008	0.589805	0.400194	0.989999	336,306,436
2010	2009	0.638126	0.400194	1.038320	338,951,607
2011	2010	0.674052	0.451927	1.125979	336,002,503
2012	2011	0.706169	0.546207	1.252376	341,431,546
2013	2012	0.706169	0.546207	1.252376	379,330,947
2014	2013	0.734764	0.517612	1.252376	419,514,607
2015	2014	0.762395	0.380026	1.142421	440,108,919

TABLE 12

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

Fiscal Year	City Of Donna			Overlapping Rates					
	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	Total Direct & OVL P Rates
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
2015	0.762395	0.380026	1.142421	0.5900	1.25820	0.09510	0.21000	0.18500	3.480721

TABLE 13

**CITY OF DONNA, TEXAS
SCHEDULE OF INSURANCE IN-FORCE
SEPTEMBER 30, 2015
(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	10/01/14	09/30/15
General Liability	TML-IRP	9424	10/01/14	09/30/15
Errors and Omissions	TML-IRP	9424	10/01/14	09/30/15
Automobile Liability	TML-IRP	9424	10/01/14	09/30/15
Automobile Physical Damage	TML-IRP	9424	10/01/14	09/30/15
Mobile Equipment	TML-IRP	9424	10/01/14	09/30/15
Boiler & Machinery	TML-IRP	9424	10/01/14	09/30/15
Workers' Compensation	TML-IRP	9424	10/01/14	09/30/15
Law Enforcement Liability	TML-IRP	9424	10/01/14	09/30/15
Public Employee Dishonesty	TML-IRP	9424	10/01/14	09/30/15
Forgery or Alteration	TML-IRP	9424	10/01/14	09/30/15
Computer Fraud	TML-IRP	9424	10/01/14	09/30/15
Tax Assessor/Collector Surety Bond	Hartford Casualty Ins Co	61BSBBX5218	10/01/14	09/30/15

TABLE 13

<u>Details and Coverage</u>	<u>Per Occur Liability Limits</u>	<u>Annual Premium</u>
Fire, windstorm, valuable papers, accounts receivable, data processing equipment	\$ 25,692,663	\$ 56,649
General, products, personal	1,000,000	4,734
Public officials and employee liability, claims made	1,000,000	8,722
All owned and leased vehicles	1,000,000	25,397
Schedule of vehicles	1,000,000	13,229
Schedule of Mobile equipment	965,244	3,709
Replacement cost	100,000	1,000
Includes volunteer firemen	N/A	91,856
Law enforcement liability	1,000,000	21,056
Public officials and employee dishonesty, claims made	100,000	1,282
Loss resulting from forgery or alteration of covered docume	100,000	155
Loss of money, securities and property	100,000	119
Employee Dishonesty	250,000	1,000
		<u>\$ 228,908</u>

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

TABLE 14

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

2014 Market Valuation Established by Hidalgo County Appraisal District (1)	\$ 618,019,474
Less Exemptions/Reductions at 100% Market Value:	
Over 65 and Disabled	3,377,463
Disabled Veterans Exemptions	3,087,654
Productivity Loss	28,338,420
Abatement Value Loss	686,312
Exempt Property	137,366,372
CHODO (Partial)	1,563,584
Charitable	83,138
Value Loss to 10% Cap	3,407,612
	177,910,555
2014 Net Taxable Assessed Valuation	\$ 440,108,919
General Obligation Debt Payable from Ad Valorem Taxes (as of September 30, 2015)	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2001	320,000
Limited Tax Refunding Bonds, Series 2006	165,000
Tax Notes, Series 2006	-
Combination Tax and Int'l Toll Bridge Certificates of Obligation, Series 2007	29,500,000
Combination Tax and Revenue Certificates of Obligation, Series 2009	4,620,000
Limited Tax Refunding Bonds, Series 2012	4,775,000
2014 Tax Notes	1,200,000
2015 Certificate of Obligations	4,065,000
Funded Debt Payable from Ad Valorem Taxes	\$ 44,645,000
Less: Self-supporting Debt	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2001 (2)	252,800
Limited Tax Refunding Bonds, Series 2006 (5)	159,656
Tax Notes, Series 2006 (4) & (5)	-
Combination Tax and Int'l Toll Bridge Certificates of Obligation, Series 2007 (5)	29,500,000
Combination Tax and Revenue Certificates of Obligation, Series 2009 (4)	4,620,000
Limited Tax Refunding Bonds, Series 2012 (4)	3,514,400
2014 Tax Notes	768,000
	38,814,856
Net Funded Debt Payable from Ad Valorem Taxes	\$ 5,830,144
Interest and Sinking Fund Balance (as of September 30, 2015)	\$ 1,143,789 (3)
Ratio Funded Debt to Net Taxable Assessed Valuation	10.14%

2015 Estimated Population - 27,528
Per Capita Taxable Assessed Valuation - \$15,988
Per Capita Funded Debt - \$1,622

(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 15

TAXABLE ASSESSED VALUATION BY CATEGORY

Taxable Appraised Value For Fiscal Year Ended September 30,

Category	2015		(1) 2014		(1) 2013		2012	
	Amount	% of Total						
Real, Residential, Single-Family	\$ 232,715,920	37.66%	\$ 226,023,847	36.57%	\$ 201,742,850	34.17%	\$ 186,098,019	34.30%
Real, Residential, Multi-Family	15,553,440	2.52%	13,158,922	2.13%	23,090,738	3.91%	12,003,448	2.21%
Real, Vacant Lots/Tracts	28,894,099	4.68%	27,078,216	4.38%	23,364,004	3.96%	18,252,276	3.36%
Real, Acreage (Land Only)	29,269,963	4.74%	29,558,232	4.78%	28,478,703	4.82%	22,912,459	4.22%
Real, Farm and Ranch Improvements	1,725,635	0.28%	2,823,281	0.46%	1,784,229	0.30%	1,434,091	0.26%
Real, Commercial	97,476,460	15.77%	89,881,308	14.54%	82,050,572	13.90%	74,435,684	13.72%
Real, Industrial	5,320,988	0.86%	6,957,060	1.13%	6,633,333	1.12%	4,886,074	0.90%
Real and Tangible Personal, Utilities	9,068,913	1.47%	7,357,074	1.19%	6,194,219	1.05%	6,631,484	1.22%
Tangible Personal, Commercial	32,060,521	5.19%	30,615,834	4.95%	22,411,992	3.80%	22,022,328	4.06%
Tangible Personal, Industrial	4,021,892	0.65%	3,741,642	0.61%	2,914,628	0.49%	3,091,604	0.57%
Tangible Personal, Mobile Homes	17,260,965	2.79%	13,319,570	2.16%	12,393,515	2.10%	12,112,850	2.23%
Tangible Personal, Other	261,069	0.04%	-	0.00%	216,027	0.04%	-	0.00%
Residential Inventory	1,418,732	0.23%	1,323,011	0.21%	1,802,726	0.31%	2,147,083	0.40%
Special Inventory	3,957,785	0.64%	3,028,712	0.49%	1,910,198	0.32%	1,710,153	0.32%
Total Exempt Property	139,013,094	22.49%	135,496,610	21.92%	127,570,687	21.61%	126,164,888	23.25%
Total Appraised Value Before Exemptions	618,019,474	100%	590,363,319	96%	542,558,421	92%	493,902,441	91%
Less: Total Exemptions/Reductions	(177,910,555)		(170,848,721)		(163,227,474)		(152,470,895)	
Taxable Assessed Valuation	<u>\$ 440,108,919</u>		<u>\$ 419,514,598</u>		<u>\$ 379,330,947</u>		<u>\$ 341,431,546</u>	

Category	2011		2010		2009		2008	
	Amount	% of Total						
Real, Residential, Single-Family	\$ 180,062,623	49.82%	\$ 183,631,647	50.80%	\$ 185,262,397	51.83%	\$ 174,981,388	49.06%
Real, Residential, Multi-Family	11,302,919	3.13%	11,180,787	3.09%	12,044,952	3.37%	11,573,572	3.25%
Real, Vacant Lots/Tracts	19,963,067	5.52%	22,371,971	6.19%	22,894,057	6.40%	17,291,693	4.85%
Real, Acreage (Land Only)	20,477,633	5.67%	13,299,889	3.68%	11,874,932	3.32%	6,741,597	1.89%
Real, Farm and Ranch Improvements	1,926,532	0.53%	1,810,497	0.50%	1,715,479	0.48%	1,560,995	0.44%
Real, Commercial	69,816,793	19.32%	70,074,113	19.39%	67,586,895	18.91%	53,349,191	14.96%
Real, Industrial	5,998,498	1.66%	6,238,758	1.73%	6,072,271	1.70%	5,624,882	1.58%
Vehicles	7,579,819	2.10%	-	0.00%	-	0.00%	-	0.00%
Real and Tangible Personal, Utilities	23,668,277	6.55%	8,252,576	2.28%	8,626,804	2.41%	8,990,799	2.52%
Tangible Personal, Commercial	3,939,854	1.09%	20,881,471	5.78%	20,771,398	5.81%	21,661,139	6.07%
Tangible Personal, Industrial	11,689,076	3.23%	4,119,225	1.14%	2,557,213	0.72%	3,682,980	1.03%
Tangible Personal, Mobile Homes	3,229,948	0.89%	11,246,313	3.11%	12,415,278	3.47%	10,553,209	2.96%
Tangible Personal, Other	-	0.00%	1,643,375	0.45%	1,703,186	0.48%	3,120,849	0.88%
Special Inventory	1,806,793	0.50%	2,699,693	0.75%	3,125,324	0.87%	3,314,514	0.93%
Total Appraised Value Before Exemptions	361,461,832	100%	357,450,315	99%	356,650,186	100%	322,446,808	90%
Less: Total Exemptions/Reductions	(25,459,329)		(18,498,708)		(20,343,720)		(14,547,775)	
Taxable Assessed Valuation	<u>\$ 336,002,503</u>		<u>\$ 338,951,607</u>		<u>\$ 336,306,466</u>		<u>\$ 307,899,033</u>	

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

Sources: City of Donna Property Tax Department

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

Fiscal Year	Tax Year	Estimated Population	Taxable Assessed Valuation (1)	Per Capita Taxable Assessed Valuation	Gross Funded Tax Debt	Ratio Funded Debt to Taxable Assessed Valuation	Gross Per Capita Funded Tax Debt
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
2015	2014	27,528	440,108,919	15,988	44,645,000	10.14%	1,622

(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: City of Donna Property Tax Division,

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

TABLE 17

<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>
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	0.762395	0.380026	1.252376	5,253,900	89.00%	106.00%
2015	2014	0.762395	0.380026	1.142421	5,027,897	95.00%	116.00%

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

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

**CITY OF DONNA, TEXAS
PRINCIPAL TAXPAYERS
FOR FISCAL YEAR ENDING 09/30/2015
(Unaudited)**

Taxpayer	2015			2006		
	Taxable Assessed Valuation	Ranked	% of Taxable Assessed Valuation	Taxable Assessed Valuation	Ranked	% of Taxable Assessed Valuation
Wal-Mart Real Estate	\$ 14,268,191	1	3.24%			
MCH Victoria Palms, LLC	10,012,500	2	2.28%	\$ 6,986,293	1	2.62%
W. Silver Recycling Inc.	5,203,249	3	1.18%			
AEP Texas Central Co.	4,492,090	4	1.02%	4,558,320	2	1.71%
Packaging Corporation of America	3,359,021	5	0.76%	1,865,701	7	0.70%
BH Hester Donna, LLC	2,701,123	6	0.61%			
Secucare Moveit McAllen, LLC	2,576,124	7	0.59%			
H E Butt Grocery Company	2,528,525	8	0.57%	2,501,346	5	0.94%
Insight Investments LLC	2,477,055	9	0.56%			
Paramount Citrus Packing Co. LLC	2,308,887	10	0.52%			
Kinney Bonded Warehouse				1,706,747	9	0.64%
Southwestern Bell Telephone				2,551,600	4	0.96%
Hesterstreet L. P.				2,212,374	6	0.83%
Interstate Fruit & Vegetable Co Inc.				1,645,149	10	0.62%
Ron Hoover Companies / RV Sales				1,803,916	8	0.68%
Vicoria Palms II LP				3,385,711	3	1.27%
Totals	\$ 49,926,765		11.34%	\$ 29,217,157		10.94%

Source: Hidalgo County Appraisal District

TABLE 19

CITY OF DONNA, TEXAS
TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Existing Outstanding Gross Funded Debt			% of Principal Retired
	Principal	Interest	Requirements	
2016	\$ 1,240,000	\$ 2,367,317	\$ 3,607,317	21.87%
2017	1,215,000	2,315,263	3,530,263	
2018	1,800,000	2,249,432	4,049,432	
2019	1,875,000	2,172,320	4,047,320	
2020	1,955,000	2,090,653	4,045,653	
2021	2,050,000	2,002,930	4,052,930	34.23%
2022	1,930,000	1,911,298	3,841,298	
2023	2,020,000	1,817,024	3,837,024	
2024	2,125,000	1,716,199	3,841,199	
2025	2,225,000	1,610,331	3,835,331	
2026	1,665,000	1,508,340	3,173,340	48.94%
2027	1,790,000	1,408,165	3,198,165	
2028	1,910,000	1,300,631	3,210,631	
2029	2,035,000	1,185,658	3,220,658	
2030	2,160,000	1,063,192	3,223,192	
2031	2,185,000	936,348	3,121,348	69.15%
2032	2,415,000	801,883	3,216,883	
2033	2,545,000	656,630	3,201,630	
2034	2,395,000	510,518	2,905,518	
2035	2,410,000	366,350	2,776,350	
2036	2,300,000	221,875	2,521,875	
2037	2,400,000	75,000	2,475,000	100.00%
	<u>\$ 44,645,000</u>	<u>\$ 30,287,353</u>	<u>\$ 74,932,353</u>	

Source: Municipal Advisory Council and City of Donna

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

Capital Lease Obligations

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

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	\$	75,709
Lease payable due in monthly installments of \$425.10 including interest, collateralized by a Ford Fusion		4,215
Total Capital Lease Debt	\$	<u>79,924</u>
Less: Current Portion of Capital Lease Obligations		<u>78,953</u>
Capital Lease Obligations, Net of Current Portion	\$	<u>972</u>

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

<u>Year Ending September 30,</u>		<u>General Government Long-Term Debt</u>
2016	\$	79,924
Less: Amounts Representing Interest	\$	79,924
Balance at September 30, 2015		<u>972</u>
	\$	<u>78,953</u>

Source: City of Donna, Texas

CITY OF DONNA, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2015
(unaudited)

Taxing Jurisdiction	Net Bonded Debt		Percentage of Debt Applicable to Area	Donna Geographical Area Share of Debt
	Date	Amount		
Direct:				
City of Donna	9/30/2015	\$ 44,645,000	100.00%	\$ 44,645,000
Overlapping:				
Donna Independent School District	8/31/2014	93,691,357	33.77%	31,639,571
Hidalgo County	12/31/2014	186,501,691	1.26%	2,349,921
Hidalgo County Drainage District No. 1	12/31/2015	144,123,275	1.31%	1,888,015
Donna Irrigation District Hidalgo Co. No. 1		-	0.00%	-
South Texas CCD	12/31/2014	159,927,314	1.25%	1,999,091
Total Direct Debt				44,645,000
Total Net Overlapping Debt				<u>37,876,599</u>
Total Direct and Overlapping Debt				<u><u>\$ 82,521,599</u></u>
Average Debt Per Capita	9/30/2015	\$ 27,185		\$ 3,036

CITY OF DONNA, TEXAS
GENERAL FUND REVENUES, EXPENDITURES HISTORY

Revenues	Fiscal Year Ended September 30,					
	2015	2014	2013	2012	2011	2010
Taxes	\$ 5,648,581	\$ 4,953,773	\$ 4,533,880	\$ 4,036,307	\$ 101,415	\$ 3,551,743
Licenses and Permits	134,150	165,471	134,634	123,623	326,847	83,718
Charges for Service	1,355,187	1,238,179	1,199,578	1,204,455	105,244	1,141,676
Fines and Forfeitures	137,875	175,558	92,765	97,283	48,943	110,081
Intergovernmental	800,564	130,074	77,183	241,369	1,189,906	677,142
Interest	1,390	1,250	1,129	583	5,625,344	1,633
Other Revenues	92,101	34,882	125,669	45,502	-	17,265
Total Revenues	\$ 8,169,849	\$ 6,699,187	\$ 6,164,838	\$ 5,749,122	\$ 7,397,699	\$ 5,583,258
Expenditures						
Current:						
General Government	\$ 2,533,486	\$ 1,405,244	\$ 1,209,763	\$ 1,078,438	\$ 1,905,641	\$ 1,069,874
Public Safety	2,800,668	2,357,686	2,119,400	1,873,037	1,472,449	2,271,697
Public Works	2,151,430	1,685,840	1,523,106	1,412,629	516,101	1,790,994
Economic Development	-	-	-	75,000	66,414	-
Culture and Recreation	785,679	631,467	646,579	535,166	160,389	512,410
Health and Welfare	250,941	238,260	164,762	217,651	86,969	143,771
Debt Service:						
Principal Retirements	118,600	127,227	60,290	62,061	60,339	65,814
Interest, Fiscal & Issuance Charges	3,587	8,549	4,120	5,784	6,075	6,626
Total Expenditures	\$ 8,644,392	\$ 6,454,273	\$ 5,728,020	\$ 5,259,766	\$ 4,274,377	\$ 5,861,186
Excess/Deficiency of Revenues Over Expenditures	(474,544)	244,914	436,818	489,356	3,123,322	(277,928)
Other Financing Sources/Uses						
Operating Transfers In	1,630	45,445	-	43,066	-	-
Operating Transfers Out	-	-	(25,831)	-	-	(127,191)
Tax Note Proceeds	-	-	-	-	-	-
Loan and Lease Proceeds	760,000	-	351,753	-	-	137,317
Total Other Financing Sources/Uses	\$ 761,630	\$ 45,445	\$ 325,922	\$ 43,066	\$ -	\$ 10,126
Excess/Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Uses	287,086	290,359	762,740	532,422	3,123,322	(267,802)
Beginning Fund Balance	2,519,871	2,229,512	1,466,773	934,350	871,372	871,372
Prior Period Adjustment	-	-	-	-	-	-
Ending Fund Balance	\$ 2,806,958	\$ 2,519,871	\$ 2,229,513	\$ 1,466,772	\$ 3,994,694	\$ 603,570

Source: City of Donna, Texas Annual Financial Reports

TABLE 23

CITY OF DONNA, TEXAS
MUNICIPAL SALES TAX HISTORY

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Total Collections Per Capita
2006	\$ 1,056,113	38.32%	0.3794	\$ 64
2007	1,577,673	34.26%	0.7812	96
2008	1,561,820	51.24%	0.5073	90
2009	1,547,514	46.79%	0.4602	86
2010	1,467,723	42.26%	0.4330	82
2011	1,592,805	48.30%	0.4740	89
2012	1,731,965	46.56%	0.5073	97
2013	1,980,685	41.69%	0.5222	75
2014	2,089,644	39.77%	0.4981	77
2015	2,572,857	51.17%	0.5846	93

Source: Office of the Texas Comptroller and City of Donna

Annual Financial Report

TABLE 24

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

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/16	\$ 1,974,995
Interest and Sinking Fund Balance at 9/30/15	1,143,789
2015 Interest and Sinking Fund Tax Levy @ 100% Collection	1,776,169
Amount paid from other resources	<u>254,763</u>
Estimated Balance as of 9/30/16	<u><u>\$ 1,199,726</u></u>

Source: City of Donna, Texas

TABLE 25

**CITY OF DONNA, TEXAS
CURRENT INVESTMENTS**

The City's cash and temporary investments at September 30, 2015 are shown below:

Name	Carrying Amount	Market Value
Non-Interest Bearing Cash Accounts	\$ 6,134,907	\$ 6,134,907
Money Market Fund available from Trustee	3,757,367	3,757,367
Local Government Investment Cooperative (LOGIC) ⁽¹⁾	6,847,162	6,847,162
Investments held: Certificates of Deposit	1,462,000	1,464,602
Less: Statement of Fiduciary Net Assets	<u>(227,977)</u>	<u>(227,977)</u>
Total	<u><u>\$ 17,973,460</u></u>	<u><u>\$ 17,976,061</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
PRINCIPAL EMPLOYERS
FOR FISCAL YEAR ENDING 2015 AND 2006**

TABLE 26

Employer	2015(1)		2006(1)	
	Employees	Rank	Employees	Rank
Donna I.S.D.	2,481	1	2,202	1
A&E Health Services, Inc.	507	2		
Idea Public Schools	170	3		
City of Donna	120	4	56	3
HEB Food Store	115	5	50	4
Bland Distribution	100	6		
Paramount Citrus	79	7		
Victoria Palms Resort	71	8	70	2
McDonalds	60	9	20	8
Whataburger	58	10	24	7
Wells Fargo			11	9
Burger King			10	10
Rio Grande Container			30	5
Rio Grande Canning Company			23	6
Total	3,761		2,496	

(1) DEDC