

CITY OF DONNA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

**CITY OF DONNA, TEXAS
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INTRODUCTORY SECTION

**CITY OF DONNA, TEXAS
CITY OFFICIALS
SEPTEMBER 30, 2018**

ANNUAL FINANCIAL REPORT

Council- Manager Form of Government

MAYOR

Ricardo Morales

COUNCIL MEMBERS

Jose G. Garza, Jr.
Arturo Castillo
Eloy Avila Jr.

CITY MANAGER

Carlos Yerena

DIRECTOR OF FINANCE

David R. Vasquez

CITY SECRETARY

Laura Balderrama

FINANCIAL SECTION



Cascos & Associates, PC

Certified Public Accountants
Audit/Accounting/Tax/Consulting

INDEPENDENT AUDITORS' REPORT

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

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, 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, 2018, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates 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 combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Carrin Associates, PC".

Brownsville, Texas
March 26, 2019

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, 2018.

Financial Highlights In Brief

In regards to the City's government-wide level financial statements, the 2018 and 2017 amounts are included in this discussion and analysis for comparative purposes.

- The assets of the City exceeded liabilities at the close of the 2018 and 2017 fiscal years by \$28,004,791 (net position) and by \$30,798,675 (net position), respectively. At the end of the 2018 and 2017 fiscal years the statement of net position reflects a deficit amount for unrestricted net position of \$28,540,903 and a deficit amount of \$18,429,569, respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,267,419 a decrease of \$2,686,416 or (45%) from the prior year.
- At the end of the current fiscal year, the unreserved undesignated fund balance for the general fund was \$2,717,629 or a positive 26% of total current year general fund expenditures.
- The City of Donna's total debt decreased by a net amount of \$2,544,004 or 4% during the current fiscal year.
- On October 1, 2013, the City adopted GASB 65 *Items Previously Reported as Assets and Liabilities*. The significant accounting policies related to the implementation of this statement is located in "Note 1", *Deferred Outflows of Resources and Deferred Inflows of Resources/Other Assets and Liabilities*.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, public health and welfare, economic development and tourism development.

The business-type activities of the City include a utility system (water and sanitary sewer), and international bridge passenger vehicle crossing services that started operating in December 2010.

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

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

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

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

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

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of individuals, private organizations, and other governments. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Donna use to maintain the Firemen's Relief and Retirement Fund a fiduciary fund. In 2017 the City hired a firm and had an actuarial done on the volunteer firefighters pension and transfer assets to the Texas Emergency Service System with increased benefits to volunteer firefighters.

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 TMRS and TESERS Plans at the full actuarially determined rate as compiled by TMRS and TESERS.

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 \$28,004,791 at the close of fiscal year 2018 and by \$30,798,675 at the close of fiscal year 2017.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 5,470,363	\$ 8,760,786	\$ 9,664,626	\$ 15,841,954	\$ 15,134,989	\$ 24,602,740
Capital assets	15,345,895	12,932,884	61,754,554	59,608,462	77,100,449	72,541,346
Total assets	20,816,258	21,693,670	71,419,180	75,450,416	92,235,438	97,144,086
Deferred Outflows of Resources	558,813	689,695	3,660,403	3,924,150	4,219,216	4,613,845
Long-term liabilities	9,402,631	10,235,884	56,082,945	57,985,341	65,485,576	68,221,225
Other liabilities	856,823	1,415,346	1,741,286	1,322,684	2,598,109	2,738,030
Total liabilities	10,259,454	11,651,230	57,824,231	59,308,025	68,083,685	70,959,255
Net Position						
Invested in capital assets, net of related debt	7,170,176	4,223,363	44,354,918	34,591,149	51,525,094	38,814,512
Restricted	3,184,403	3,229,261	1,836,197	9,671,905	5,020,600	12,901,166
Unrestricted (deficit)	457,033	3,279,511	(28,997,936)	(24,196,514)	(28,540,903)	(20,917,003)
Total net position	\$ 10,811,612	\$ 10,732,135	\$ 17,193,179	\$ 20,066,540	\$ 28,004,791	\$ 30,798,675

The largest portion of the City’s net position (165% in 2018 and 141% in 2017) 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 (19% in 2018 and 17% in 2017) represents resources that are subject to external restrictions on how they may be used.

In 2016, the city implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this standard resulted in the recording of net pension liability totaling \$2,124,224 in the primary government (Refer to Note 3.I.2). The City's unrestricted net position under governmental activities reflects a positive balance of \$457,033 for 2018 and \$2,953,041 for 2017.

The City's unrestricted net position under business-type activities reflects a deficit balance of \$28,997,936 at 2018 and a deficit of \$21,382,610 at 2017.

The Water and Sewer Fund has unrestricted deficit balance of \$9,439,097 at 2018, which reflects an increase of \$5,422,346 or 77.27% versus fiscal year 2017. The City International Bridge Fund has an unrestricted net position deficit of \$16,558,168 at 2018, which reflects an increase in the deficit of \$14,365,188 from 2017. 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 2018 and 2017.

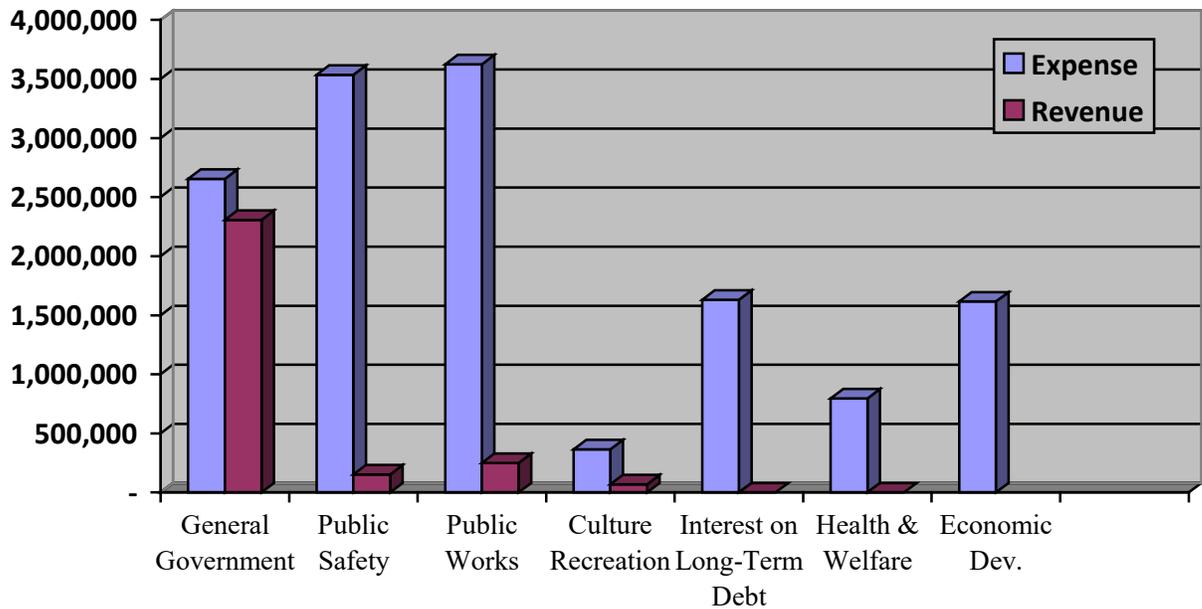
City of Donna
Changes in Net Position
September 30,

	Governmental Activities		Business-type	Activities		Total	
	2018	2017	2018	2017	2018	2017	
Revenues:							
Program revenues:							
Charges for services	\$ 2,303,418	\$ 2,002,137	\$ 6,942,240	\$ 7,443,105	\$ 9,245,658	\$ 9,445,242	
Operating grants and contributions	-	-	-	-	-	-	
Capital grants and contributions	473,109	359,766	80,655	59,552	553,764	419,318	
General Revenues:							
Property taxes	5,177,715	5,215,690	-	-	5,177,715	5,215,690	
Other taxes	2,713,590	2,519,720	-	-	2,713,590	2,519,720	
Other	111,091	103,784	310,978	90,984	422,069	194,768	
Total revenues	<u>10,778,923</u>	<u>10,201,097</u>	<u>7,333,873</u>	<u>7,593,641</u>	<u>18,112,796</u>	<u>17,794,738</u>	
Expenses:							
General government	2,655,049	2,396,171	-	-	2,655,049	2,396,171	
Public safety	3,534,571	3,521,271	-	-	3,534,571	3,521,271	
Public works	3,624,035	2,318,032	-	-	3,624,035	2,318,032	
Culture and recreation	365,175	353,023	-	-	365,175	353,023	
Public Health and welfare	796,618	1,182,640	-	-	796,618	1,182,640	
Economic Development	-	-	-	-	-	-	
Tourism development	-	-	-	-	-	-	
Interest on long-term debt	1,630,176	1,885,115	-	-	1,630,176	1,885,115	
Utility system operations	-	-	6,583,271	9,351,572	6,583,271	9,351,572	
International Bridge Fund	-	-	1,996,385	2,724,840	1,996,385	2,724,840	
Total expenses	<u>12,605,624</u>	<u>11,656,253</u>	<u>8,579,656</u>	<u>12,076,412</u>	<u>21,185,280</u>	<u>23,732,664</u>	
Changes in net position before transfers	(1,826,701)	(1,455,157)	(1,245,783)	(4,482,771)	(3,072,484)	(5,937,926)	
Transfers	1,906,178	721,780	(1,627,578)	(2,638,567)	278,600	(1,916,787)	
Changes in net position	<u>79,477</u>	<u>(733,375)</u>	<u>(2,873,361)</u>	<u>(7,121,338)</u>	<u>(2,793,884)</u>	<u>(7,854,713)</u>	
Net Position – beginning of year	10,732,135	32,887,476	20,066,540	27,326,846	30,798,675	60,214,322	
Prior period adjustment	-	(21,421,967)	-	(138,969)	-	(21,560,936)	
Net Position – end of year	<u>\$ 10,811,612</u>	<u>\$ 10,732,135</u>	<u>\$ 17,193,179</u>	<u>\$ 20,066,540</u>	<u>\$ 28,004,791</u>	<u>\$ 30,798,675</u>	

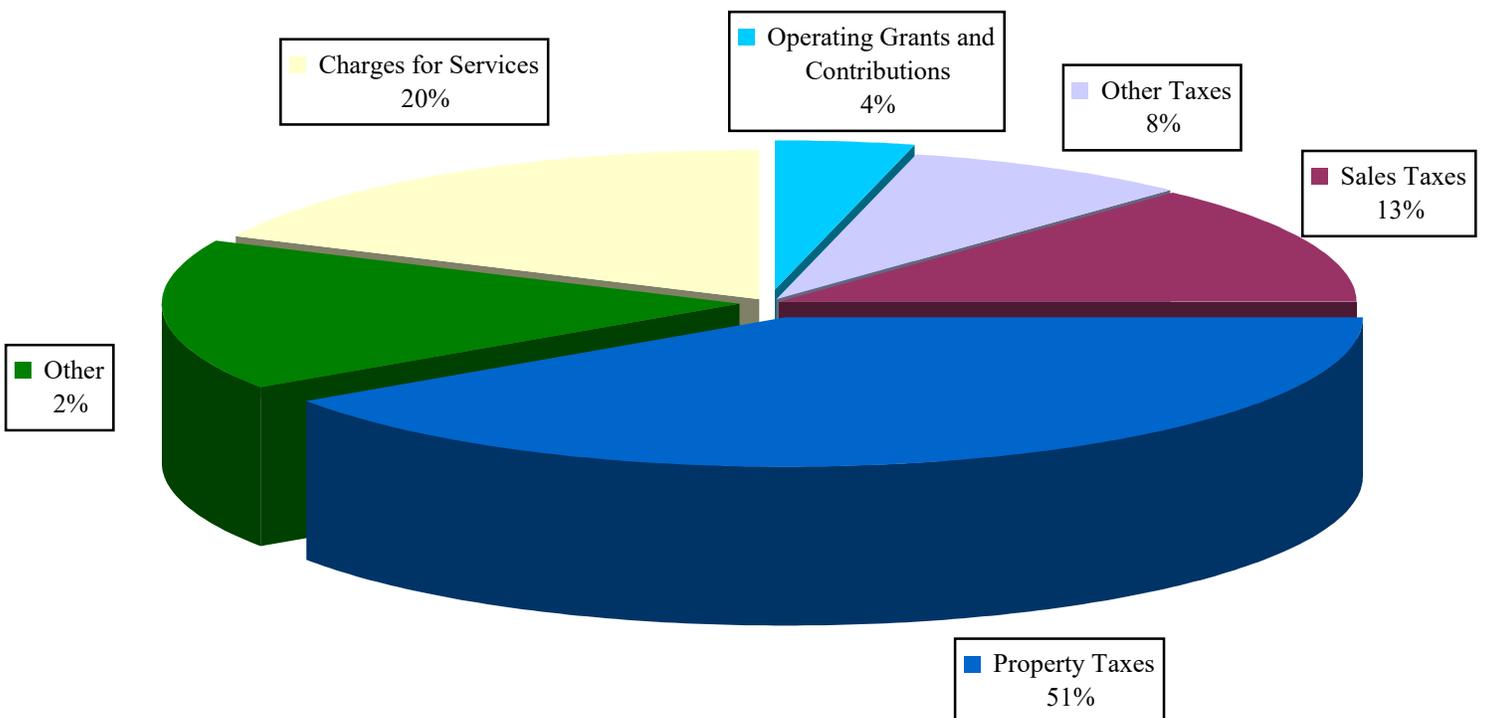
Total revenues generated from both governmental and business-type activities for fiscal year 2018 amounted to \$18,112,796 with expenses of \$21,185,280 resulted in a change in net position decrease before transfers of \$3,072,484 for fiscal year 2018. Compared to fiscal year 2017, there was \$17,794,738 in revenues with expenses of \$23,732,664 that resulted in a change in net position decrease before transfers of \$5,937,926 for fiscal year 2017.

Governmental activities. Governmental activities increased the City of Donna’s net position by \$79,477, thereby accounting for an increase of 0.74% in governmental net position for 2018.

Expenses and Program Revenues-Governmental Activities

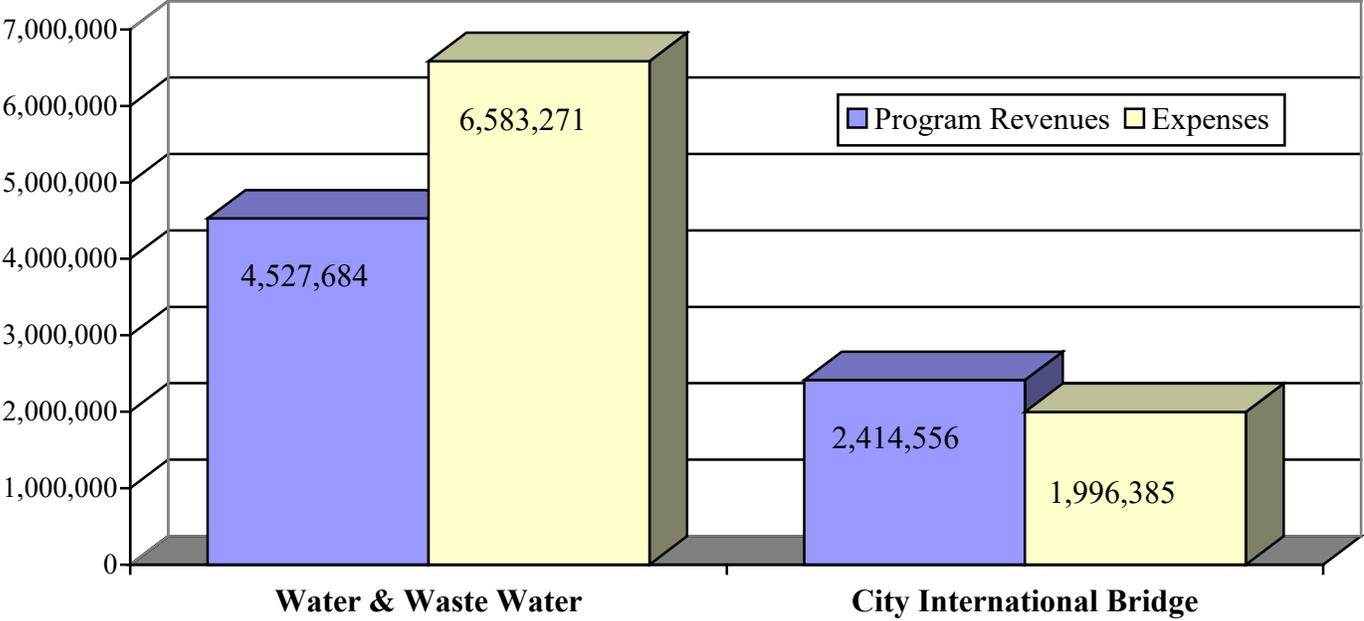


Revenues by Source-Governmental Activities

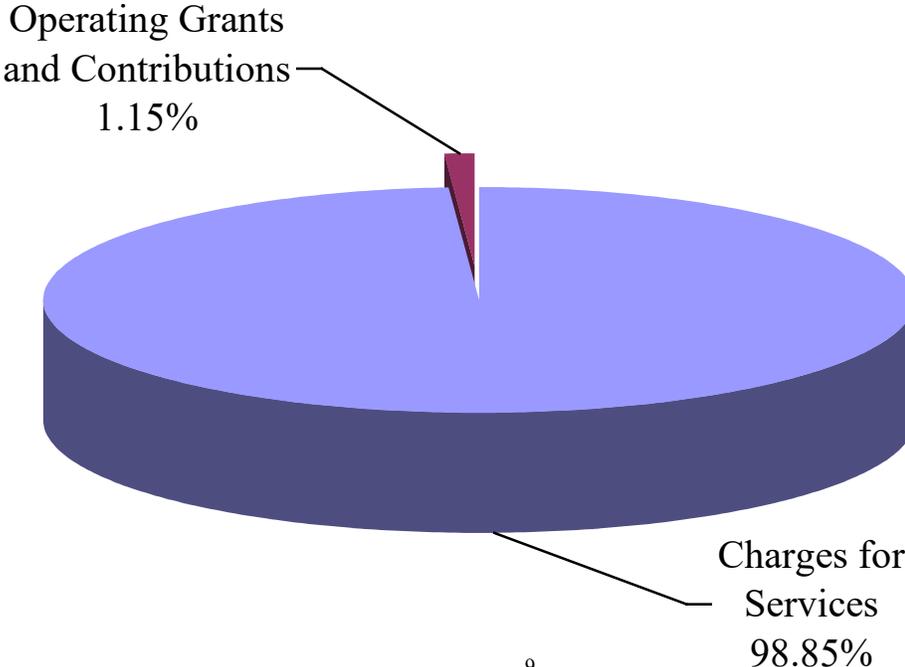


Business-type activities. Business-type activities decreased the City of Donna’s net position by \$2,873,360 thereby accounting for a decrease of 14 % in total net position in fiscal year 2018. Capital contributions recorded were \$80,655, an increase of \$21,103 over fiscal year 2017. Interfund Transfers totaled \$1,627,578 a decrease of \$1,010,989 or 38% over fiscal year 2017.

Expenses and Program Revenues-Business Type Activities



Revenues by Source-Business-Type Activities



Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,267,419 a decrease of \$2,686,416 or 45%. A negative amount of \$4,059 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 \$3,209,745 is restricted.

The General Fund is the chief operating fund of the City of Donna. At the end of the 2018 fiscal year unreserved undesignated fund balance of the General Fund was \$2,717,629. 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 2018 unreserved undesignated fund balance represents a positive 26% of total General Fund expenditures.

During the 2018 fiscal year, the net change in fund balance of the City's General Fund increased by \$55,292. Prudent budgeting and monitoring monthly expenditures at the department level resulted in a minimal surplus for 2017-18.

The Debt Service Fund has a total fund balance of \$2,619,834, all of which is reserved for the payment of debt service. There was a net decrease in fund balance in the Debt Service fund during fiscal year 2018 of \$196,460. The Debt Service fund was budgeted with a deficit of \$10,989 in 2018. 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's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail.

The combined unrestricted net position deficit balance of \$24,255,971 at 2018 is comprised of the respective proprietary funds as follows; Water and Sewer Fund deficit of \$9,439,097, City International Bridge Fund deficit of \$14,816,874. 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 seventh consecutive year of 12 months of operation at the bridge.

General Fund Budgetary Highlights

The original General Fund budget decreased by \$176,006 (Expenditures) or 1.89 % compared to fiscal year 2017 of \$803,592. While budget variances were incurred at the department level, Revenues over Expenditures was a positive \$55,292.

Capital Assets

The City of Donna's investment in capital assets for its governmental and business type activities as of September 30, 2018 and 2017 amounts to \$77,042,197 and \$73,029,997 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 5.5%. The current year depreciation expense for business-type activities was \$3,226,875 for the Water and Sewer Fund and the International Bridge Fund.

The City inventoried all capital assets in 2016-2017 and reconciled the amounts back to the general ledger. During July and August of 2018, the city engaged a CPA firm to assist in determining the fixed asset beginning balances. Fiscal Year 2017-18 is forecasted to be a banner year for the "Greater City of Donna".

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	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,273,639	\$ 994,034	\$ 1,714,333	\$ 1,702,208	\$ 2,987,972	\$ 2,696,242
Buildings	1,299,883	731,317	6,793,437	7,096,666	8,093,320	7,827,983
Improvements other than buildings	2,038,612	1,652,721	634,735	698,758	2,673,347	2,351,479
Infrastructure	6,116,162	1,626,699	42,943,207	45,084,208	49,059,369	46,710,907
Furniture and equipment	3,086,715	3,254,456	2,439,661	1,055,096	5,526,376	4,309,552
Other developments in progress	1,472,092	5,211,764	7,229,722	3,922,070	8,701,814	9,133,834
Total	\$ 15,287,103	\$ 13,470,991	\$ 61,755,094	\$ 59,559,006	\$ 77,042,197	\$ 73,029,997

Debt Administration

The City of Donna's total long-term debt for its governmental and business-type activities as of September 30, 2018 and 2017 amounts to \$63,552,997 and \$66,096,999 respectively.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds - net	\$ 6,669,440	\$ 7,028,600	\$ 46,715,560	\$ 47,961,400	\$ 53,385,000	\$ 54,990,000
Premiums on Debt	131,563	474,624	4,802,458	5,013,126	4,934,021	5,487,750
Tax Notes Payable	221,400	293,400	396,800	521,600	618,200	815,000
Contractual Obligations	498,943	588,922	-	-	498,943	588,922
Claims payable	-	-	3,777,795	3,982,276	3,777,795	3,982,276
Capital leases	105,986	-	-	-	105,986	-
Notes and loans payable	233,052	233,051	-	-	233,052	233,051
Total	\$ 7,860,384	\$ 8,618,597	\$ 55,692,613	\$ 57,478,402	\$ 63,552,997	\$ 66,096,999

The City's total debt increased by a net \$2,544,044 or 4%, 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 \$642,070 of the debt service payments on the 2016 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 until commercial traffic starts crossing.

Economic Factors and Next Year's Budgets and Rates

- The assessed taxable valuations used in preparing the 2018-2019 budgets were up \$72,677,820 or 13.5% from the prior year. This is the 7th consecutive year of increases in assessed values.
- The City's tax rate for fiscal year 2018-19 remained the same for the second consecutive year at \$.79 per \$100 valuation.
- In the 2018-2019 Budget, the General Fund revenues and expenditures are budgeted at a decrease of 2% over 2018 fiscal year. The 2018-19 General Fund budget is a balanced budget.
- The Sales Tax increased by \$272,900 or 8.8% over prior year.
- The City of Donna is projected to commence construction on the southbound empty commercial traffic facilities in April 2019 after having received the final executed Donation Acceptance Agreement from the Federal Government. The construction period is estimated at 7 months. Regarding Northbound Empty Commercial Inspection Facilities, the City of Donna has been approved through the Donation Acceptance Program and will be working with GSA and CBP.

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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF DONNA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 2,701,495	\$ 1,810,823	\$ 4,512,318
Receivables, net	2,230,543	818,993	3,049,536
Inventories	61,733	22,880	84,613
Restricted cash and investments	-	1,859,580	1,859,580
Internal balances	(2,065,890)	2,065,890	-
Due from component unit/primary government	727,883	380,397	1,108,280
Long-term investments	1,814,599	2,706,063	4,520,662
Capital assets, net of accumulated depreciation:			
Non-depreciable assets	2,745,693	8,944,055	11,689,748
Depreciable assets	12,600,202	52,810,499	65,410,701
Other assets	-	-	-
Total assets	<u>20,816,258</u>	<u>71,419,180</u>	<u>92,235,438</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	3,516,699	3,516,699
Deferred outflows related to pensions	558,813	143,704	702,517
Total deferred outflow of resources	<u>558,813</u>	<u>3,660,403</u>	<u>4,219,216</u>
LIABILITIES			
Accounts payable	256,147	923,651	1,179,798
Accrued liabilities	435,397	51,426	486,823
Accrued interest payable	25,342	304,206	329,548
Due to component unit/primary government	34,610	-	34,610
Unearned revenue	9,683	2,250	11,933
Deposits	95,644	459,753	555,397
Noncurrent liabilities:			
Due within one year	565,652	1,699,925	2,265,577
Due in more than one year	7,610,067	53,989,488	61,599,555
Pension liability	1,332,898	393,532	1,726,430
Total liabilities	<u>10,365,440</u>	<u>57,824,231</u>	<u>68,189,671</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	198,019	62,173	260,192
Total deferred inflows of resources	<u>198,019</u>	<u>62,173</u>	<u>260,192</u>
NET POSITION			
Net investment in capital assets	7,170,176	44,354,918	51,525,094
Restricted for:			
Operations and maintenance	7,233	300,489	307,722
Repairs and replacements	3,817	304,429	308,246
Debt service	(36,511)	1,231,279	1,194,768
Tourism	391,368	-	391,368
Other purpose	187,493	-	187,493
Unrestricted (deficit)	<u>3,088,036</u>	<u>(28,997,936)</u>	<u>(25,909,900)</u>
Total net position	<u>\$ 10,811,612</u>	<u>\$ 17,193,179</u>	<u>\$ 28,004,791</u>

EXHIBIT 1-A

	Component Units	
Donna Economic Development Corporation	Development Corporation of Donna, Inc.	Tax Increment Reinvestment Zone Number Two
\$ 78,405	\$ 200,022	\$ 3,966
191,138	193,181	46,805
-	-	-
510,838	380,035	-
(88,724)	88,724	-
-	32,285	2,325
7,868,851	591,919	-
55,504	72,656	-
-	-	-
<u>8,616,012</u>	<u>1,558,822</u>	<u>53,096</u>
-	-	-
<u>3,010</u>	<u>4,349</u>	<u>-</u>
<u>3,010</u>	<u>4,349</u>	<u>-</u>
3,330	7,907	30,000
88	1,137	-
33,018	24,003	-
752,742	355,537	-
1,000	-	-
-	-	-
525,000	150,000	-
6,510,809	3,125,289	2,223,052
9,138	13,391	-
<u>7,835,125</u>	<u>3,677,264</u>	<u>2,253,052</u>
1,070	1,545	-
<u>1,070</u>	<u>1,545</u>	<u>-</u>
888,546	-	-
-	-	-
-	-	-
477,820	-	-
-	-	-
-	-	-
<u>(583,539)</u>	<u>(2,115,638)</u>	<u>(2,199,956)</u>
<u>\$ 782,827</u>	<u>\$ (2,115,638)</u>	<u>\$ (2,199,956)</u>

CITY OF DONNA, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 2,655,049	\$ 2,303,418	\$ 2,908	\$ -
Public safety	3,534,571	-	152,941	-
Public works	3,624,035	-	248,615	-
Health and welfare	796,618	-	-	-
Culture and recreation	365,175	-	68,645	-
Interest and fiscal agent fees	1,630,176	-	-	-
Debt issue cost	-	-	-	-
Total governmental activities	<u>12,605,624</u>	<u>2,303,418</u>	<u>473,109</u>	<u>-</u>
Business-type activities:				
Water and sewer	6,583,271	4,527,684	-	80,655
International bridge	<u>1,996,385</u>	<u>2,414,556</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>8,579,656</u>	<u>6,942,240</u>	<u>-</u>	<u>80,655</u>
Total primary government	<u>21,185,280</u>	<u>9,245,658</u>	<u>473,109</u>	<u>80,655</u>
Component units				
Economic Development	<u>1,616,096</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 1,616,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes, levied for general purposes/ tax increment

Property taxes, levied for debt service

Sales taxes

Franchise and other taxes

Hotel/motel taxes

Unrestricted investment earnings

Miscellaneous revenues

Transfers

Transfers from (to) component unit/primary government

Total general revenues and transfers

Changes in net position

Net position-beginning

Net position-ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenues and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Donna Economic Development Corporation	Development Corporation of Donna, Inc.	Tax Increment Reinvestment Zone Number Two
\$ (348,723)	\$ -	\$ (348,723)	\$ -	\$ -	\$ -
(3,381,630)	-	(3,381,630)	-	-	-
(3,375,420)	-	(3,375,420)	-	-	-
(796,618)	-	(796,618)	-	-	-
(296,530)	-	(296,530)	-	-	-
(1,630,176)	-	(1,630,176)	-	-	-
-	-	-	-	-	-
<u>(9,829,097)</u>	<u>-</u>	<u>(9,829,097)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(1,974,932)	(1,974,932)	-	-	-
-	418,171	418,171	-	-	-
-	<u>(1,556,761)</u>	<u>(1,556,761)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(9,829,097)</u>	<u>(1,556,761)</u>	<u>(11,385,858)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	1,129,991	466,105	20,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,129,991</u>	<u>\$ 466,105</u>	<u>\$ 20,000</u>
\$ 4,494,780	\$ -	\$ 4,494,780	\$ -	\$ -	\$ 29,860
682,935	-	682,935	-	-	-
1,677,546	-	1,677,546	834,992	834,993	-
917,579	-	917,579	-	-	-
118,465	-	118,465	-	-	-
93,633	42,557	136,190	7,347	6,121	-
17,458	268,421	285,879	774,739	-	-
1,627,578	(1,627,578)	-	-	-	-
278,600	-	-	(138,600)	(140,000)	-
<u>9,908,574</u>	<u>(1,316,600)</u>	<u>8,591,974</u>	<u>1,478,478</u>	<u>701,114</u>	<u>29,860</u>
79,477	(2,873,361)	(2,793,884)	348,487	235,009	9,860
<u>10,732,135</u>	<u>20,066,540</u>	<u>30,798,675</u>	<u>434,340</u>	<u>(2,350,647)</u>	<u>(2,209,816)</u>
<u>\$ 10,811,612</u>	<u>\$ 17,193,179</u>	<u>\$ 28,004,791</u>	<u>\$ 782,827</u>	<u>\$ (2,115,638)</u>	<u>\$ (2,199,956)</u>

The accompanying notes are an integral part of these financial statements.

**GOVERNMENTAL FUNDS FINANCIAL
STATEMENTS**

CITY OF DONNA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

EXHIBIT 2-A

	General	Certificate of Obligation Series 2017	Debt Service	Other Governmental	Total Governmental Funds
ASSETS					
Cash and investments	616,615	770,663	\$ 770,674	\$ 543,543	\$ 2,701,495
Receivables, net:					
Property taxes	1,071,603	-	375,069	180,032	1,626,704
Nonproperty taxes	304,663	-	-	-	304,663
Accounts	274,687	337	3,926	11,646	290,596
Intergovernmental	8,580	-	-	-	8,580
Inventories	61,733	-	-	-	61,733
Due from other funds	991,556	-	778,556	26,760	1,796,872
Due from component units	652,666	-	-	75,217	727,883
Long-term investments	242,638	493,947	1,078,014	-	1,814,599
Other assets	-	-	-	-	-
Total assets	<u>\$ 4,224,741</u>	<u>\$ 1,264,947</u>	<u>\$ 3,006,239</u>	<u>\$ 837,198</u>	<u>\$ 9,333,125</u>
 LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	93,241	\$ 98,654	\$ -	\$ 64,252	\$ 256,147
Accrued liabilities	167,335	-	-	268,062	435,397
Due to other funds	31,570	3,797,296	28,238	5,658	3,862,762
Due to component units	34,610	-	-	-	34,610
Unearned revenues	9,683	-	-	-	9,683
Deposits	95,644	-	-	-	95,644
Total liabilities	<u>432,083</u>	<u>3,895,950</u>	<u>28,238</u>	<u>337,972</u>	<u>4,694,243</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	1,013,296	-	358,167	-	1,371,463
Total deferred inflows of resources	<u>1,013,296</u>	<u>-</u>	<u>358,167</u>	<u>-</u>	<u>1,371,463</u>
Fund balances:					
Nonspendable - inventories	61,733	-	-	-	61,733
Restricted for:					
Tourism	-	-	-	391,368	391,368
Fire equipment debt service	-	-	-	187,493	187,493
Law enforcement	-	-	-	7,233	7,233
Equipment purchases	-	-	-	1,842	1,842
Park improvements	-	-	-	1,975	1,975
Capital projects	-	-	-	-	-
Debt service	-	(2,631,003)	2,619,834	-	(11,169)
Unassigned	2,717,629	-	-	(90,685)	2,626,944
Total fund balances	<u>2,779,362</u>	<u>(2,631,003)</u>	<u>2,619,834</u>	<u>499,226</u>	<u>3,267,419</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,224,741</u>	<u>\$ 1,264,947</u>	<u>\$ 3,006,239</u>	<u>\$ 837,198</u>	<u>\$ 9,333,125</u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 2-B

Fund balances - Governmental Funds Balance Sheet	\$ 3,267,419
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,345,895
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds - these result from unavailable property tax revenues.	1,371,463
Long-term liabilities applicable to the City's governmental activities are not due and payables in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position. Bond premiums and discounts are also included and are amortized as an adjustment of interest expense in the statement of activities over the remaining life of the debt.	(8,175,719)
Interest is accrued in the government-wide financial statements but not in the funds.	(25,342)
Included in the noncurrent assets/(liability) is the recognition of the City's net pension asset/(liability) required by GASB 68 in the amount of (\$1,560,163), and a deferred resource outflows in the amount of \$681,599. This resulted in an increased/(decrease) in net position by (\$878,564).	(937,066)
Included in the noncurrent assets/(liability) is the recognition of the Firemen's net pension asset/(liability) required by GASB 68 in the amount of (\$57,123), and a deferred resource outflows in the amount of \$6,222. This resulted in an increased/(decrease) in net position by (\$49,028).	<u>(35,038)</u>
Net position of governmental activities- Statement of Net Position	<u>\$ 10,811,612</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONNA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 2-C

	General	Certificate of Obligation Series 2017	Debt Service	Other Governmental	Total Governmental Funds
REVENUES					
Property taxes	\$ 4,549,400	\$ -	626,128	\$ 56,807	\$ 5,232,335
Nonproperty taxes	2,595,125	-	-	118,465	2,713,590
Fees and charges	1,853,071	-	-	74,493	1,927,564
Fines and forfeitures	187,932	-	-	1,572	189,504
Licenses and permits	186,350	-	-	-	186,350
Intergovernmental	224,494	-	-	248,615	473,109
Miscellaneous income	92,981	-	-	1,331	94,312
Interest and investment income	21,467	54,625	11,868	5,673	93,633
Total revenues	9,710,820	54,625	637,996	506,956	10,910,397
EXPENDITURES					
Current:					
General government	2,571,612	-	-	46,076	2,617,688
Public safety	3,180,302	-	-	131,198	3,311,500
Public works	3,211,853	-	-	-	3,211,853
Health and welfare	752,492	-	-	35,554	788,046
Culture and recreation	288,628	-	-	-	288,628
Capital outlay	213,134	2,605,773	-	411,328	3,230,235
Debt service:					
Principal retirement	89,978	-	431,160	-	521,138
Interest and fiscal agent fees	19,492	-	1,644,924	-	1,664,416
Bond issuance costs	-	-	-	-	-
Total expenditures	10,327,491	2,605,773	2,076,084	624,156	15,633,504
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(616,671)	(2,551,148)	(1,438,088)	(117,200)	(4,723,107)
OTHER FINANCING SOURCES (USES)					
Capital lease proceeds	105,986	-	-	-	105,986
Insurance proceeds	3,549	-	-	-	3,549
Sale of capital assets	-	-	-	20,978	20,978
Transfers in	562,428	-	1,140,000	176,742	1,879,170
Transfers in from component unit/ primary government	-	-	280,000	-	280,000
Transfers (out)	-	-	(178,538)	(73,054)	(251,592)
Transfers (out) to component unit/ primary government	-	-	-	(1,400)	(1,400)
Total other financing sources (uses)	671,963	-	1,241,462	123,266	2,036,691
NET CHANGE IN FUND BALANCES	55,292	(2,551,148)	(196,626)	6,066	(2,686,416)
FUND BALANCES, BEGINNING	2,724,070	(79,855)	2,816,460	493,160	5,953,835
FUND BALANCES, ENDING	\$ 2,779,362	\$ (2,631,003)	\$ 2,619,834	\$ 499,226	\$ 3,267,419

The accompanying notes are an integral part of these financial statements.

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 FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 2-D

Net change in fund balances - total governmental funds \$ (2,686,416)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 2,415,633

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (54,620)

Bond premiums, discounts and insurance are recognized in the funds in the year the bonds are sold, but they are amortized over the life of the bonds in the statement of activities. The deferred charge on a refunding is also recorded only in the statement of net position and amortized. This is the net amount of the current year amortization of these bond related items. 27,726

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Interest expense in the statement of activities differs from the amount reported in governmental funds due to the change in accrued interest (increase of \$3,701) being calculated for bonds payable. Also any change in compensated absence payable (decrease of \$220,755) during the year is reported as an increase or decrease to expenditures in the statement of activities but not in the governmental funds. 6,514

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net position. (105,986)

Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment has no effect on net position. 521,138

Some pension-related expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (44,512)

Change in net position of governmental activities - Statement of Activities \$ 79,477

PROPRIETARY FUNDS FINANCIAL STATEMENTS

CITY OF DONNA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

EXHIBIT 3-A

	Business-type Activities		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
ASSETS			
Current assets:			
Cash and investments	\$ 1,453,049	\$ 357,774	\$ 1,810,823
Restricted cash and investments	213,274	1,646,306	1,859,580
Inventories	22,880	-	22,880
Receivables:			
Accounts receivable	743,996	316	744,312
Intergovernmental	74,681	-	74,681
Due from other funds	8,474,254	14,119	8,488,373
Due from component units	<u>350,397</u>	<u>30,000</u>	<u>380,397</u>
Total current assets	<u>11,332,531</u>	<u>2,048,515</u>	<u>13,381,046</u>
Noncurrent assets:			
Long-term investments	2,706,063	-	2,706,063
Land, plant and equipment, net	39,810,023	21,944,531	61,754,554
Advances to other funds	<u>241,692</u>	<u>-</u>	<u>241,692</u>
Total noncurrent assets	<u>42,757,778</u>	<u>21,944,531</u>	<u>64,702,309</u>
Total assets	<u>54,090,309</u>	<u>23,993,046</u>	<u>78,083,355</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on debt refunding	15,353	3,501,346	3,516,699
Deferred outflows related to pensions	<u>91,382</u>	<u>52,322</u>	<u>143,704</u>
Total deferred outflows of resources	<u>106,735</u>	<u>3,553,668</u>	<u>3,660,403</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 857,761	\$ 65,890	\$ 923,651
Accrued liabilities	18,345	33,081	51,426
Due to other funds	3,843,726	2,578,757	6,422,483
Deferred revenue	-	2,250	2,250
Deposits	459,753	-	459,753
Accrued interest payable	136,416	167,790	304,206
Bonds payable - current	890,067	458,333	1,348,400
Tax note - current	128,000	-	128,000
Claims payable - current	<u>204,066</u>	<u>19,459</u>	<u>223,525</u>
Total current liabilities	<u>6,538,134</u>	<u>3,325,560</u>	<u>9,863,694</u>
Noncurrent liabilities:			
Bonds payable	18,824,113	31,345,505	50,169,618
Tax note	265,600	-	265,600
Claims payable	682,685	2,871,585	3,554,270
Net pension liability	254,993	138,539	393,532
Advances from other funds	<u>-</u>	<u>241,692</u>	<u>241,692</u>
Total noncurrent liabilities	<u>20,027,391</u>	<u>34,597,321</u>	<u>54,624,712</u>
Total liabilities	<u>26,565,525</u>	<u>37,922,881</u>	<u>64,488,406</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>39,387</u>	<u>22,786</u>	<u>62,173</u>
Total deferred inflows of resources	<u>39,387</u>	<u>22,786</u>	<u>62,173</u>
NET POSITION			
Net investment in capital assets	39,842,009	4,512,909	44,354,918
Restricted for capital projects	-	-	-
Restricted for operations and maintenance	-	300,489	300,489
Restricted for repairs and replacements	-	304,429	304,429
Restricted for debt service	189,891	1,041,388	1,231,279
Unrestricted (deficit)	<u>(12,439,768)</u>	<u>(16,558,168)</u>	<u>(28,997,936)</u>
Total net position	<u>\$ 27,592,132</u>	<u>\$ (10,398,953)</u>	<u>\$ 17,193,179</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONNA, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 3-B

	Business-type Activities		
	Water and Sewer Fund	City International Bridge Fund	Total Proprietary Funds
OPERATING REVENUES			
Charges for services	\$ 4,524,228	\$ 2,387,556	\$ 6,911,784
Rent revenue	<u>3,456</u>	<u>27,000</u>	<u>30,456</u>
Total operating revenues	<u>4,527,684</u>	<u>2,414,556</u>	<u>6,942,240</u>
OPERATING EXPENSES			
Personnel and related services	876,083	590,911	1,466,994
Repairs and maintenance	458,823	52,100	510,923
Materials and supplies	250,430	33,727	284,157
Consultant fees and services	2,082,092	287,492	2,369,584
Other expenses	-	130,477	130,477
Depreciation and amortization	<u>2,144,338</u>	<u>841,287</u>	<u>2,985,625</u>
Total operating expenses	<u>5,811,766</u>	<u>1,935,994</u>	<u>7,747,760</u>
OPERATING INCOME (LOSS)	<u>(1,284,082)</u>	<u>478,562</u>	<u>(805,520)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	42,548	9	42,557
Interest expense	(802,503)	(50,687)	(853,190)
Intergovernmental	80,503	-	80,503
Amortization of refunding discounts/premiums	30,998	(9,704)	21,294
Miscellaneous expense	-	-	-
Miscellaneous revenue	<u>166,322</u>	<u>21,596</u>	<u>187,918</u>
Total nonoperating revenues (expenses)	<u>(482,132)</u>	<u>(38,786)</u>	<u>(520,918)</u>
Income before transfers	(1,766,214)	439,776	(1,326,438)
Capital contributions	80,655	-	80,655
Transfers in	-	178,538	178,538
Transfers (out)	<u>(736,116)</u>	<u>(1,070,000)</u>	<u>(1,806,116)</u>
CHANGE IN NET POSITION	(2,421,675)	(451,686)	(2,873,361)
NET POSITION, BEGINNING	<u>30,013,807</u>	<u>(9,947,267)</u>	<u>20,066,540</u>
NET POSITION, ENDING	<u>\$ 27,592,132</u>	<u>\$ (10,398,953)</u>	<u>\$ 17,193,179</u>

CITY OF DONNA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 3-C

	Business-type Activities		Total
	Water and Sewer Fund	City International Bridge Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 3,936,066	\$ 2,414,544	\$ 6,350,610
Disbursed for goods and services to suppliers	(877,483)	(700,154)	(1,577,637)
Disbursed for personnel services	(2,084,664)	(628,607)	(2,713,271)
Net cash provided by operating activities	<u>973,919</u>	<u>1,085,783</u>	<u>2,059,702</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash paid to other funds	1,043,736	2,311,606	3,355,342
Cash paid to component units	(24,860)	-	(24,860)
Cash received from other	166,322	21,596	187,918
Cash received from other governments	80,503	-	80,503
Transfer from other funds	-	178,538	178,538
Transfers to other funds	(736,116)	(1,070,000)	(1,806,116)
Net cash provided (used) by noncapital financing activities	<u>529,585</u>	<u>1,441,740</u>	<u>1,971,325</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(3,408,272)	(1,716,997)	(5,125,269)
Capital contribution	80,655	-	80,655
Disposal of capital assets	(8,204)	-	-
Proceeds from issuance of long-term debt	-	-	-
Principal paid on long-term debt	(1,145,244)	(643,747)	(1,788,991)
Interest and bond costs paid on long-term debt	(750,502)	65,846	(684,656)
Net cash used for capital and related financing activities	<u>(5,231,567)</u>	<u>(2,294,898)</u>	<u>(7,518,261)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	42,548	9	42,557
Net cash provided by investing activities	<u>42,548</u>	<u>9</u>	<u>42,557</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,685,515)	232,634	(3,444,677)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>5,351,838</u>	<u>1,801,446</u>	<u>7,153,284</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,666,323</u>	<u>\$ 2,034,080</u>	<u>\$ 3,708,607</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ (1,284,082)	\$ 478,562	\$ (805,520)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,144,338	841,287	2,985,625
Decrease (increase) in receivables	369,329	(12)	369,317
Decrease (increase) in long-term investments	(975,352)	-	(975,352)
Decrease (increase) in inventory	-	-	-
Decrease (increase) in prepaid items	1,182	573	1,755
Decrease (increase) in deferred outflows-pension	47,729	26,643	74,372
Increase (decrease) in accounts payable	705,499	(125,384)	580,115
Increase (decrease) in accrued liabilities	(18,177)	(115,606)	(133,783)
Increase (decrease) in unearned revenue	-	-	-
Increase in customer deposits	14,405	-	14,405
Increase (decrease) in net pension liability	(70,339)	(43,066)	(113,405)
Increase (decrease) in compensated absences	-	-	-
Total adjustments	<u>2,258,001</u>	<u>584,435</u>	<u>2,842,436</u>
Net cash provided by operating activities	<u>\$ 973,919</u>	<u>\$ 1,062,997</u>	<u>\$ 2,036,916</u>

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

CITY OF DONNA, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2018

EXHIBIT 4-A

	<u>Firemen's Pension Fund</u>
ASSETS	
Restricted assets	
Cash and investments	\$ -
Total assets	<u>\$ -</u>
LIABILITIES AND NET POSITION	
Liabilities:	\$ -
Net position:	
Net position restricted for pension benefits	<u>-</u>
Total liabilities and net position	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONNA, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 4-B

	<u>Firemen's Pension Fund</u>
ADDITIONS	
Contributions	\$ <u>-</u>
Total additions	<u>-</u>
 DEDUCTIONS	
Benefits	<u>-</u>
Total deductions	<u>-</u>
 OTHER FINANCING SOURCES (USES)	
Transfers (out)	(766)
 NET CHANGE IN FIDUCIARY NET POSITION	 (766)
 NET POSITION RESTRICTED FOR PENSION BENEFITS:	
BEGINNING OF YEAR	<u>766</u>
END OF YEAR	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Donna, Texas (the “City”), 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.

1. REPORTING ENTITY

The City 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.

2. DISCRETELY PRESENTED COMPONENT UNIT

The Donna Economic Development Corporation and Development Corporation of Donna, Inc.

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tax Increment Reinvestment Zone Number Two (TIRZ #2)

The Tax Increment Reinvestment Zone Number Two (TIRZ #2) was created pursuant to Chapter 311 of the Texas Tax Code by and between the City, TIRZ #2, and Rhodes Enterprises, Inc. (the developer and petitioner for creation of the TIRZ #2) to provide property tax increment funding to TIRZ #2 to support qualifying development activities (public improvements) within TIRZ #2 to the extent that property tax increment collections are available. TIRZ #2 is managed by the Zone Board which has all powers allowed under Chapter 311 of the Texas Tax Code to manage TIRZ #2 and carry out the project and finance plan. 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 TIRZ #2 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.

3. BLENDED COMPONENT UNIT

Tax Increment Reinvestment Zone Number One

The Tax Increment Reinvestment Zone Number One (TIRZ #1) was created pursuant to Chapter 311 of the Texas Tax Code by and between the City, TIRZ #1, and Garden Valley Homes, LLC (the developer and petitioner for creation of the TIRZ #1) to provide property tax increment funding to TIRZ #1 to support qualifying development activities (public improvements) within TIRZ #1 to the extent that property tax increment collections are available. TIRZ #1 is managed by the Zone Board which has all powers allowed under Chapter 311 of the Texas Tax Code to manage TIRZ #1 and carry out the project and finance plan. 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.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. 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 fund are reported as separate columns in the fund financial statements.

5. 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*. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if 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 and claims and judgments, are recorded only when 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 following are reported as major governmental funds:

General Fund – This 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.

Certificates of Obligation Bonds Series 2017 – This Fund is used to account for streets and water and sewer improvements.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are reported as other nonmajor governmental fund types:

Debt Service Fund – This 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.

Capital Projects Fund – This 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).

Special Revenue Funds – These 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 following are reported as major proprietary funds:

Water and Sewer Fund – This 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.

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

The following are reported as fiduciary fund types:

Firemen's Pension Fund – This fund accounts 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's 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.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION OR EQUITY

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.

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. Investment in external pools are reported at amortized cost for financial reporting purposes

The DEDC-4A, DCD-4B, TIRZ #1 and TIRZ #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 amortized cost if there is an external investment pool, otherwise it is reported as cash and cash equivalents for financial reporting purposes.

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.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories and Prepaid Items

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

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

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.

Capital Assets

Capital assets, which include 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.

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

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

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

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

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The DEDC-4A and DCD-4B component units have depreciable capital assets. Depreciation expense is 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 governmental capital assets and 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

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 straight-line 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.

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 THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

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 expensed. 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 non-exchange 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.

See below, Pensions regarding pension-related deferred outflows and deferred inflows of resources.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 earnings on qualified pension plan investments are recognized as a 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 B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. BUDGETARY INFORMATION

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

- a. Prior to August 18 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.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
- d. 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.
- e. 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, the Texas Confiscated Forfeitures 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.
- f. All City budgets are adopted on a basis consistent with generally accepted accounting principles.
- g. 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.
- h. Appropriations for annually budgeted funds lapse at year end.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

During the year ended September 30, 2018, expenditures exceeded appropriations as follows in the General Fund.

<u>Department</u>	<u>General Fund Excess of Expenditures Over Appropriation</u>
City manager	\$ 471
Finance	3,474
Information & technology	139
City secretary	236
Planning and development	175
Police	4,936
Fire	2,808
Inspections	484
Public works department	4,246
City vehicle maintenance	81
Street and roadways	501,977
Parks and recreation	127
Animal control	399
Capital outlay	93,134
	<u>\$ 612,687</u>

2. DEFICIT FUND EQUITY

At September 30, 2018, the Certificate of Obligation Series 2017 fund, the TIRZ #1 fund, the Donna Economic Development Corporation 4B fund, and the City International Bridge fund have a deficit fund balance of \$2,631,003, \$90,685, 65,503, and \$10,938,953 respectively. The City is and will continue monitoring its progress to ensure it maintains an acceptable or positive balance or complete elimination of this deficit.

3. NET POSITION DEFICITS

The Water and Sewer Fund and the City International Bridge Fund, both reflect in the proprietary fund an unrestricted net position deficit of \$12,439,768 and \$16,558,168 respectively

The component unit DCD-4B reflects in the government-wide Financial Statements an unrestricted net position deficit of \$2,115,638. This economic development component unit provides economic development stimulus, which intends that the funding is provided in the form of grants. This is a planned unrestricted net position deficit from the leveraging of economic stimulus that this entity is able to provide with an amount of debt that is able to be serviced from cash flows available from the sales taxes it receives. This component unit assisted in the Donna-Rio Bravo international bridge project, which was a large economic development project for the City.

The component unit TIRZ #2 reflects a net position deficit of \$2,199,956. This component unit provides tax increment financing to support development activities in the TIRZ #2 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 TIRZ #2 area. This deficit will remain until the tax increment payments from the City and Hidalgo County are collected and remitted to the TIRZ #2. No funds shall be disbursed from the Tax Increment funds without the prior written approval of the TIRZ Board.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE C – 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 as required by State statutes at September 30, 2018.

At September 30, 2018, the carrying amount of the City's deposits with financial institutions was \$3,193,830 and the bank balance was \$3,747,425. 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, 2018 the City had the following investments:

<u>September 30, 2018</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Local government investments Cooperative (LOGIC)	\$ 1,238,952	34 days	AAAm
Invesco Treasury Portfolio Trust	<u>1,932,505</u>	< 90 days	AAAm
Cash and Cash Equivalents on the Statement of Net Position	<u>\$ 3,171,457</u>		
First Empire Securities, Inc. Negotiable CD's Long-term Investments on the Statements of Net Position	<u>4,520,662</u> <u>\$ 4,520,662</u>	2-4 years	N/A

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, 2018 and during the year ended September 30, 2018 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.

The LOGIC and Invesco Treasury Portfolio Trust Investments are considered investments 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.

As of the September 30, 2018, the City's external investment pool, LOGIC, met the criteria described in GASB Statement No. 79 and measures all of their investments at amortized costs; therefore, the City has also measured their investments in these external investment pools at amortized cost for financial reporting purposes.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE C – DEPOSITS AND INVESTMENTS

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 investment’s 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.

As of September 30, 2018, the City’s long-term investments through First Empire Securities included the following:

First Empire Securities	Maturities	Fair Value	Percentage of Portfolio
September 30, 2018			
Ally Bank	11/4/2019	\$ 244,049	5.40%
American Express Federal Savings	5/17/2019	247,048	5.46%
American Express Centurion	5/17/2019	247,048	5.46%
Barclay's	9/21/2020	241,545	5.34%
BMW Bank of North America	11/30/2018	249,688	5.52%
BMO Harris Bank	11/16/2020	244,692	5.41%
Capital One Bank USA	7/29/2019	245,349	5.43%
Capital One National Association	8/30/2022	240,741	5.33%
Dallas Capital Bank	10/17/2018	248,925	5.51%
Discover Bank	7/8/2019	246,594	5.45%
Goldman Sachs Bank	3/30/2022	242,638	5.37%
Gulf Coast Federal Credit Union	12/8/2022	96,358	2.13%
HSBC Bank USA	3/16/2020	247,222	5.47%
Key Bank	7/5/2019	246,621	5.46%
Northern Bank	8/17/2020	243,176	5.38%
Sallie Mae Bank	6/21/2019	246,832	5.46%
Synchrony Bank	11/21/2019	246,641	5.46%
TBK Bank	6/24/2019	246,725	5.46%
Wells Fargo	11/2/2018	248,770	5.50%
Total Negotiable CDs		\$ 4,520,662	100%

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE C – DEPOSITS AND INVESTMENTS

Credit Risk

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

Per the most recently issued audited financial statements of LOGIC, it only invested in assets, including collateral of underlying repurchase agreements, classified as First Tier Securities and Second Tier Securities as defined by rule 2a-7. Invesco invests in direct obligations of the U.S. Treasury, and in repurchase agreements secured by treasuries.

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.

2. COMPONENT UNITS

DEDC-4A and DCD-4B

Deposits for DEDC-4A and DCD-4B are held separately from those of the City's funds. At September 30, 2018, the reported amount of deposits for DEDC-4A totaled \$78,179, and the bank balances totaled \$78,179. The reported deposits for DCD-4B totaled \$199,996 and the bank balances totaled \$199,996

At September 30, 2018, 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.

The DEDC-4A's investments at September 30, 2018, are as follows:

<u>Invesco Treasury Portfolio</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Trust	\$ 510,864	< 90 days	AAAm

The DEDC-4B's investments at September 30, 2018, are as follows:

<u>Invesco Treasury Portfolio</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Trust	\$ 380,061	< 90 days	AAAm

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE C – DEPOSITS AND INVESTMENTS

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, TIRZ#1, and TIRZ #2 follow the same policies relating to investments.

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:

	Component Units			
	Primary Government	Donna Economic Development Corporation	Development Corporation of Donna	Tax Increment Zone Number Two
Cash on hand	\$ 6,611	\$ 200	\$ -	\$ -
Carrying amount deposits	3,193,830	78,179	199,996	3,966
Short-term investments	3,171,457	510,864	380,061	-
Less: Statement of Fiduciary Net Assets	-	-	-	-
Cash and cash equivalents	<u>\$ 6,371,898</u>	<u>\$ 589,243</u>	<u>\$ 580,057</u>	<u>\$ 3,966</u>
Cash and cash equivalents	\$ 3,868,937	\$ 78,405	\$ 200,022	\$ 3,966
Cash and cash equivalents - restricted	<u>2,502,961</u>	<u>510,838</u>	<u>380,035</u>	<u>-</u>
Cash/cash equivalents Statement of Net Position	<u>\$ 6,371,898</u>	<u>\$ 589,243</u>	<u>\$ 580,057</u>	<u>\$ 3,966</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.

NOTE D – 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 approximate market values. A receivable for property taxes is recognized and recorded at the levy date. The adjusted assessed value for the roll as of October 1, 2017, upon which the 2018 levy was based, was \$620,957,884.

Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. No discounts are offered. During the fiscal year, 90% of the current year tax levy (October 1, 2017) 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 THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE D – PROPERTY TAXES

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, 2018, was \$.725352 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, 2018, was \$.073503 per \$100 of assessed valuation. The combined tax rate for the City is \$.798855 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.

NOTE E – RECEIVABLES

1. PRIMARY GOVERNMENT

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

Governmental Activities as of September 30, 2018:

Primary Governmental Funds	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Property taxes receivable	\$ 1,311,019	\$ 505,017	\$ 180,032	\$ 1,996,068
Less: Allowance for uncollectibles	(239,416)	(129,948)	-	(369,364)
Net property taxes receivable	<u>\$ 1,071,603</u>	<u>\$ 375,069</u>	<u>\$ 180,032</u>	<u>\$ 1,626,704</u>

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

	General Fund	Certificate of Obligation Series 2017	Debt Service Fund	Other Governmental Funds	Water and Sewer Fund	City International Bridge Fund	Total
Property taxes receivable	\$ 1,311,019	\$ -	\$ 505,017	\$ 180,032	\$ -	\$ -	\$ 1,996,068
Other receivables:							
Accounts	729,517	337	3,926	23,678	1,436,587	316	2,194,361
Intergovernmental - grant	8,580	-	-	-	74,681	-	83,261
Gross receivables	2,049,116	337	508,943	203,710	1,511,268	316	4,273,690
Less: Allowance for uncollectibles	(389,583)	-	(129,948)	(12,032)	(692,591)	-	(1,224,154)
Total other receivables, net	<u>\$ 1,659,533</u>	<u>\$ 337</u>	<u>\$ 378,995</u>	<u>\$ 191,678</u>	<u>\$ 818,677</u>	<u>\$ 316</u>	<u>\$ 3,049,536</u>

Revenues of the Water and Sewer Fund reported a change in the provision for estimated uncollectible amounts of \$64,148, for the current year.

**CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE E – RECEIVABLES

2. COMPONENT UNITS

Accounts Receivable

At September 30, 2018, DEDC-4A had \$152,331 in sales tax receivable. DCD-4B had a sales tax receivable of \$152,331.

Loans Receivable

At September 30, 2018 the DEDC-4A and the DCD-4B had U.S. Department of Agriculture, Rural Business Enterprise Grant program loans receivable in the amount of \$38,807 and \$40,850, respectively. These loans were funded \$114,200 by the grant and the City provided matching funds of \$57,442.

NOTE F – 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.

As of September 30, 2018, 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	\$ 1,013,296	\$ 358,167	\$ 1,371,463
Totals Exhibit 2-A	\$ 1,013,296	\$ 358,167	\$ 1,371,463

At the government-wide financial statements (Exhibit 1-A), the City reports cumulative deferred amounts on bond refunding as Deferred Outflows of Resources in the amount of \$3,516,699 of unamortized deferred amounts on bond refunding in business-type activities.

Deferred outflows of resources related to pensions is \$558,813 for governmental activities reported at the government-wide financial statements and \$143,704 for business-type activities.

Component Units

The deferred outflows at the government-wide financial statements for the DEDC-4A and the DCD-4B discretely presented component units are related to pensions.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE G – INTERFUND PAYABLES/RECEIVABLES, ADVANCES AND TRANSFERS

Interfund receivable and payable balances at September 30, 2018 for the primary government were as follows:

Receivable Fund	Payable Fund						
	General Fund	Certificate of Obligation Series 2017	Debt Service Fund	Other Governmental Funds	Water and Sewer Fund	City International Bridge Fund	Total
Governmental Funds							
General Fund	\$ -	\$ 78,520	\$ -	\$ 5,658	\$ 600,233	\$ 307,145	\$ 991,556
Debt Service Fund	23,541	-	-	-	-	755,015	778,556
Other Governmental Funds	1,350	-	-	-	25,410	-	26,760
Proprietary Funds							
Water and Sewer Fund	6,682	3,718,775	28,238	-	3,203,963	1,516,596	8,474,254
City International Bridge Fund	-	-	-	-	14,119	-	14,119
	<u>\$ 31,573</u>	<u>\$ 3,797,295</u>	<u>\$ 28,238</u>	<u>\$ 5,658</u>	<u>\$ 3,843,725</u>	<u>\$ 2,578,756</u>	<u>\$ 10,285,245</u>

Interfund receivable and payable balances at September 30, 2018 for the component units were as follows:

Receivable Fund	Payable Fund		
	Other Governmental Funds	DEDC (4A)	Total
Component Units			
DEDC (4A)	\$ 829	\$ -	\$ 829
DCD (4B)	-	89,553	89,553
	<u>\$ 829</u>	<u>\$ 89,553</u>	<u>\$ 90,382</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, 2018 were as follows:

Receivable Fund	Payable Fund	
	City International Bridge Fund	Total
Proprietary Fund		
Water and Sewer Fund	\$ 241,692	\$ 241,692
	<u>\$ 241,692</u>	<u>\$ 241,692</u>

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE G – INTERFUND PAYABLES/RECEIVABLES, ADVANCES AND TRANSFERS

Due to/from the primary government and component units at September 30, 2018 were as follows:

Receivable Fund	Payable Fund			Total
	General Fund	DEDC (4A)	DCD (4B)	
Component Units				
DCD (4B)	\$ 32,285	\$ -	\$ -	\$ 32,285
TIRZ #2	2,325	-	-	2,325
Primary Government				
Governmental Funds	-	727,883	-	727,883
Proprietary Funds	-	24,860	355,537	380,397
	<u>\$ 34,610</u>	<u>\$ 752,743</u>	<u>\$ 355,537</u>	<u>\$ 1,142,890</u>

Interfund transfers during the year for the primary government were as follows:

Transfer Out	Transfer In				Total
	General Fund	Debt Service Fund	Other Governmental Funds	City International Bridge Fund	
Debt Service Fund	\$ -	\$ -	\$ -	\$ 178,538	\$ 178,538
Other Governmental Funds	3,054	70,000	-	-	73,054
Water and Sewer Fund	559,373	-	176,742	-	736,115
City International Bridge Fund	-	-	1,070,000	-	1,070,000
	<u>\$ 562,427</u>	<u>\$ 70,000</u>	<u>\$ 1,246,742</u>	<u>\$ 178,538</u>	<u>\$ 2,057,707</u>

Interfund transfers during the year for the primary government and component units were as follows:

Transfer Out	Transfer In		Total
	Debt Service Fund	DEDC (4A)	
Component Units			
DEDC (4A)	\$ 140,000	\$ -	\$ 140,000
DDC (4B)	140,000	-	140,000
Primary Government			
Other Governmental Funds	-	1,400	1,400
	<u>\$ 280,000</u>	<u>\$ 1,400</u>	<u>\$ 281,400</u>

Transfer were used primary to 1) move fund from all funds to General Fund's accounts payable clearing account to cover payables. 2) transfer to the General Fund for garbage & brush collections by the Water & Sewer Fund 3) transfer funds from the City International Bridge Fund to the Debt Service Fund to pay for interest payments 4) from the General Fund to the Component Units for monthly sales tax collections.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE H – CAPITAL ASSETS

1. PRIMARY GOVERNMENT

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

Governmental Activities	Balance September 30, 2017	Increases	Decreases	Balance September 30, 2018
Capital assets, not subject to depreciation:				
Land	\$ 994,034	\$ 325,476	\$ (45,871)	\$ 1,273,639
Construction in Progress	4,668,546	295,569	(3,492,061)	1,472,054
Total capital assets, not subject to depreciation	<u>5,662,580</u>	<u>621,045</u>	<u>(3,537,932)</u>	<u>2,745,693</u>
Capital assets, depreciable:				
Buildings	1,786,398	614,438	-	2,400,836
Improvements other than buildings	2,019,782	493,819	-	2,513,601
Infrastructure	7,898,363	4,706,125	-	12,604,488
Furniture and equipment	4,705,182	286,869	(55,510)	4,936,541
Total capital assets, being depreciated	<u>16,409,726</u>	<u>6,101,251</u>	<u>(55,510)</u>	<u>22,455,467</u>
Less accumulated depreciation:				
Buildings	1,055,082	45,872	-	1,100,954
Improvements other than buildings	364,571	110,420	-	474,991
Infrastructure	6,271,664	216,661	-	6,488,325
Furniture and equipment	1,450,727	340,268	-	1,790,995
Total accumulated depreciation	<u>9,142,044</u>	<u>713,221</u>	<u>-</u>	<u>9,855,265</u>
Total capital assets, being depreciated, net	<u>7,267,682</u>	<u>5,388,030</u>	<u>(55,510)</u>	<u>12,600,202</u>
Governmental Activities, capital assets, net	<u>\$ 12,930,262</u>	<u>\$ 6,009,075</u>	<u>\$ (3,593,442)</u>	<u>\$ 15,345,895</u>

Depreciation was charged to Government functions as follows:

<u>Governmental Activities</u>	
General government	\$ 23,094
Public safety	206,953
Public works	403,823
Culture and recreation	72,861
Public health	6,490
Total depreciation expense - Governmental Activities	<u>\$ 713,221</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE H – CAPITAL ASSETS

Business-Type Activities	Balance September 30, 2017	Increases	Decreases	Balance September 30, 2018
Capital assets, not subject to depreciation:				
Land	\$ 1,702,208	\$ 12,125	\$ -	\$ 1,714,333
Construction in Progress	<u>3,922,070</u>	<u>5,641,577</u>	<u>(2,333,925)</u>	<u>7,229,722</u>
Total capital assets, not subject to depreciation	<u>5,624,278</u>	<u>5,653,702</u>	<u>(2,333,925)</u>	<u>8,944,055</u>
Capital assets, depreciable:				
Buildings	12,760,455	-	-	12,760,455
Improvements other than buildings	1,464,018	-	-	1,464,018
Infrastructure	69,053,568	224,423	(8,204)	69,269,787
Furniture and equipment	<u>2,116,728</u>	<u>1,589,273</u>	<u>-</u>	<u>3,706,001</u>
Total capital assets, being depreciated	<u>85,394,769</u>	<u>1,813,696</u>	<u>(8,204)</u>	<u>87,200,261</u>
Less accumulated depreciation:				
Buildings	5,663,789	303,228	-	5,967,017
Improvements other than buildings	765,260	64,022	-	829,282
Infrastructure	23,921,660	2,413,665	(8,204)	26,327,121
Furniture and equipment	<u>1,061,632</u>	<u>204,710</u>	<u>-</u>	<u>1,266,342</u>
Total accumulated depreciation	<u>31,412,341</u>	<u>2,985,625</u>	<u>(8,204)</u>	<u>34,389,762</u>
Total capital assets, being depreciated, net	<u>53,982,428</u>	<u>(1,171,929)</u>	<u>-</u>	<u>52,810,499</u>
Business-Type Activities, capital assets, net	<u>\$ 59,606,706</u>	<u>\$ 4,481,773</u>	<u>\$ (2,333,925)</u>	<u>\$ 61,754,554</u>

Depreciation expense was charged to Business-Type functions as follows:

<u>Business-Type Activities</u>	
Water and Sewer	\$ 2,144,338
City International Bridge Fund	<u>841,287</u>
Total depreciation expense - Business-Type Activities	<u>\$ 2,985,625</u>

**CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H – CAPITAL ASSETS

2. COMPONENT UNITS – DEDC-4A AND DCD-4B

A summary of changes in capital assets for the Component Units is as follows:

<u>Component Units</u>	<u>Balance September 30, 2017</u>	<u>Increases</u>	<u>Balance September 30, 2018</u>
Capital assets, not subject to depreciation:			
Land	\$ 7,760,699	\$ 700,071	\$ 8,460,770
Total capital assets, not subject to depreciation	<u>7,760,699</u>	<u>700,071</u>	<u>8,460,770</u>
Capital assets, depreciable:			
Buildings	393,537	-	393,537
Furniture and equipment	<u>46,776</u>	<u>6,389</u>	<u>53,165</u>
Total capital assets, being depreciated	<u>440,313</u>	<u>6,389</u>	<u>446,702</u>
Less accumulated depreciation:			
Buildings	291,639	9,838	301,477
Furniture and equipment	<u>10,117</u>	<u>6,948</u>	<u>17,065</u>
Total accumulated depreciation	<u>301,756</u>	<u>16,786</u>	<u>318,542</u>
Total capital assets, being depreciated, net	<u>138,557</u>	<u>(10,397)</u>	<u>128,160</u>
Component Units, capital assets, net	<u>\$ 7,899,256</u>	<u>\$ 689,674</u>	<u>\$ 8,588,930</u>

Depreciation expense for the component units for the year ended September 30, 2018 is as follows:

<u>Component Units</u>	
Component Unit - DEDC (4A)	\$ 13,036
Component Unit - DCD (4B)	<u>3,750</u>
Total Component Units depreciation expense	<u>\$ 16,786</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE I – LONG TERM DEBT

1. PRIMARY GOVERNMENT

Combination Tax and Revenue Bonds and General Obligation Refunding Bonds

The City has issued combination tax and revenue bonds, which pledge the full faith and credit of the City as well as the income derived from the acquired or constructed assets to pay debt service.

Combination tax revenue bonds, and general obligation refunding bonds outstanding at September 30, 2018 are as follows:

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.

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.

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 accounted for with governmental activities.

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.

Series 2016 Certificates of Obligation - due in variable annual installments of \$50,000 to \$520,000 through February 15, 2036; interest at 2.00% to 4.00%, payable semi-annually. The original issuance amount of these bonds was \$6,000,000. This debt is \$5,000,000 for improvements to the water and sewer system, and \$1,000,000 for improvements to the international toll bridge.

Series 2016 Combination Tax and International Toll Bridge Revenue Refunding Bonds - due in variable annual installments of \$385,000 to \$2,005,000 through February 15, 2042; interest at 2.00% to 5.00%, payable semi-annually. The original issuance amount of these bonds was \$27,485,000. This debt is for the international toll bridge and related infrastructure.

Series 2017 Certificate of Obligation - due in variable annual installments through February 15, 2033; interest at 2.00% to 4.00%, payable semi-annually. The original issuance amount of these bonds was \$1,848,000 accounted for with governmental activities and \$7,392,000 accounted for with business-type activities.

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 \$13.6M in combination tax and revenue bonds issued in varying years. The bonds are payable through 2034. Annual principal and interest payments on the bonds are expected to require approximately 42 percent of net revenues.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE I – LONG TERM DEBT

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 2017-2018 continue that debt servicing arrangement.

The changes in bonded debt payable during the year are summarized as follows:

<u>Bonds</u>	<u>Balance</u> <u>September 30, 2017</u>	<u>Reductions</u>	<u>Balance</u> <u>September 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Primary Government				
<i>Governmental Funds</i>				
2012 Limited Tax Refunding Bonds	\$ 1,260,600	\$ (149,160)	\$ 1,111,440	\$ 138,600
2015 Certificate of Obligation	3,920,000	(155,000)	3,765,000	160,000
2017 Certificate of Obligation	<u>1,848,000</u>	<u>(55,000)</u>	<u>1,793,000</u>	<u>68,000</u>
Total Governmental Funds Bonds	<u>7,028,600</u>	<u>(359,160)</u>	<u>6,669,440</u>	<u>366,600</u>
<i>Water and Sewer Fund</i>				
2009 Combination Tax & Revenue Certificates of Obligation	4,280,000	(180,000)	4,100,000	190,000
2012 Limited Tax Refunding Bonds	3,514,400	(415,840)	3,098,560	386,400
2016 Certificates of Obligation	4,729,168	-	4,729,168	41,667
2017 Certificates of Obligation	<u>7,392,000</u>	<u>(220,000)</u>	<u>7,172,000</u>	<u>272,000</u>
Total Water and Sewer Fund Bonds	<u>19,915,568</u>	<u>(815,840)</u>	<u>19,099,728</u>	<u>890,067</u>
<i>City International Bridge Fund</i>				
2016 Combination Tax and Revenue Refunding Bond	27,100,000	(430,000)	26,670,000	450,000
2016 Certificates of Obligation	<u>945,832</u>	<u>-</u>	<u>945,832</u>	<u>8,333</u>
Total City International Bridge Fund Bonds	<u>28,045,832</u>	<u>(430,000)</u>	<u>27,615,832</u>	<u>458,333</u>
Total Primary Government Bonds	<u>\$ 54,990,000</u>	<u>\$ (1,605,000)</u>	<u>\$ 53,385,000</u>	<u>\$ 1,715,000</u>

Debt service requirements for the City's bonds are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 366,600	\$ 250,822	\$ 1,348,400	\$ 2,020,808	\$ 1,715,000	\$ 2,271,630
2020	385,760	241,313	1,424,240	1,972,085	1,810,000	2,213,398
2021	389,840	229,471	1,495,160	1,917,256	1,885,000	2,146,727
2022	417,960	215,882	1,657,040	1,857,841	2,075,000	2,073,723
2023	419,360	201,812	1,740,640	1,793,957	2,160,000	1,995,769
2024-2028	1,790,920	796,865	9,429,080	7,892,726	11,220,000	8,689,591
2029-2033	1,800,000	437,763	11,370,000	5,665,660	13,170,000	6,103,423
2034-2038	1,099,000	68,083	10,796,000	3,047,710	11,895,000	3,115,793
2039-2043	-	-	<u>7,455,000</u>	<u>768,875</u>	<u>7,455,000</u>	<u>768,875</u>
Total	<u>\$ 6,669,440</u>	<u>\$ 2,442,011</u>	<u>\$ 46,715,560</u>	<u>\$ 26,936,918</u>	<u>\$ 53,385,000</u>	<u>\$ 29,378,929</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE I – LONG TERM DEBT

Notes Payable

Motorola Lease - due in annual installments of \$38,981 through May 1, 2021; interest at 4.90%. The original lease amount was \$105,986 accounted for with governmental activities

The changes in notes payable during the year are summarized as follows:

Notes Payable	Balance September 30, 2017	Additions / Refundings	Reductions	Balance September 30, 2018	Due Within One Year
<i>Governmental Funds</i>					
Series 2014 Tax Notes	\$ 293,400	\$ -	\$ (72,000)	\$ 221,400	\$ 128,000
Capital One LED Note	588,922	-	(89,978)	498,944	93,100
Motorola Lease	-	105,986	-	105,986	33,592
Total Governmental Funds Notes Payable	<u>882,322</u>	<u>105,986</u>	<u>(161,978)</u>	<u>826,330</u>	<u>254,692</u>
<i>Water and Sewer Fund</i>					
Series 2014 Tax Notes	521,600	-	(128,000)	393,600	128,000
Total Water and Sewer Fund Notes Payable	<u>521,600</u>	<u>-</u>	<u>(128,000)</u>	<u>393,600</u>	<u>128,000</u>
 Total Notes Payable	 <u>\$ 1,403,922</u>	 <u>\$ 105,986</u>	 <u>\$ (289,978)</u>	 <u>\$ 1,219,930</u>	 <u>\$ 382,692</u>

Debt service requirements to maturity for the above notes payable are as follows:

Year ending September 30,	Governmental Activities		Business-Type Activities		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 198,692	\$ 25,041	\$ 128,000	\$ 5,834	\$ 326,692	\$ 30,875
2020	205,430	18,812	131,200	3,540	336,630	22,352
2021	212,367	12,352	134,400	1,189	346,767	13,541
2022	103,131	6,339	-	-	103,131	6,339
2023	106,710	2,761	-	-	106,710	2,761
2024-2028	-	-	-	-	-	-
Total	<u>\$ 826,330</u>	<u>\$ 65,305</u>	<u>\$ 393,600</u>	<u>\$ 10,563</u>	<u>\$ 1,219,930</u>	<u>\$ 75,868</u>

On May 21, 2004, the City 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, 2018, 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.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE I – LONG TERM DEBT

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 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 was discounted to a rate of 3.73%.

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 payments of interest only of \$1,790 through June 19, 2022, then monthly installments of \$20,000 including interest beginning July 19, 2022 through July 19, 2025, with a payment of \$11,034 including interest due August 19, 2025; interest accruing from May 19, 2015 at 3.00%.

In 2016, the City entered into an agreement with a consultant to perform services regarding the creation of a financial plan for the City to refinance or issue new debt for improvements associated with the Donna International Bridge or the City's capital improvement program. The City refunded prior bond Series 2007 Combination Tax and International Toll Bridge Revenue Certificates of Obligation with Series 2016 Combination Tax and International Toll Bridge Revenue Refunding Bonds, wherein the City was billed a total of \$1,650,000, less \$50,000 in fees paid to consultant resulting in a \$1,600,000 balance. Since the City was unable to pay this, the consultant offered a payment agreement that the City accepted and became effective February 17, 2016.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE I – LONG TERM DEBT

The changes in claims payable during the year are summarized as follows:

<u>Claims Payable</u>	<u>Balance</u> <u>September 30, 2017</u>	<u>Reductions</u>	<u>Balance</u> <u>September 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
<i>Water and Sewer Fund</i>				
W/S Claims by SOS	\$ 1,056,276	\$ (169,525)	\$ 886,751	\$ 246,350
Total Water and Sewer Fund Claims	<u>1,056,276</u>	<u>(169,525)</u>	<u>886,751</u>	<u>246,350</u>
<i>City International Bridge Fund</i>				
Bridge Success Fee	716,000	-	716,000	-
Bond Refinance and Grant Success Fee	<u>2,210,000</u>	<u>(34,956)</u>	<u>2,175,044</u>	<u>19,459</u>
Total City International Bridge Fund Claims	<u>2,926,000</u>	<u>(34,956)</u>	<u>2,891,044</u>	<u>19,459</u>
 Total Claims	 <u>\$ 3,982,276</u>	 <u>\$ (204,481)</u>	 <u>\$ 3,777,795</u>	 <u>\$ 265,809</u>

Debt service requirements to maturity for the above claims payable are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 265,809	\$ 109,251
2020	236,892	84,590
2021	245,576	75,904
2022	324,972	66,747
2023	484,738	55,262
2024-2028	1,826,972	124,062
2029-2033	<u>392,836</u>	<u>5,569</u>
Total	<u>\$ 3,777,795</u>	<u>\$ 521,385</u>

2. COMPONENT UNITS

DEDC-4A

Bonds outstanding at September 30, 2018 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.

Series 2018 Sales Tax Revenue Bonds – due in variable installments of \$70,000 to \$110,000, through August 1, 2028; interest is 4.49%, payable semi-annually.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE I – LONG TERM DEBT

DEDC-4A

DEDC-4A	Balance	Additions/		Balance	Due Within
	September 30, 2017	Refundings	Reductions	September 30, 2018	One Year
2009 Sales Tax Revenue and Refunding Bonds	\$ 3,540,000	\$ -	\$ (145,000)	\$ 3,395,000	\$ 155,000
Less: Discount	<u>(32,383)</u>	<u>-</u>	<u>1,905</u>	<u>(30,478)</u>	<u>-</u>
	3,507,617	-	(143,095)	3,364,522	155,000
2018 Sales Tax Revenue Bonds	<u>-</u>	<u>930,000</u>	<u>-</u>	<u>930,000</u>	<u>70,000</u>
Total Bonds	<u>\$ 3,507,617</u>	<u>\$ 930,000</u>	<u>\$ (143,095)</u>	<u>\$ 4,294,522</u>	<u>\$ 225,000</u>

The bonds payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2019	\$ 225,000	\$ 196,479	\$ 421,479
2020	240,000	183,308	423,308
2021	250,000	173,316	423,316
2022	255,000	162,900	417,900
2023	270,000	152,070	422,070
2024-2028	1,535,000	574,684	2,109,684
2029-2033	1,260,000	253,313	1,513,313
2034-2038	<u>290,000</u>	<u>13,775</u>	<u>303,775</u>
Total	<u>\$ 4,325,000</u>	<u>\$ 1,709,845</u>	<u>\$ 6,034,845</u>

On June 27, 2016, the DEDC-4A entered into a loan agreement with Texas National Bank in the amount of \$4,500,000 for the purchase and development of an approximate 15-acre tract of land located at the northwest corner of FM 493 and U.S. Hwy 83 in Hidalgo County, Texas. The following summarizes the DEDC-4A debt relating to this land.

DEDC- 4A	Balance	Reductions	Balance	Due Within
	September 30, 2017		September 30, 2018	One Year
Texas National Bank Loan	<u>\$ 3,416,422</u>	<u>\$ (675,135)</u>	<u>\$ 2,741,287</u>	<u>\$ 300,000</u>

The notes payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2019	\$ 300,000	\$ 157,727	\$ 457,727
2020	300,000	139,727	439,727
2021	<u>2,141,287</u>	<u>121,727</u>	<u>2,263,014</u>
Total	<u>\$ 2,741,287</u>	<u>\$ 419,181</u>	<u>\$ 3,160,468</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE I – LONG TERM DEBT

DCD-4B

Bonds outstanding at September 30, 2018 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.

DCD-4B	Balance September 30, 2017	Reductions	Balance September 30, 2018	Due Within One Year
2009 Sales Tax Revenue and Refunding Bonds	\$ 3,465,000	\$ (145,000)	\$ 3,320,000	\$ 150,000
Less: Discount	<u>(47,505)</u>	<u>2,794</u>	<u>(44,711)</u>	<u>-</u>
Total Bonds	<u>\$ 3,417,495</u>	<u>\$ (142,206)</u>	<u>\$ 3,275,289</u>	<u>\$ 150,000</u>

The bonds payable annual debt service requirements to maturity are:

Year ending September 30,	Principal	Interest	Total
2019	\$ 150,000	\$ 145,619	\$ 295,619
2020	155,000	140,369	295,369
2021	160,000	134,556	294,556
2022	170,000	128,556	298,556
2023	175,000	121,756	296,756
2024-2028	990,000	492,488	1,482,488
2029-2033	1,235,000	248,575	1,483,575
2034-2038	<u>285,000</u>	<u>13,538</u>	<u>298,538</u>
Total	<u>\$ 3,320,000</u>	<u>\$ 1,425,457</u>	<u>\$ 4,745,457</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE I – LONG TERM DEBT

Revenues Pledged in Connection with Compliance Unit Debt

DEDC-4A

The City has pledged future sales tax revenues to repay \$3.68 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. In addition, the City has pledged future sales tax revenues to repay \$4.50 million in notes payable issued in June 2016. Proceeds from the notes provided for the purchase and development of an approximate 15-acre tract of land located at the northwest corner of FM 493 and U.S. Hwy 83 in Hidalgo County, Texas. Annual principal and interest payments on the bonds and notes are expected to require 100 percent of net revenues.

DCD-4B

The City has pledged future sales tax revenues to repay \$3.61 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.

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.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE I – LONG TERM DEBT

3. CHANGES IN LONG TERM LIABILITIES

Changes in the City's long-term liabilities for the year ended September 30, 2018 are as follows:

	Balance September 30, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
<i>Governmental activities</i>					
Bonds payable					
Bonded debt	\$ 7,028,600	\$ -	\$ (359,160)	\$ 6,669,440	\$ 366,600
Premium on bonds	474,624	-	(27,726)	446,898	-
Total bonds payable	<u>7,503,224</u>	<u>-</u>	<u>(386,886)</u>	<u>7,116,338</u>	<u>366,600</u>
Notes payable					
Taxnote	293,400	-	(72,000)	221,400	128,000
Capital One Bank Note	588,922	-	(89,978)	498,944	93,100
Motorola Lease	-	105,986	-	105,986	33,592
Donna ISD payable	233,052	-	-	233,052	-
Total notes payable	<u>1,115,374</u>	<u>105,986</u>	<u>(161,978)</u>	<u>1,059,382</u>	<u>254,692</u>
Subtotal	<u>8,618,598</u>	<u>105,986</u>	<u>(548,864)</u>	<u>8,175,720</u>	<u>621,292</u>
Net pension liability					
TMRS	1,560,164	-	(268,185)	1,291,979	-
Firemen's retirement plan	57,123	-	(16,204)	40,919	-
Total net pension liability	<u>1,617,287</u>	<u>-</u>	<u>(284,389)</u>	<u>1,332,898</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 10,235,885</u>	<u>\$ 105,986</u>	<u>\$ (833,253)</u>	<u>\$ 9,508,618</u>	<u>\$ 621,292</u>
<i>Business-type activities</i>					
Bonds payable					
Bonded debt	47,961,400	-	(1,245,840)	46,715,560	1,348,400
Premium on bonds	5,013,126	-	(210,669)	4,802,457	-
Total bonds payable	<u>52,974,526</u>	<u>-</u>	<u>(1,456,509)</u>	<u>51,518,017</u>	<u>1,348,400</u>
Notes payable					
Taxnote	521,600	-	(128,000)	393,600	128,000
Claims payable	3,982,276	-	(204,481)	3,777,795	265,809
Subtotal	<u>57,478,402</u>	<u>-</u>	<u>(1,788,990)</u>	<u>55,689,412</u>	<u>1,742,209</u>
Net pension liability - TMRS	<u>506,937</u>	<u>-</u>	<u>(113,405)</u>	<u>393,532</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 57,985,339</u>	<u>\$ -</u>	<u>\$ (1,902,395)</u>	<u>\$ 56,082,944</u>	<u>\$ 1,742,209</u>

**CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE J – 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, 2018 consist of:

	Water and Sewer Activities	City International Bridge Activities	Total
O&M Reserve	\$ -	\$ 300,489	\$ 300,489
Repairs & Replacement Reserve	-	304,429	304,429
Debt Service	213,274	1,041,388	1,254,662
	\$ 213,274	\$ 1,646,306	\$ 1,859,580

2. Component Units

Other Non-Current Liabilities - Component Unit

TIRZ #2 has accrued expenses of \$2,223,052 for completed infrastructure by developers. These amounts will be reimbursed to the extent that future tax increment funding becomes available.

NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN

Plan Description

The City of Donna participates as one of 866 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.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

**CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN

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.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits □	84
Active employees	131
Total	246

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 were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.56% and 8.57% in calendar years 2017 and 2018, respectively. The city’s contributions to TMRS for the year ended September 30, 2018, were \$447,760, and were equal to the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2017 for TMRS and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability at December 31, 2017 actuarial valuations was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 10.5%, including inflation
Investment rate of return	6.75%

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN

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 Blue Collar Adjustment, 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 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality 16 rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation was based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

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

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN

Discount Rate

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

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, 2018 are as follows:

	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
Balance at December 31, 2017	\$ 7,788,305	\$ 5,683,957	\$ 2,104,348
Changes for the year	-	-	-
Service cost	567,001	-	567,001
Interest	529,082	-	529,082
Change in benefit terms	-	-	-
Difference between expected/actual experience	(18,136)	-	(18,136)
Changes of assumptions	-	-	-
Contributions - employer	-	405,473	(405,473)
Contributions - employee	-	284,211	(284,211)
Net investment income	-	788,860	(788,860)
Benefit payments, including refunds of employee contributions	(467,109)	(467,109)	-
Administrative expenses	-	(4,083)	4,083
Other charges	-	(207)	207
Net changes	<u>610,838</u>	<u>1,007,145</u>	<u>(396,307)</u>
Balance at December 31, 2018	<u>\$ 8,399,143</u>	<u>\$ 6,691,102</u>	<u>\$ 1,708,041</u>

Net pension liability amounts are allocated between the primary government and component unit on the statement of net position. The City's portion of the liability is \$1,685,495 and the component units are \$22,546.

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 (5.75%)	Discount Rate (6.75%)	1% Decrease in Discount Rate (7.75%)
City's net pension liability	\$ 3,069,214	\$ 1,685,495	\$ 570,479
Component unit's net pension liability	<u>41,056</u>	<u>22,546</u>	<u>7,631</u>
Total net pension liability	<u>\$ 3,110,270</u>	<u>\$ 1,708,041</u>	<u>\$ 578,110</u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE K – TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFIT PLAN

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

For the year ended September 30, 2018, the City recognized pension expense of \$602,589 for the TMRS pension plan. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS pension from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 135,693	\$ 14,472
Changes in actuarial assumptions	71,207	-
Differences between projected and actual investment earnings (net of current year amortization)	-	183,783
Contributions subsequent to the measurement date	351,012	-
Total	\$ 557,912	\$ 198,255

\$351,012 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	City	Component Unit
Year ended December 31,		
2019	\$ 134,923	\$ 1,803
2020	24,796	331
2021	(67,784)	(906)
2022	(83,404)	(1,115)
Thereafter	-	-
	\$ 8,531	\$ 113

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE L – FIREMEN’S PENSION PLAN

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2018, there were 238 fire and/or emergency services member departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

TESRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TESRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TESRS’ website at www.tesrs.org.

Benefits Provided:

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body’s average monthly contribution over the member’s years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member’s surviving spouse and dependent children.

Contributions:

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The state is required to contribute an amount necessary to make the System “actuarially sound” each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE L – FIREMEN’S PENSION PLAN

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 1, 2017.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

Contributions Required and Contributions Made:

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2018, total contributions of \$9,070 were paid into TESRS by the City. This was equal to the required contributions for the period.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation for the 2018 measurement period using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by “rounding down” and thereby reflects a reduction of 0.26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
Large cap domestic	32%	5.81%
Small cap domestic	15%	5.92%
Developed international	15%	6.21%
Emerging markets	5%	7.18%
Master limited partnership	5%	7.61%
Real Estate	5%	4.46%
Fixed Income	23%	1.61%
Cash	0%	0.00%
	100%	

**CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE L – FIREMEN’S PENSION PLAN

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive 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.

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 7.75%, 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 (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
Firemen's Net Pension Liability	<u>\$81,319</u>	<u>\$40,919</u>	<u>\$13,671</u>

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

At September 30, 2018, the City reported a liability of \$40,919 for its proportionate share of the TESRS’ net pension liability.

The net pension liability was measured as of August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer’s proportion of the net pension liability was based on the employer’s contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE L – FIREMEN’S PENSION PLAN

Changes in the City’s net pension liability for the Firemen’s Relief pension for the fiscal year ended September 30, 2018 are as follows:

Total Pension Liability	\$ 259,902
Plan Fiduciary Net Pension	<u>218,983</u>
City's Net Pension Liability	<u><u>\$ 40,919</u></u>
Plan fiduciary Net Position as a Percentage of the Total Pension Liability	8.43%

For the year ended September 30, 2018 the City recognized pension expense of \$12,972 for the Firemen’s Relief pension plan.

At September 30, 2018, the City reported its proportionate share of TESRS’ deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11	\$ 118
Changes in assumptions	153	-
Net difference between projected and actual investment earnings	-	2,262
City contribution subsequent to measurement date	-	-
Total	<u><u>\$ 164</u></u>	<u><u>\$ 2,379</u></u>

The deferred outflows and (inflows) of resources related to pensions will be amortized and recognized in pension expenses as follows:

	<u>Net Deferred Outflows of Resources</u>
Year ended December 31,	
2019	\$ 2,637
2020	(1,467)
2021	(2,159)
2022	<u>(1,226)</u>
	<u><u>\$ (2,215)</u></u>

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE M – CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At September 30, 2018, the City had the following contractual commitments outstanding:

The City of Donna and Donna International Bridge Project

The City of Donna has three Donation Acceptance Agreement Applications that have been approved. The application is as followed:

- Phase 1
 - FY 2015 – Southbound Empty Commercial Inspection Facilities, project status is the City conditionally awarded to D. Wilson Construction for \$4,437,506.48 (Based on TxDOT concurrence). TxDOT issued concurrence on December 19, 2018. Contract executed by Contractor and City on January 21st, 2019. Project Awaiting GSA Construction License. Project Construction estimated 7 months.

- Phase 2 – Two Proposals Combined into a Single Project
 - FY 2016 – Northbound Empty Commercial Inspection Facilities.
 - FY 2017 – Loaded Commercial Inspection Facilities – GSA and CBP requested a planning study related to commercial traffic at the Donna-Rio Bravo International Bridge which was completed October 2017. This planning study was used to justify the size of the facilities and provide design direction for CBP Facilities Management & Engineering. The project plans are currently at 90% complete in the design stages. The timeline for the project is to be let is April 2019. Project construction estimate is 18 months. The estimated construction cost is \$43,900,000. It will include latest technology available for 100% Non-Intrusive Inspection (NII) of commercial vehicles, NII Command Center, Secondary Inspection Loading Docks, Cargo Processing Offices, Exit Control booth and Roadway Improvements.

- Phase 3 and 4 Future DAP Applications
 - TBD – Expansion Northbound Commercial Secondary Dock (Will be necessitated by Truck Crossing Volumes).
 - TBD – Expansion of POV Primary and Secondary (CBP Request).

NOTE N – FUND BALANCES

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

Nonspendable: The City’s nonspendable fund balances totaled \$61,733 represented in inventory.

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 \$3,209,745 and represented \$589,911 in local and state and \$2,619,834 in debt service.

- Unassigned:
The unassigned fund balances totaled \$2,717,629, in the general fund and a deficit of \$2,721,688 in other governmental funds.

CITY OF DONNA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE O – CONTINGENCIES

Litigation

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 claims. The extent to which insurance coverage may satisfy claims, if any, is not known. The City is currently litigating the matter of IAM Insurance regarding the City terminating an agent of record contract. The City is vigorously defending this suit. The City does not expect an unfavorable outcome, but because of costs, is considering mediating the matter and attempting to settle for a reasonable amount.

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 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.

NOTE P – SUBSEQUENT EVENTS

Subsequent to year end, the City hired an attorney to perform an assessment of SOS, LLC, a City contractor, for which the City owes \$3,777,795, and is reflected on the City's financial statements. This assessment is to determine the contractor's legality of claims to the city.

Management of the City has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DONNA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 5-A

	Original Budget	Final Budget	Actual	Variance from Final
REVENUES				
Property taxes	\$ 4,316,447	\$ 4,526,934	\$ 4,549,400	\$ 22,466
Nonproperty taxes	2,546,233	2,648,919	2,595,125	(53,794)
Fees and charges for services	1,740,051	1,740,051	1,853,071	113,020
Fines and forfeitures	111,900	111,900	187,932	76,032
Licenses and permits	141,771	181,849	186,350	4,501
Intergovernmental	88,000	228,763	224,494	(4,269)
Investment earnings	11,300	11,300	21,467	10,167
Miscellaneous income	188,110	188,110	92,981	(95,129)
Total revenue	<u>9,143,812</u>	<u>9,637,826</u>	<u>9,710,820</u>	<u>72,994</u>
EXPENDITURES				
General government:				
City council	15,500	36,000	35,662	338
City manager	443,999	418,427	418,898	(471)
Municipal court	169,620	162,150	162,143	7
Finance	472,832	464,052	467,526	(3,474)
Information & technology	263,798	213,921	214,060	(139)
City hall	109,764	122,427	122,375	52
City secretary	93,489	94,089	94,325	(236)
Tax assessor collector	144,063	127,268	127,267	1
Planning and development	197,437	126,852	127,027	(175)
Non-departmental	755,312	802,612	802,329	283
Total general government	<u>2,665,814</u>	<u>2,567,798</u>	<u>2,571,612</u>	<u>(3,814)</u>
Public safety:				
Police	2,783,226	2,920,329	2,925,265	(4,936)
Fire	174,825	181,075	183,883	(2,808)
Inspections	67,870	70,670	71,154	(484)
Total public safety	<u>3,025,921</u>	<u>3,172,074</u>	<u>3,180,302</u>	<u>(8,228)</u>
Public works:				
Public works department	925,828	1,145,828	1,150,074	(4,246)
City vehicle maintenance	46,308	39,138	39,219	(81)
Sanitation	1,071,910	1,193,910	1,193,583	327
Street and roadways	212,000	327,000	828,977	(501,977)
Total public works	<u>2,256,046</u>	<u>2,705,876</u>	<u>3,211,853</u>	<u>(505,977)</u>

CITY OF DONNA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 5-A (Cont'd)

	Original Budget	Final Budget	Actual	Variance from Final
EXPENDITURES (Continued)				
Culture and recreation:				
Community support	52,800	38,800	38,799	\$ 1
Parks and recreation	281,655	310,655	310,782	(127)
Swimming pool	102,323	64,933	64,932	1
Library	<u>400,774</u>	<u>337,980</u>	<u>337,979</u>	<u>1</u>
Total health and welfare	<u>837,552</u>	<u>752,368</u>	<u>752,492</u>	<u>(124)</u>
Public health:				
Code enforcement and health inspections	95,426	83,496	83,495	1
Animal control	97,446	114,146	114,545	(399)
Cemetery	<u>57,637</u>	<u>90,637</u>	<u>90,588</u>	<u>49</u>
Total culture and recreation	<u>250,509</u>	<u>288,279</u>	<u>288,628</u>	<u>(349)</u>
Capital outlay	<u>120,000</u>	<u>120,000</u>	<u>213,134</u>	<u>(93,134)</u>
Debt service:				
Principal retirement	89,478	90,028	89,978	50
Interest and fiscal agent fees	<u>19,492</u>	<u>19,492</u>	<u>19,492</u>	<u>-</u>
Total debt service	<u>108,970</u>	<u>109,520</u>	<u>109,470</u>	<u>50</u>
Total expenditures	<u>8,905,333</u>	<u>9,715,915</u>	<u>10,327,491</u>	<u>(611,576)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>238,479</u>	<u>(78,089)</u>	<u>(616,671)</u>	<u>(538,582)</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	3,549	3,549
Capital lease proceeds	-	105,986	105,986	-
Transfers in	<u>-</u>	<u>-</u>	<u>562,428</u>	<u>562,428</u>
Total other financing sources (uses)	<u>-</u>	<u>105,986</u>	<u>671,963</u>	<u>565,977</u>
NET CHANGE IN FUND BALANCE	238,479	27,897	55,292	27,395
FUND BALANCE, BEGINNING	<u>2,724,070</u>	<u>2,724,070</u>	<u>2,724,070</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,962,549</u>	<u>\$ 2,751,967</u>	<u>\$ 2,779,362</u>	<u>\$ 27,395</u>

CITY OF DONNA, TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2018

1. Budgetary Expenditures in Excess of Appropriations

During the year ended September 30, 2018, expenditures exceeded appropriations as follows in the General Fund.

Department	General fund Excess of Expenditures Over Appropriations
City manager	\$ 471
Finance	3,474
Information & technology	139
City secretary	236
Planning and development	175
Police	4,936
Fire	2,808
Inspections	484
Public works department	4,246
City vehicle maintenance	81
Street and roadways	501,977
Parks and recreation	127
Animal control	399
Capital outlay	93,134
	\$ 612,687

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 NET PENSION LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 5-B

Plan Year	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
A. Total pension liability				
Service Cost	\$ 208,287	\$ 352,384	\$ 546,200	\$ 567,001
Interest (on the Total Pension Liability)	334,029	413,029	477,136	529,082
Change in benefit terms	635,673	498,676	-	-
Difference between expected and actual experience	183,965	260,094	82,884	(18,136)
Changes of assumptions	-	243,482	-	-
Benefit payments, including refunds of employee contributions	<u>(168,599)</u>	<u>(168,272)</u>	<u>(226,986)</u>	<u>(467,109)</u>
Net change in total pension liability	1,193,355	1,599,393	879,234	610,838
Total pension liability - beginning	<u>4,116,323</u>	<u>5,309,678</u>	<u>6,909,071</u>	<u>7,788,305</u>
Total pension liability - ending (a)	<u>\$ 5,309,678</u>	<u>\$ 6,909,071</u>	<u>\$ 7,788,305</u>	<u>\$ 8,399,143</u>
B. Plan fiduciary net position				
Contributions - Employer	\$ 76,494	\$ 197,480	\$ 329,520	\$ 405,473
Contributions - Employee	177,894	202,753	285,881	284,212
Net Investment Income	251,448	6,982	335,867	788,860
Benefit payments, including refunds of employee contributions	(168,599)	(168,272)	(226,986)	(467,109)
Administrative Expenses	(2,625)	(4,250)	(3,789)	(4,083)
Other	<u>(216)</u>	<u>(210)</u>	<u>(204)</u>	<u>(207)</u>
Net change in plan fiduciary net position	334,396	234,483	720,289	1,007,146
Plan fiduciary net position - beginning	<u>4,394,788</u>	<u>4,729,184</u>	<u>4,963,667</u>	<u>5,683,956</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,729,184</u>	<u>\$ 4,963,667</u>	<u>\$ 5,683,956</u>	<u>\$ 6,691,102</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 580,494</u>	<u>\$ 1,945,404</u>	<u>\$ 2,104,349</u>	<u>\$ 1,708,041</u>
D. Plan fiduciary net position as a percentage of total pension liability	89.07%	71.84%	72.98%	79.66%
E. Covered employee payroll	\$ 3,557,888	\$ 4,055,057	\$ 4,636,673	\$ 4,736,848
F. Net position liability as a percentage of covered employee payroll	16.32%	47.97%	45.38%	36.06%

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 FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 5-C

Plan Year	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarial determined contribution	\$ 160,460	\$ 160,460	\$ 383,354	\$ 447,760
Contributions in relation to the actuarially determined contribution	<u>160,460</u>	<u>160,460</u>	<u>383,354</u>	<u>447,760</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 3,899,718	\$ 3,899,718	\$ 4,686,623	\$ 5,226,060
Contributions as a percentage of covered employee payroll	4.11%	4.11%	8.18%	8.57%

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	24 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes: There were no benefit changes during the year.

CITY OF DONNA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
FIREMEN'S RELIEF AND RETIREMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 5-D

Plan Year	September 30,			August 31,
	2015	2016	2017	2018
A. Total pension liability				
Service Cost	\$ -	\$ 318	\$ 3,792	\$ 3,012
Interest (on the Total Pension Liability)	1,224	1,203	22,534	18,719
Changes of benefit terms	-	-	-	5,340
Actuarial determined contribution	-	-	-	-
Difference between expected and actual experience	921	1,096	-	(171)
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	<u>(2,300)</u>	<u>(2,400)</u>	<u>(11,977)</u>	<u>(11,037)</u>
Net change in total pension liability	(155)	217	14,349	15,863
Total pension liability - beginning	<u>29,927</u>	<u>29,772</u>	<u>292,959</u>	<u>244,040</u>
Total pension liability - ending (a)	<u>\$ 29,772</u>	<u>\$ 29,989</u>	<u>\$ 307,308</u>	<u>\$ 259,903</u>
B. Plan fiduciary net position				
Contributions - City	\$ -	\$ -	\$ 11,929	7,747
Contributions - State	-	-	3,770	2,514
Contributions - Employer	2,500	2,400	-	-
Net Investment Income	-	-	23,268	21,383
Benefit payments, including refunds of employee contributions	(2,300)	(2,400)	(11,977)	(11,037)
Administrative Expenses	-	-	(439)	(299)
Other	<u>-</u>	<u>(250)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	200	(250)	26,551	20,308
Plan fiduciary net position - beginning	<u>816</u>	<u>1,016</u>	<u>223,634</u>	<u>198,676</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,016</u>	<u>\$ 766</u>	<u>\$ 250,185</u>	<u>\$ 218,984</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 28,756</u>	<u>\$ 29,223</u>	<u>\$ 57,123</u>	<u>\$ 40,919</u>
D. Plan fiduciary net position as a percentage of total pension liability	3.41%	2.55%	81.41%	84.26%
E. Number of Active Members			10	7
F. System's Net Pension Liability per Active Member			\$ 5,932	\$ 5,846

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 CONTRIBUTIONS
FIREMEN'S RELIEF AND RETIREMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 5-E

Plan Year	September 30,			August 31,
	2015	2016	2017	2018
Actuarial determined contribution	\$ 2,075	\$ 2,363	\$ 11,520	\$ 9,070
Contributions in relation to the actuarially determined contribution	(2,500)	(2,400)	(11,520)	(9,070)
Contribution deficiency (excess)	(425)	(37)	-	-
Covered employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A

NOTES TO SCHEDULE OF CONTRIBUTIONS

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age
Amortization Method	Level dollar
Remaining Amortization period	30 years
Asset Valuation Method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3.0%
Salary Increases	N/A
Investment Rate of Return	7.75 percent, net of pension plan investment expense, including inflation
Retirement Age	Age 55 with 20 years' experience
Mortality	200 RP Mortality Tables for males and females with Blue Collar adjustment

Other Information:

1. This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.
2. Determined from the end of year total pension liability using the roll back procedure allowed for the initial year of implementing GASB 67.
3. There is no compensation for active members, so number of active members is used instead.
4. Determined from the beginning of year total pension liability using the roll forward procedure allowed by GASB 67.

OTHER SUPPLEMENTARY INFORMATION

CITY OF DONNA, TEXAS
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 nonpermanent 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

CAPITAL PROJECTS FUNDS

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those by financed proprietary funds and trust funds. The City has the following capital projects funds:

The **Tax Notes Series 2014** was use to acquire the fueling station for the City. The fund will be closed during the 2017-2018 fiscal year.

The **Financial Plan Fund** is used to account for the acquisition of equipment and improvements to the City. The fund will be close during the 2017-2018 fiscal year.

The **Certificates of Obligation Bonds Series 2015 Fund** is used to account for the improvements to the Donna International Bridge commercial traffic improvements and equipment for the Fire department, and street improvements for the City.

CITY OF DONNA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

EXHIBIT 6-A

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 486,052	\$ 57,491	\$ 543,543
Receivables:			
Taxes	180,032	-	180,032
Other	11,646	-	11,646
Due from other funds	26,760	-	26,760
Due from component units	75,217	-	75,217
Long-term investments	-	-	-
Other assets	-	-	-
Total assets	<u>\$ 779,707</u>	<u>\$ 57,491</u>	<u>\$ 837,198</u>
 LIABILITIES DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 6,761	\$ 57,491	\$ 64,252
Accrued liabilities	268,062	-	268,062
Due to other funds	5,658	-	5,658
Total liabilities	<u>280,481</u>	<u>57,491</u>	<u>337,972</u>
 Deferred inflows of resources:			
Unavailable revenue - property taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances:			
Restricted for			
Tourism	391,368	-	391,368
Fire equipment debt service	187,493	-	187,493
Law enforcement	7,233	-	7,233
Equipment purchases	1,842	-	1,842
Park improvements	1,975	-	1,975
Capital projects	-	-	-
Debt service	-	-	-
Unassigned	<u>(90,685)</u>	<u>-</u>	<u>(90,685)</u>
Total fund balances	<u>499,226</u>	<u>-</u>	<u>499,226</u>
 Total liabilities, deferred inflows and fund balances	<u>\$ 779,707</u>	<u>\$ 57,491</u>	<u>\$ 837,198</u>

CITY OF DONNA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 6-B

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ 56,807	\$ -	\$ 56,807
Sales tax	118,465	-	118,465
Fines and forfeitures	1,572	-	1,572
Charges for services	74,493	-	74,493
Intergovernmental revenue	248,615	-	248,615
Miscellaneous income	1,331	-	1,331
Interest and investment income	5,673	-	5,673
Total revenues	<u>506,956</u>	<u>-</u>	<u>506,956</u>
EXPENDITURES			
Current:			
General government	46,076	-	46,076
Tourism	131,198	-	131,198
Public safety	35,554	-	35,554
Public works	-	-	-
Capital outlay	248,615	162,713	411,328
Debt service:			
Principal retirement	-	-	-
Interest and fiscal agent fees	-	-	-
Issuance costs	-	-	-
Total expenditures	<u>461,443</u>	<u>162,713</u>	<u>624,156</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>45,513</u>	<u>(162,713)</u>	<u>(117,200)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital asset	20,978	-	20,978
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	-	176,742	176,742
Transfers (out)	(70,000)	(3,054)	(73,054)
Transfers (out) to component unit	-	(1,400)	(1,400)
Total other financing sources (uses)	<u>(49,022)</u>	<u>172,288</u>	<u>123,266</u>
NET CHANGE IN FUND BALANCES	(3,509)	9,575	6,066
FUND BALANCES, BEGINNING	<u>502,735</u>	<u>(9,575)</u>	<u>493,160</u>
FUND BALANCES, ENDING	<u>\$ 499,226</u>	<u>\$ -</u>	<u>\$ 499,226</u>

**CITY OF DONNA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2018**

	Hotel Occupancy Tax	Fire Services	Texas Confiscated Forfeit
ASSETS			
Cash and investments	\$ 312,240	\$ 155,469	\$ 13,335
Receivables:			
Property taxes	-	-	-
Other	5,032	6,614	-
Intergovernmental	-	-	-
Due from other funds	-	25,410	-
Due from component unit	75,217		
Other assets	-	-	-
 Total assets	 \$ 392,489	 \$ 187,493	 \$ 13,335
 LIABILITIES DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,059	\$ -	\$ 5,702
Accrued liabilities	62	-	-
Due to other funds	-	-	400
Due to component unit	-	-	-
Total liabilities	1,121	-	6,102
 Fund balances:			
Restricted for			
Tourism	391,368	-	-
Fire equipment debt service	-	187,493	-
Law enforcement	-	-	7,233
Equipment purchases	-	-	-
Park improvements	-	-	-
Unassigned	-	-	-
Total fund balances	391,368	187,493	7,233
 Total liabilities, deferred inflows of resources and fund balances	 \$ 392,489	 \$ 187,493	 \$ 13,335

EXHIBIT 6-C

<u>Tax Note Equipment</u>	<u>Parks Improvement Fee</u>	<u>Urban County CDBG Program</u>	<u>Tax Increment Reinvestment Zone One</u>	<u>Nonmajor Special Revenue Funds</u>
\$ 4,342	\$ 625	\$ -	\$ 41	\$ 486,052
-	-	-	180,032	180,032
-	-	-	-	11,646
-	-	-	-	-
-	1,350	-	-	26,760
-	-	-	-	75,217
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,342</u>	<u>\$ 1,975</u>	<u>\$ -</u>	<u>\$ 180,073</u>	<u>\$ 779,707</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,761
-	-	-	268,000	268,062
<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,758</u>	<u>5,658</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,500</u>	<u>-</u>	<u>-</u>	<u>270,758</u>	<u>280,481</u>
-	-	-	-	-
-	-	-	-	391,368
-	-	-	-	187,493
-	-	-	-	7,233
1,842	-	-	-	1,842
-	1,975	-	-	1,975
<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,685)</u>	<u>(90,685)</u>
<u>1,842</u>	<u>1,975</u>	<u>-</u>	<u>(90,685)</u>	<u>499,226</u>
<u>\$ 4,342</u>	<u>\$ 1,975</u>	<u>\$ -</u>	<u>\$ 180,073</u>	<u>\$ 779,707</u>

CITY OF DONNA, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Hotel Occupancy Tax	Fire Services	Texas Confiscated Forfeit	Tax Note Equipment
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Taxes	\$ 122,732	\$ -	\$ -	\$ -
Charges for services	-	74,043	-	-
Fines and forfeitures	-	-	1,572	-
Intergovernmental revenue	-	-	-	-
Miscellaneous income	1,320	-	-	-
Interest and investment income	2,994	2,601	-	78
Total revenues	<u>127,046</u>	<u>76,644</u>	<u>1,572</u>	<u>78</u>
EXPENDITURES				
Current:				
General government	-	-	-	4,076
Tourism development	131,198	-	-	-
Public safety	-	-	35,554	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and fiscal agent fees	-	-	-	-
Bond issuance cost	-	-	-	-
Total expenditures	<u>131,198</u>	<u>-</u>	<u>35,554</u>	<u>4,076</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,152)</u>	<u>76,644</u>	<u>(33,982)</u>	<u>(3,998)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	20,978	-
Transfers (out)	-	(70,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(70,000)</u>	<u>20,978</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(4,152)	6,644	(13,004)	(3,998)
FUND BALANCES, BEGINNING	<u>395,520</u>	<u>180,849</u>	<u>20,237</u>	<u>5,840</u>
	-	-	-	-
FUND BALANCES, ENDING	<u>\$ 391,368</u>	<u>\$ 187,493</u>	<u>\$ 7,233</u>	<u>\$ 1,842</u>

EXHIBIT 6-D

Parks Improvement Fee	Urban County CDBG Program	Tax Increment Reinvestment Zone One	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 52,540	\$ 175,272
450	-	-	74,493
-	-	-	1,572
-	248,615	-	248,615
11	-	-	1,331
-	-	-	5,673
461	248,615	52,540	506,956
-	-	42,000	46,076
-	-	-	131,198
-	-	-	35,554
-	-	-	-
-	248,615	-	248,615
-	-	-	-
-	-	-	-
-	-	-	-
-	248,615	42,000	461,443
461	-	10,540	45,513
-	-	-	20,978
-	-	-	(70,000)
-	-	-	(49,022)
461	-	10,540	(3,509)
1,514	-	(101,225)	502,735
\$ 1,975	\$ -	\$ (90,685)	\$ 499,226

CITY OF DONNA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 6-E

	Tax Note Series 2014	Financial Plan Fund	Certificate of Obligation Series 2015	Total Nonmajor Capital Projects Funds
ASSETS				
Cash and investments	\$ -	\$ -	\$ 57,491	\$ 57,491
Receivables-other	-	-	-	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,491</u>	<u>\$ 57,491</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 57,491	\$ 57,491
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>57,491</u>	<u>57,491</u>
Fund balances:				
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,491</u>	<u>\$ 57,491</u>

CITY OF DONNA, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 6-F

	Tax Note Series 2014	Financial Plan Fund	Certificate of Obligation Series 2015	Total Nonmajor Governmental Funds
REVENUES				
Interest and investment income	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>162,713</u>	<u>162,713</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>162,713</u>	<u>162,713</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(162,713)</u>	<u>(162,713)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	176,742	-	-	176,742
Transfers (out)	-	(3,054)	-	(3,054)
Transfers (out) to component unit	<u>-</u>	<u>(1,400)</u>	<u>-</u>	<u>(1,400)</u>
Total other financing sources (uses)	<u>176,742</u>	<u>(4,454)</u>	<u>-</u>	<u>172,288</u>
NET CHANGE IN FUND BALANCES	176,742	(4,454)	(162,713)	9,575
FUND BALANCES, BEGINNING	<u>(176,742)</u>	<u>4,454</u>	<u>162,713</u>	<u>(9,575)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DONNA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 7-A

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Budget	Final		
REVENUES				
Property taxes	628,707	628,707	\$ 626,128	\$ (2,579)
Interest and investment income	11,723	11,723	11,868	145
Miscellaneous income	-	-	-	-
Total revenue	<u>640,430</u>	<u>640,430</u>	<u>637,996</u>	<u>(2,434)</u>
EXPENDITURES				
Debt service:				
Principal retirement	861,160	861,160	431,160	430,000
Interest and fiscal agent fees	<u>1,639,059</u>	<u>1,639,059</u>	<u>1,644,924</u>	<u>(5,865)</u>
Total expenditures	<u>2,500,219</u>	<u>2,500,219</u>	<u>2,076,084</u>	<u>424,135</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,859,789)</u>	<u>(1,859,789)</u>	<u>(1,438,088)</u>	<u>421,701</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	<u>1,420,000</u>	<u>(1,420,000)</u>
Transfers out	-	-	<u>(178,538)</u>	<u>178,538</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,241,462</u>	<u>(1,241,462)</u>
NET CHANGE IN FUND BALANCE	<u>(1,859,789)</u>	<u>(1,859,789)</u>	<u>(196,626)</u>	<u>1,663,163</u>
FUND BALANCE, BEGINNING	<u>2,816,460</u>	<u>2,816,460</u>	<u>2,816,460</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 956,671</u>	<u>\$ 956,671</u>	<u>\$ 2,619,834</u>	<u>\$ 1,663,163</u>

CITY OF DONNA, TEXAS
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.

The **Development Corporation of Donna, Inc. (4B)** - was organized for the same purposes as mentioned above, except under Section 4B of the State Act.

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.

Exhibits 8-A and 8-B present the combining governmental fund financial statements for all three component units.

Presented on Exhibits 8-C, 8-E and 8-G are the respective reconciliations of the governmental fund balance sheets to the statement of net position. Additionally, presented on Exhibits 8-D, 8-F, and 8-H 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
COMBINING BALANCE SHEET
COMPONENT UNITS
SEPTEMBER 30, 2018

EXHIBIT 8-A

	Donna Economic Development Corporation	Development Corporation of Donna	Tax Reinvestment Zone Two	Total Funds
ASSETS				
Cash and investments	\$ 78,405	\$ 200,022	\$ 3,966	\$ 282,393
Restricted cash and investments	510,838	380,035	-	890,873
Receivables, net:				
Taxes	152,331	152,331	46,805	351,467
Accounts	38,807	40,850	-	79,657
Due from other funds	829	89,553	-	90,382
Due from primary government	-	32,285	2,325	34,610
Total assets	\$ 781,210	\$ 895,076	\$ 53,096	\$ 1,729,382
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,330	\$ 7,907	\$ 30,000	\$ 41,237
Accrued liabilities	88	1,137	-	1,225
Deposits	1,000	-	-	1,000
Due to primary government	752,742	355,537	-	1,108,279
Due to other funds	89,553	829	-	90,382
Total liabilities	846,713	365,410	30,000	1,242,123
Fund balances:				
Restricted for				
Debt service	510,838	529,666	-	1,040,504
Tax increment zone purposes	-	-	23,096	23,096
Unassigned	(576,341)	-	-	(576,341)
Total fund balances	(65,503)	529,666	23,096	487,259
Total liabilities and fund balances	\$ 781,210	\$ 895,076	\$ 53,096	\$ 1,729,382

CITY OF DONNA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 8-B

	Donna Economic Development Corporation	Development Corporation of Donna	Tax Reinvestment Zone Two	Total Funds
REVENUES				
Taxes:				
Sales	\$ 834,992	\$ 834,993	\$ -	\$ 1,669,985
Property	-	-	29,860	29,860
Interest	7,347	6,121	-	13,468
Miscellaneous income	<u>33,311</u>	<u>-</u>	<u>-</u>	<u>33,311</u>
Total revenues	<u>875,650</u>	<u>841,114</u>	<u>29,860</u>	<u>1,746,624</u>
EXPENDITURES				
Current:				
Economic development	757,661	309,707	110,000	1,177,368
Miscellaneous expense	-	-	-	-
Capital outlay	700,071	-	-	700,071
Debt service:				
Principal retirement	820,135	145,000	-	965,135
Interest and fees	<u>359,949</u>	<u>150,513</u>	<u>-</u>	<u>510,462</u>
Total expenditures	<u>2,637,816</u>	<u>605,220</u>	<u>110,000</u>	<u>3,353,036</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,762,166)</u>	<u>235,894</u>	<u>(80,140)</u>	<u>(1,606,412)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	3,522	-	-	3,522
Debt proceeds	930,000	-	-	930,000
Sale of capital assets	737,906	-	-	737,906
USDA note proceeds	-	-	-	-
Premium on debt issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	1,400	-	-	1,400
Transfers (out)	-	-	-	-
Transfers (out) to primary government	<u>(140,000)</u>	<u>(140,000)</u>	<u>-</u>	<u>(280,000)</u>
Total other financing sources (uses)	<u>1,532,828</u>	<u>(140,000)</u>	<u>-</u>	<u>1,392,828</u>
NET CHANGE IN FUND BALANCES	(229,338)	95,894	(80,140)	(133,444)
FUND BALANCES, BEGINNING	<u>163,835</u>	<u>433,772</u>	<u>103,236</u>	<u>700,843</u>
FUND BALANCES, ENDING	<u><u>\$ (65,503)</u></u>	<u><u>\$ 529,666</u></u>	<u><u>\$ 23,096</u></u>	<u><u>\$ 487,259</u></u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE DONNA ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

EXHIBIT 8-C

Fund balance of the component unit fund	\$(65,503)
Amount reported for government type activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not report in the funds.	7,924,355
Long term liabilities applicable to the component unit's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets.	(7,035,809)
Included in the noncurrent assets/liabilities is the recognition of the component unit's net pension asset/(liability) requires by GASB 68 in the amount of \$(18,729), and a deferred resource outflow in the amount of \$8,170. This results in an increase/decrease in net position by \$10,559.	(7,198)
Interest accrued is not reported in the fund.	<u>(33,018)</u>
Net position of component unit - Statement of Net Position	<u>\$ 782,827</u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
DONNA ECONOMIC DEVELOPMENT CORPORATION
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 8-D

Net change in fund balances \$ (229,338)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 693,424

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but has no effect on net position. (930,000)

Repayment of notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 818,230

Some pension-related expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 3,360

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Interest expense in the statement of activities differs from the amount reported in governmental funds due to the change in accrued interest (decrease of \$923) being calculated for bonds payable. (7,189)

Change in net position of governmental component unit - Statement of Activities \$ 348,487

CITY OF DONNA, TEXAS
RECONCILIATION OF THE DEVELOPMENT CORPORATION OF DONNA, INC.
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

EXHIBIT 8-E

Fund balance of the component unit fund	\$	529,666
Amount reported for government type activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not report in the funds.		664,575
Long term liabilities applicable to the component unit's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets.		(3,275,289)
Included in the noncurrent assets/liabilities is the recognition of the component unit's net pension asset/(liability) requires by GASB 68 in the amount of \$(18,729), and a deferred resource outflow in the amount of \$8,170. This results in an increase/decrease in net position by \$10,559.		(10,587)
Interest accrued is not reported in the fund.		<u>(24,003)</u>
Net position of component unit - Statement of Net Position	\$	<u>(2,115,638)</u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
DEVELOPMENT CORPORATION OF DONNA, INC.
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 8-F

Net change in fund balances	\$	95,894
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(3,750)
Repayment of notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		142,206
Some pension-related expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(148)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Interest expense in the statement of activities differs from the amount reported in governmental funds due to the change in accrued interest (decrease of \$750) being calculated for bonds payable.		<u>807</u>
Change in net position of governmental component unit - Statement of Activities	\$	<u><u>235,009</u></u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE TAX INCREMENT REINVESTMENT ZONE NUMBER TWO
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

EXHIBIT 8-G

Fund balance of the component unit fund	\$ 23,096
Amount reported for government type activities in the statement of net position are different because:	
Long term liabilities applicable to the component unit's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets.	<u>(2,223,052)</u>
Included in the noncurrent assets/liabilities is the recognition of the EDC's net pension asset/(liability) requires by GASB 68 in the amount of \$(18,729), and a deferred resource outflow in the amount of \$8,170. This results in an increase/decrease in net position by \$10,559.	
Interest accrued is not reported in the fund.	
Net position of component unit - Statement of Net Position	<u>\$ (2,199,956)</u>

CITY OF DONNA, TEXAS
RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
TAX INCREMENT REINVESTMENT ZONE NUMBER TWO
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT 8-H

Net change in fund balances	\$(80,140)
Amounts reported for governmental activities in the statement of activities are different	
Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment has no effect on net position.	<u>90,000</u>
Change in net position of governmental component unit - Statement of Activities	<u>\$ 9,860</u>

OTHER SCHEDULES - UNAUDITED

CITY OF DONNA, TEXAS
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, 2018. 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
OTHER SCHEDULES - UNAUDITED
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities				
Net investments in capital assets	\$ 19,030,800	\$ 20,126,091	\$ 20,740,814	\$ 22,322,916
Restricted	2,062,762	2,143,596	2,172,676	2,861,266
Unrestricted	1,285,394	1,019,772	1,556,572	1,425,585
Total governmental activities net position	<u>\$ 22,378,956</u>	<u>\$ 23,289,459</u>	<u>\$ 24,470,062</u>	<u>\$ 26,609,767</u>
Business-type activities				
Net investments in capital assets	\$ 23,273,380	\$ 34,732,029	\$ 36,199,880	\$ 37,284,859
Restricted	3,793,066	3,583,175	2,938,719	2,149,273
Unrestricted	(1,041,856)	(8,572,995)	(9,146,475)	(7,942,293)
Total business-type activities net position	<u>\$ 26,024,590</u>	<u>\$ 29,742,209</u>	<u>\$ 29,992,124</u>	<u>\$ 31,491,839</u>
Primary government				
Net investments in capital assets	\$ 42,304,180	\$ 54,858,120	\$ 56,940,694	\$ 59,607,775
Restricted	5,855,828	5,726,771	5,111,395	5,010,539
Unrestricted (deficit)	243,538	(7,553,223)	(7,589,903)	(6,516,708)
Total primary government activities net position	<u>\$ 48,403,546</u>	<u>\$ 53,031,668</u>	<u>\$ 54,462,186</u>	<u>\$ 58,101,606</u>

TABLE 1

2013	2014	2015	2016	2017	2018
\$ 22,508,397	\$ 24,260,086	\$ 24,886,384	\$ 25,485,725	\$ 4,223,363	\$ 7,170,176
2,786,431	3,439,698	5,481,325	5,720,759	3,197,909	3,184,403
2,485,784	2,921,896	839,100	1,680,992	3,310,863	457,033
<u>\$ 27,780,612</u>	<u>\$ 30,621,680</u>	<u>\$ 31,206,809</u>	<u>\$ 32,887,476</u>	<u>\$ 10,732,135</u>	<u>\$ 10,811,612</u>
\$ 37,091,287	\$ 36,537,530	\$ 36,392,353	\$ 34,591,149	\$ 34,591,149	\$ 44,354,918
2,370,963	2,710,237	3,143,902	9,674,905	9,671,905	1,836,197
(7,667,796)	(6,915,609)	(8,600,817)	(16,939,208)	(24,196,514)	(28,997,936)
<u>\$ 31,794,454</u>	<u>\$ 32,332,158</u>	<u>\$ 30,935,438</u>	<u>\$ 27,326,846</u>	<u>\$ 20,066,540</u>	<u>\$ 17,193,179</u>
\$ 59,599,684	\$ 60,797,616	\$ 61,278,737	\$ 60,076,874	\$ 38,814,512	\$ 51,525,094
5,157,394	6,149,935	8,625,227	15,395,664	12,869,814	5,020,600
(5,182,012)	(3,993,713)	(7,761,716)	(15,258,216)	(20,885,651)	(28,540,903)
<u>\$ 59,575,066</u>	<u>\$ 62,953,838</u>	<u>\$ 62,142,247</u>	<u>\$ 60,214,322</u>	<u>\$ 30,798,675</u>	<u>\$ 28,004,791</u>

CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
EXPENSES				
Governmental activities				
General government	\$ 981,874	\$ 1,090,389	\$ 977,799	\$ 1,083,063
Public Safety	1,892,031	2,114,746	1,895,532	1,847,489
Public Works	1,216,881	1,313,233	1,312,661	1,391,738
Culture and recreation	513,119	513,191	515,698	519,826
Health and welfare	165,438	141,256	162,383	217,651
Economic development	14,100	-	86,969	144,809
Tourism development	13,961	17,500	18,487	17,598
Interest on long term debt	124,192	151,112	142,597	73,071
Total governmental activities expenses	<u>\$ 4,921,596</u>	<u>\$ 5,341,427</u>	<u>\$ 5,112,126</u>	<u>\$ 5,295,245</u>
Business-type activities				
Water and sewer	\$ 5,724,668	\$ 4,378,281	\$ 4,731,955	\$ 5,005,481
International Bridge	480,594	2,362,173	3,029,406	3,551,342
Donna International Bridge Corporation	20	-	-	-
Cemetery services	77,625	68,792	70,696	-
Total business-type activities	<u>6,282,907</u>	<u>6,809,246</u>	<u>7,832,057</u>	<u>8,556,823</u>
Total Primary government expenses	<u>\$ 11,204,503</u>	<u>\$ 12,150,673</u>	<u>\$ 12,944,182</u>	<u>\$ 13,852,069</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 289,189	\$ 232,167	\$ 184,365	\$ 197,791
Public Safety	232,509	189,542	269,610	268,301
Public Works	785,496	898,315	913,022	945,531
Culture and recreation	61,989	62,797	55,517	60,926
Health and welfare	46,057	29,343	52,053	29,673
Economic development	-	-	-	-
Tourism development	-	-	-	-
Interest on Long Term Debt	-	-	-	-
Operating grants and contributions	212,348	351,889	396,884	312,700
Capital grants and contributions	737,549	766,265	188,049	976,729
Total governmental activities program revenues	<u>\$ 2,365,137</u>	<u>\$ 2,530,318</u>	<u>\$ 2,059,499</u>	<u>\$ 2,791,651</u>
Business-type activities				
Charges for services				
Water and sewer	\$ 5,029,666	\$ 4,527,957	\$ 4,879,568	\$ 5,451,758
International Bridge	-	-	656,386	1,148,628
Donna International Bridge Corporation	-	-	-	-
Cemetery services	29,650	25,049	19,250	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	2,041,473	5,225,947	1,021,106	1,941,851
Total business-type activities program revenues	<u>7,100,789</u>	<u>9,778,954</u>	<u>6,576,309</u>	<u>8,542,237</u>
Total primary government program revenues	<u>\$ 9,465,926</u>	<u>\$ 12,309,272</u>	<u>\$ 8,635,808</u>	<u>\$ 11,333,888</u>

TABLE 2

2013	2014	2015	2016	2017	2018
\$ 1,150,560	\$ 1,395,999	\$ 2,423,156	\$ 2,973,410	\$ 2,396,171	\$ 2,655,049
1,956,753	2,251,531	2,675,445	2,936,275	3,521,271	3,534,571
1,459,303	1,769,246	2,276,526	2,202,414	2,318,032	3,624,035
591,910	585,057	723,354	840,311	353,023	365,175
155,716	238,260	231,283	279,247	1,182,640	796,618
-	9,715	9,000	632,000	-	-
75,771	236,107	231,556	207,043	-	-
124,785	113,604	117,228	1,189,004	1,885,115	1,630,176
<u>\$ 5,514,799</u>	<u>\$ 6,599,518</u>	<u>\$ 8,687,549</u>	<u>\$ 11,259,703</u>	<u>\$ 11,656,252</u>	<u>\$ 12,605,624</u>
\$ 5,148,958	\$ 5,160,233	\$ 5,806,462	\$ 5,764,408	\$ 9,351,572	\$ 6,583,271
3,568,683	3,851,680	4,488,981	3,589,093	2,724,840	1,996,385
-	-	-	-	-	-
-	-	-	-	-	-
8,717,642	9,011,913	10,295,445	9,353,502	12,076,411	8,579,656
<u>\$ 14,232,441</u>	<u>\$ 15,611,431</u>	<u>\$ 18,982,993</u>	<u>\$ 20,613,205</u>	<u>\$ 23,732,663</u>	<u>\$ 21,185,280</u>
\$ 225,776	\$ 315,141	\$ 1,065,606	\$ 867,737	\$ 2,005,593	\$ 2,306,326
229,304	241,697	346,296	308,271	92,712	152,941
980,066	1,004,919	1,020,698	1,023,099	248,615	248,615
29,700	28,292	60,321	44,927	14,983	68,645
37,179	59,858	52,586	56,099	-	-
-	13,669	-	-	-	-
-	-	-	-	-	-
-	-	254,763	255,756	-	-
88,950	664,438	-	-	-	-
-	1,267,992	-	-	-	-
<u>\$ 1,590,975</u>	<u>\$ 3,596,005</u>	<u>\$ 2,800,271</u>	<u>\$ 2,555,888</u>	<u>\$ 2,361,903</u>	<u>\$ 2,776,527</u>
\$ 5,573,405	\$ 5,236,681	\$ 5,045,190	\$ 5,054,315	\$ 5,237,910	\$ 4,608,339
1,370,490	1,670,603	1,734,996	1,980,468	2,205,195	2,414,556
-	-	-	-	-	-
-	-	-	-	-	-
-	153,115	-	753,684	-	-
127,000	1,518,832	432,157	-	59,552	-
7,070,895	8,579,232	7,212,344	7,788,467	7,502,657	7,022,895
<u>\$ 8,661,870</u>	<u>\$ 12,175,237</u>	<u>\$ 10,012,615</u>	<u>\$ 10,344,355</u>	<u>\$ 9,864,560</u>	<u>\$ 9,799,422</u>

**CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
NET (EXPENSES)/PROGRAM REVENUES				
Governmental activities	(2,556,459)	(2,811,109)	(3,052,628)	(2,503,594)
Business-type activities	817,882	2,969,708	(1,255,748)	(14,586)
Total primary government net expenses	<u>\$ (1,738,577)</u>	<u>\$ 158,599</u>	<u>\$ (4,308,376)</u>	<u>\$ (2,518,180)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
GOVERNMENTAL ACTIVITIES				
Taxes				
Property taxes general purposes	\$ 3,427,368	\$ 3,632,590	\$ 4,030,202	\$ 4,390,543
Sales taxes	772,619	749,462	819,491	865,983
Franchises taxes	664,341	655,780	674,619	731,064
Hotel occupancy tax	77,183	86,710	99,331	108,290
Investment earnings	23,559	9,632	7,776	8,245
Miscellaneous	19,977	18,715	42,008	43,218
Special item	-	-	-	-
Transfers	(1,122,217)	(1,431,276)	(1,440,198)	(1,504,045)
Total governmental activities	<u>3,862,830</u>	<u>3,721,613</u>	<u>4,233,229</u>	<u>4,643,296</u>
Business type activities				
Investment earnings	389,707	85,211	36,039	10,256
Miscellaneous	11,296	8,685	29,427	-
Special items	(192,074)	-	-	-
Transfers	1,122,217	1,431,276	1,440,198	1,504,045
Total business -type activities	<u>1,331,147</u>	<u>1,525,171</u>	<u>1,505,664</u>	<u>1,514,301</u>
Total primary government	<u>\$ 5,193,977</u>	<u>\$ 5,246,784</u>	<u>\$ 5,738,893</u>	<u>\$ 6,157,597</u>
CHANGES IN NET POSITION				
Governmental activities	\$ 1,306,371	\$ 910,504	\$ 1,180,601	\$ 2,139,702
Business- type activities	2,149,029	4,494,879	249,917	1,499,715
Total primary government	<u>\$ 3,455,400</u>	<u>\$ 5,405,383</u>	<u>\$ 1,430,518</u>	<u>\$ 3,639,418</u>

TABLE 2

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
	(3,923,824)	(3,003,513)	(5,887,278)	(8,703,815)	(9,294,349)	(9,829,097)
	<u>(1,646,746)</u>	<u>(432,681)</u>	<u>(3,083,100)</u>	<u>(1,565,035)</u>	<u>(4,573,754)</u>	<u>(1,556,761)</u>
	<u>\$ (5,570,571)</u>	<u>\$ (3,436,194)</u>	<u>\$ (8,970,378)</u>	<u>\$ (10,268,850)</u>	<u>\$ (13,868,105)</u>	<u>\$ (11,385,858)</u>
\$	5,038,673	\$ 5,442,523	\$ 5,574,392	\$ 5,338,779	\$ 5,215,690	\$ 5,177,715
	999,188	1,052,265	1,252,446	1,415,593	1,461,161	1,677,546
	751,686	762,260	775,496	908,670	917,579	917,579
	115,573	127,324	119,071	139,300	140,980	118,465
	6,027	3,893	3,994	12,338	60,419	93,633
	125,706	579,510	87,101	192,322	43,365	122,679
	-	-	-	-	-	-
	<u>(1,942,184)</u>	<u>(2,094,974)</u>	<u>(1,610,089)</u>	<u>2,377,478</u>	<u>721,780</u>	<u>1,906,943</u>
	5,094,669	5,872,801	6,202,411	10,384,479	8,560,974	10,014,560
	7,178	12,570	21,157	53,921	71,515	42,557
	-	1,291	26,589	-	19,469	268,421
	-	-	-	-	-	-
	<u>1,942,184</u>	<u>2,094,973</u>	<u>1,610,089</u>	<u>(2,097,479)</u>	<u>(2,638,566)</u>	<u>(1,627,578)</u>
	<u>1,949,361</u>	<u>2,108,834</u>	<u>1,657,835</u>	<u>(2,043,558)</u>	<u>(2,547,582)</u>	<u>(1,316,600)</u>
	<u>\$ 7,044,030</u>	<u>\$ 7,981,633</u>	<u>\$ 7,860,246</u>	<u>\$ 8,340,921</u>	<u>\$ 6,013,392</u>	<u>\$ 8,697,960</u>
\$	1,170,846	\$ 2,869,287	\$ 315,133	\$ 1,680,664	\$ (733,375)	\$ 185,463
	302,615	1,676,152	(1,425,266)	(3,608,593)	(7,121,338)	(2,873,361)
	<u>\$ 1,473,460</u>	<u>\$ 4,545,439</u>	<u>\$ (1,110,133)</u>	<u>\$ (1,927,929)</u>	<u>\$ (7,854,713)</u>	<u>\$ (2,687,898)</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues				
Taxes	\$ 4,876,110	\$ 4,984,238	\$ 5,487,950	\$ 6,021,470
Licenses and permits	96,836	83,718	101,415	123,623
Charges for services	1,175,721	1,211,047	1,256,644	1,271,315
Fines and forfeitures	142,683	110,400	109,994	97,283
Intergovernmental	663,669	910,088	564,082	478,287
Investment earnings	23,559	9,632	7,776	8,245
Other	20,517	27,196	53,971	55,502
Total revenues	<u>6,999,095</u>	<u>7,336,319</u>	<u>7,581,832</u>	<u>8,055,726</u>
Expenditures				
General government	977,165	1,069,874	1,010,748	1,083,183
Public safety	1,959,490	2,271,697	1,905,641	1,873,037
Public works	1,215,055	1,790,994	1,472,449	1,412,629
Culture and recreation	697,561	512,410	516,101	535,166
Health and welfare	164,861	143,771	160,389	217,651
Economic development	14,100	-	86,969	144,809
Tourism development	13,961	17,500	18,487	17,598
Capital outlay	24,852	-	-	605,493
Debt service:				
Principal	370,805	402,632	451,819	629,765
Interest	117,267	184,689	147,534	136,765
Issuance charges	-	-	-	-
Total expenditures	<u>5,555,117</u>	<u>6,393,566</u>	<u>5,770,136</u>	<u>6,656,095</u>
Excess of revenues over (under) expenditures	1,443,978	942,753	1,811,696	1,399,631
Other Financing Sources (Uses)				
Transfers in	424,560	232,946	171,235	285,288
Transfers out	(1,546,777)	(1,664,223)	(1,611,433)	(1,808,499)
Bond proceeds	-	1,537,279	-	1,260,600
Lease/Loan proceeds	26,293	137,317	42,812	-
Other	-	-	-	(1,228,516)
Total other financing sources (uses)	<u>(1,095,924)</u>	<u>243,319</u>	<u>(1,397,386)</u>	<u>(1,491,127)</u>
Net change in fund balances	<u>\$ 348,054</u>	<u>\$ 1,186,072</u>	<u>\$ 414,310</u>	<u>\$ (91,496)</u>
Debt service as a percentage of noncapital expenditures	8.87%	9.21%	10.58%	13.02%

Source: Comprehensive Annual Financial Reports

TABLE 3

2013	2014	2015	2016	2017	2018
\$ 6,809,260	\$ 7,332,268	\$ 7,885,911	\$ 7,854,097	\$ 7,754,697	\$ 7,945,925
134,634	165,471	134,150	123,668	132,297	186,350
1,269,626	1,308,877	1,427,198	1,717,025	1,757,255	1,927,564
98,188	175,558	137,876	197,220	112,585	189,504
320,909	377,508	1,055,328	462,983	359,766	473,109
6,027	3,893	3,994	12,338	39,680	93,633
137,014	335,480	137,820	170,719	60,419	93,547
8,775,657	9,699,057	10,782,277	10,538,051	10,216,699	10,909,632
1,209,763	1,414,959	2,542,486	2,093,850	2,358,471	2,617,688
2,119,400	2,357,686	2,800,668	3,028,591	3,346,955	3,311,500
1,523,106	1,685,840	2,151,430	2,033,080	1,984,262	3,211,853
646,579	631,467	785,679	808,693	284,427	288,628
164,762	238,260	250,941	279,247	1,179,068	788,046
-	-	-	-	-	-
75,771	306,797	231,556	532,522	-	-
838,933	117,424	2,624,627	2,318,183	3,470,039	3,230,235
394,091	454,184	473,227	552,616	302,161	521,138
97,824	86,879	272,411	1,160,861	1,755,084	1,664,416
-	-	-	-	134,509	-
7,070,229	7,293,496	12,133,024	12,807,643	14,814,975	15,633,504
1,705,428	2,405,561	(1,350,747)	(2,269,592)	(4,598,276)	(4,723,872)
269,558	291,192	256,393	3,296,932	1,939,643	2,159,935
(2,084,532)	(2,386,167)	(1,866,483)	(919,454)	(1,217,863)	(252,992)
-	-	4,875,401	-	1,988,781	-
351,753	-	760,000	-	-	105,986
-	544,628	-	-	3,685	24,527
(1,463,221)	(1,550,346)	4,025,312	2,377,478	2,714,246	2,037,456
\$ 242,207	\$ 855,215	\$ 2,674,564	\$ 107,886	\$ (1,884,030)	\$ (2,686,416)
7.99%	7.88%	8.04%	17.21%	18.35%	17.62%

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Reserved	\$ -	\$ 2,106	\$ -	\$ -
Unreserved	871,372	601,463	-	-
Nonspendable	-	-	-	592,346
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	934,350	874,428
Total General Fund	<u>\$ 871,372</u>	<u>\$ 603,569</u>	<u>\$ 934,350</u>	<u>\$ 1,466,774</u>
All Other Governmental Funds				
Reserved, reported in : special revenue funds	\$ 1,471,350	\$ 2,848,694	\$ -	\$ -
Unreserved, reported in: special revenue funds	106,384	182,917	-	-
Restricted, reported in special revenue funds and debt service fund	-	-	1,587,145	1,674,015
Committed, reported in capital project and special revenue funds	-	-	1,527,995	817,205
Total all other governmental funds	<u>\$ 1,577,734</u>	<u>\$ 3,031,611</u>	<u>\$ 3,115,140</u>	<u>\$ 2,491,220</u>

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

TABLE 4

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
336,460	170,620	170,460	4,285	31,352	61,733
-	-	-	-	-	-
-	-	-	-	-	-
1,893,052	2,349,252	2,636,498	2,590,168	2,692,718	2,717,629
<u>\$ 2,229,512</u>	<u>\$ 2,519,871</u>	<u>\$ 2,806,958</u>	<u>\$ 2,594,453</u>	<u>\$ 2,724,070</u>	<u>\$ 2,779,362</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,793,223	2,441,399	2,765,496	3,179,016	413,305	(11,169)
177,467	94,146	2,157,526	2,064,395	2,816,460	499,226
<u>\$ 1,970,690</u>	<u>\$ 2,535,545</u>	<u>\$ 4,923,022</u>	<u>\$ 5,243,411</u>	<u>\$ 3,229,765</u>	<u>\$ 488,057</u>

CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
GOVERNMENT-WIDE EXPENSES BY FUNCTION
FISCAL YEAR ENDED

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Public Health and Welfare	Economic Development
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
2016	2,973,410	2,936,275	2,202,414	840,311	279,247	632,000
2017	2,396,171	3,521,271	2,318,032	353,023	1,182,640	-
2018	2,655,049	3,534,571	3,624,035	365,175	796,618	1,616,096

Source: Audit Exhibit 1-B

TABLE 5

Tourism Development	Interest on Long-Term Debt	Water and Sewer	City International Bridge Fund	Donna International Bridge Corporation	Cemetery	Totals
\$ 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
207,043	1,189,004	5,764,408	3,589,093	-	-	20,613,205
-	1,885,115	9,351,572	2,724,840	-	-	23,732,663
-	1,630,176	6,583,271	1,996,385	-	-	22,801,376

**CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
GOVERNMENT - WIDE REVENUES
FISCAL YEAR ENDED**

TABLE 6

Fiscal Year	Program Revenues			General Revenues					Totals
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Interest	Miscellaneous	Special Item		
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	
2016	9,120,940	469,733	753,684	7,802,342	66,258	192,322	-	18,405,279	
2017	9,445,242	359,766	59,552	7,735,410	131,934	62,834	-	17,794,738	
2018	9,245,658	473,109	80,655	7,891,305	136,190	670,465	-	18,497,382	

**CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
GENERAL FUND REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

TABLE 7

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental Revenues	Charges for Services	Fines and Forfeitures	Interest and Other	Totals (Excluding Other Sources)
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
2016	6,472,993	123,668	199,890	1,646,066	190,470	112,917	8,746,005
2017	7,754,697	132,297	359,766	1,757,255	112,585	100,099	10,216,699
2018	7,144,525	186,350	224,494	1,853,071	187,932	113,683	9,710,055

Source: Audit Exhibit 2-C

**CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**

TABLE 8

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Public Health	Capital Outlay	Economic Development	Debt Service	Totals
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
2016	2,030,020	3,028,591	2,033,080	808,693	279,247	-	-	185,179	8,364,812
2017	2,358,471	3,346,955	1,984,262	284,427	1,179,068	-	-	2,191,754	11,344,936
2018	2,571,612	3,180,302	3,211,853	288,628	752,492	213,134	-	109,470	10,327,491

**CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
WATER AND SEWER FUND REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

TABLE 9

Fiscal Year	Water Sales	Sewer Sales	Penalties	Provision for Bad Debt	Other Service Charges	Interest/ Capital/ Other	Transfers In	Totals
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
2016	2,795,157	1,965,695	162,657	(86,632)	217,438	265,909	-	5,320,224
2017	2,980,511	2,163,878	156,083	(74,261)	9,504	34,230	392,650	5,662,595
2018	2,519,671	1,971,600	166,322	(64,148)	181,063	123,203	-	4,897,712

Source: Trial Balance

CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
WATER AND SEWER FUND EXPENSES BY FUNCTION
AND TRANSFERS OUT
LAST TEN FISCAL YEARS

Fiscal Year	Water Distribution	Sewer Collection	Sewer Treatment	Water/Sewer Operations	Water/Supply and Treatment	Engineering Services	Administrative
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
2016	420,779	476,074	567,204	781,037	866,057	-	494,397
2017	571,420	356,007	728,848	673,465	892,367	74,394	412,338
2018	494,982	497,592	607,992	775,500	874,452	-	416,908

TABLE 10

Water/Sewer Operations Contractor	Debt Interest and Fees	Fees for Capital Contributions	Depreciation and Amortization	Transfers Out	Totals
\$ 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
-	397,004	-	1,761,856	1,000,000	6,764,408
-	584,239	-	5,021,607	2,376,788	11,691,472
-	771,505	-	2,144,338	977,808	7,561,077

CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
PROPERTY TAX RATES AND ASSESSED VALUES
LAST TEN FISCAL YEARS

TABLE 11

Fiscal Year	Tax Levy Year	General Fund	Debt Service Fund	Total	Assessed Values
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
2016	2015	0.791292	0.191536	0.982828	499,942,898
2017	2016	0.740318	0.139682	0.880000	547,177,570
2018	2017	0.725352	0.073503	0.798855	614,694,339

CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

TABLE 12

Fiscal Year	City Of Donna			Overlapping Rates					Total Direct & OVLP Rates
	General Fund	Debt Service Fund	Total	Hidalgo County Tax Rate	Donna ISD Tax Rate	Hidalgo County Drainage Dist. 1 Tax Rate	Donna Irrigation Dist. No 1 Tax Rate	South Texas CCD Tax Rate	
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	0.09570	0.21000	0.18500	3.481321
2016	0.791292	0.191536	0.982828	0.5900	1.25820	0.09510	0.21000	0.18500	3.321128
2017	0.740318	0.139682	0.880000	0.5900	1.25820	0.09510	0.21000	0.14000	3.173300
2018	0.725352	0.073503	0.798855	0.5800	1.25820	0.09510	0.21000	0.18500	3.127155

**CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
SCHEDULE OF INSURANCE IN-FORCE
September 30, 2018**

TABLE 13

<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	10/01/17	09/30/18
General Liability	TML-IRP	9424	10/01/17	09/30/18
Errors and Omissions	TML-IRP	9424	10/01/17	09/30/18
Automobile Liability	TML-IRP	9424	10/01/17	09/30/18
Automobile Physical Damage	TML-IRP	9424	10/01/17	09/30/18
Mobile Equipment	TML-IRP	9424	10/01/17	09/30/18
Boiler & Machinery	TML-IRP	9424	10/01/17	09/30/18
Workers' Compensation	TML-IRP	9424	10/01/17	09/30/18
Law Enforcement Liability	TML-IRP	9424	10/01/17	09/30/18
Public Employee Dishonesty	TML-IRP	9424	10/01/17	09/30/18
Forgery or Alteration	TML-IRP	9424	10/01/17	09/30/18
Computer Fraud	TML-IRP	9424	10/01/17	09/30/18
Tax Assessor/Collector Surity Bond	Hartford Casualty Ins Co	61BSBBX5218	10/01/17	09/30/18

Note: Insurance renewed on October 1st, 2018

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	26,558,410 \$	66,227
General, products, personal	1,000,000	6,693
Public officials and employee liability, claims made	1,000,000	10,033
All owned and leased vehicles	1,000,000	47,886
Schedule of vehicles	1,000,000	25,641
Schedule of Mobile equipment	965,244	4,392
Replacement cost	100,000	Included
Includes volunteer firemen	N/A	118,588
Law enforcement liability	1,000,000	24,855
Public officials and employee dishonesty, claims made	100,000	1,504
Loss resulting from forgery or alteration of covered documents	100,000	176
Loss of money, securities and property	100,000	135
Employee Dishonesty	250,000	1,000
		<u>\$ 307,130</u>

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

CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
VALUATION, EXEMPTION AND DEBT OBLIGATIONS

TABLE 14

2018 Market Valuation Established by Hidalgo County Appraisal District (1)		\$ 821,428,121
Less Exemptions/Reductions at 100% Market Value:		
Over 65 and Disabled	\$ 3,773,943	
Disabled Veterans Exemptions	3,885,839	
Productivity Loss	30,747,116	
Abatement Value Loss	-	
Exempt Property	160,097,368	
CHODO (Partial)	1,568,292	
Charitable	86,571	
Value Loss to 10% Cap	<u>8,226,241</u>	<u>208,385,370</u>
2018 Net Taxable Assessed Valuation		<u>\$ 613,042,751</u>
General Obligation Debt Payable from Ad Valorem Taxes (as of September 30, 2018)		
Combination Tax and Revenue Certificates of Obligation, Series 2009	4,100,000	
Limited Tax Refunding Bonds, Series 2012	4,210,000	
2014 Tax Notes	615,000	
2015 Certificate of Obligations	3,765,000	
2016 Certificates of Obligation	5,675,000	
Combination Tax and Int'l Toll Bridge Certificates of Obligation, Series 2016	26,670,000	
2017 Certificates of obligation	<u>8,965,000</u>	
Funded Debt Payable from Ad Valorem Taxes		<u>\$ 54,000,000</u>
Less: Self-supporting Debt		
Combination Tax and Revenue Certificates of Obligation, Series 2009 (4)	376,839	
Limited Tax Refunding Bonds, Series 2012 (4)	509,744	
2014 Tax Notes	136,100	
2016 Certificates of Obligation	141,187	
2017 Certificates of Obligation	<u>531,627</u>	
		<u>\$ 1,695,497</u>
Net Funded Debt Payable from Ad Valorem Taxes		\$ 52,304,503
Interest and Sinking Fund Balance (as of September 30, 2018)		\$ 1,123,380
Ratio Funded Debt to Net Taxable Assessed Valuation		8.81%
2018 Estimated Population -	28,904	
Per Capita Taxable Assessed Valuation -	\$21,209	
Per Capita Funded Debt -	\$1,868	

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

(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 2016 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 2016 Bonds is dependent on this. At this time the City's general government Debt Service Fund is supporting the 2016 Bonds.

CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
TAXABLE ASSESSED VALUATION BY CATEGORY

TABLE 15

Category	Taxable Appraised Value For Fiscal Year Ended September 30,									
	2018		2017		2016		2015		2013	
	Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total
Real, Residential, Single-Family	\$ 285,500,740	36.86%	\$ 257,449,645	34.72%	\$ 263,974,593	38.32%	\$ 232,715,920	37.66%	\$ 226,023,847	38.29%
Real, Residential, Multi-Family	22,708,216	2.93%	17,624,811	2.38%	16,745,089	2.43%	15,553,440	2.52%	13,158,922	2.23%
Real, Vacant Lots/Tracts	38,964,821	5.03%	34,999,359	4.72%	34,078,081	4.95%	28,894,099	4.68%	27,078,216	4.59%
Real, Acreage (Land Only)	3,097,226	0.40%	34,446,966	4.65%	35,302,387	5.12%	29,269,963	4.74%	29,558,232	5.01%
Real, Farm and Ranch Improvements	206,387	0.03%	4,177,140	0.56%	3,810,198	0.55%	1,725,635	0.28%	2,823,281	0.48%
Real, Commercial	172,996,168	22.34%	143,116,996	19.30%	114,814,401	16.67%	97,476,460	15.77%	89,881,308	15.22%
Real, Industrial	8,318,925	1.07%	7,048,036	0.95%	6,406,260	0.93%	5,320,988	0.86%	6,957,060	1.18%
Real and Tangible Personal, Utilities	10,686,308	1.38%	10,686,308	1.44%	9,602,363	1.39%	9,068,913	1.47%	7,357,074	1.25%
Tangible Personal, Commercial	53,623,429	6.92%	53,623,429	7.23%	33,660,310	4.89%	32,060,521	5.19%	30,615,834	5.19%
Tangible Personal, Industrial	3,696,110	0.48%	3,696,110	0.50%	3,756,615	0.55%	4,021,892	0.65%	3,741,642	0.63%
Tangible Personal, Mobile Homes	16,831,327	2.17%	16,831,327	2.27%	17,228,199	2.50%	17,260,965	2.79%	13,319,570	2.26%
Tangible Personal, Other	-	0.00%	-	0.00%	-	0.00%	261,069	0.04%	-	0.00%
Residential Inventory	141,832	0.02%	141,832	0.02%	959,510	0.14%	1,418,732	0.23%	1,323,011	0.22%
Special Inventory	5,042,275	0.65%	5,042,275	0.68%	4,777,819	0.69%	3,957,785	0.64%	3,028,712	0.51%
Total Exempt Property	152,692,288	19.71%	152,692,288	20.59%	143,730,746	20.87%	139,013,094	22.49%	135,496,610	22.95%
Total Appraised Value Before Exemptions	774,506,052	100%	741,576,522	100%	688,846,571	100%	618,019,474	100%	590,363,319	100%
Less: Total Exemptions/Reductions	(194,398,952)		(194,398,952)		(188,903,673)		(177,910,555)		(170,848,721)	
Taxable Assessed Valuation	<u>\$ 580,107,100</u>		<u>\$ 547,177,570</u>		<u>\$ 499,942,898</u>		<u>\$ 440,108,919</u>		<u>\$ 419,514,598</u>	

Category	2013		2012		2011		2010		2009	
	(1) Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total	(1) Amount	% of Total
	Real, Residential, Single-Family	\$ 201,742,850	37.18%	\$ 186,098,019	37.68%	\$ 180,062,623	49.82%	\$ 183,631,647	51.37%	\$ 185,262,397
Real, Residential, Multi-Family	23,090,738	4.26%	12,003,448	2.43%	11,302,919	3.13%	11,180,787	3.13%	12,044,952	3.38%
Real, Vacant Lots/Tracts	23,364,004	4.31%	18,252,276	3.70%	19,963,067	5.52%	22,371,971	6.26%	22,894,057	6.42%
Real, Acreage (Land Only)	28,478,703	5.25%	22,912,459	4.64%	20,477,633	5.67%	13,299,889	3.72%	11,874,932	3.33%
Real, Farm and Ranch Improvements	1,784,229	0.33%	1,434,091	0.29%	1,926,532	0.53%	1,810,497	0.51%	1,715,479	0.48%
Real, Commercial	82,050,572	15.12%	74,435,684	15.07%	69,816,793	19.32%	70,074,113	19.60%	67,586,895	18.95%
Real, Industrial	6,633,333	1.22%	4,886,074	0.99%	5,998,498	1.66%	6,238,758	1.75%	6,072,271	1.70%
Vehicles	6,194,219	1.14%	6,631,484	1.34%	7,579,819	2.10%	-	0.00%	-	0.00%
Real and Tangible Personal, Utilities	22,411,992	4.13%	22,022,328	4.46%	23,668,277	6.55%	8,252,576	2.31%	8,626,804	2.42%
Tangible Personal, Commercial	2,914,628	0.54%	3,091,604	0.63%	3,939,854	1.09%	20,881,471	5.84%	20,771,398	5.82%
Tangible Personal, Industrial	12,393,515	2.28%	12,112,850	2.45%	11,689,076	3.23%	4,119,225	1.15%	2,557,213	0.72%
Tangible Personal, Mobile Homes	216,027	0.04%	-	0.00%	3,229,948	0.89%	11,246,313	3.15%	12,415,278	3.48%
Tangible Personal, Other	1,802,726	0.33%	2,147,083	0.43%	-	0.00%	1,643,375	0.46%	1,703,186	0.48%
Residential Inventory	1,910,198	0.35%	1,710,153	0.35%	-	0.00%	-	0.00%	-	0.00%
Special Inventory	127,570,687	23.51%	126,164,888	25.54%	1,806,793	0.50%	2,699,693	0.76%	3,125,324	0.88%
Total Appraised Value Before Exemptions	542,558,421	100%	493,902,441	100%	361,461,832	100%	357,450,315	100%	356,650,186	100%
Less: Total Exemptions/Reductions	(163,227,474)		(152,470,895)		(25,459,329)		(18,498,708)		(20,343,720)	
Taxable Assessed Valuation	<u>\$ 379,330,947</u>		<u>\$ 341,431,546</u>		<u>\$ 336,002,503</u>		<u>\$ 338,951,607</u>		<u>\$ 336,306,466</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
OTHER SCHEDULES - UNAUDITED
VALUATION AND FUNDED DEBT HISTORY**

TABLE 16

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
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	338,446,278	21,423	44,125,000	13.04%	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
2016	2015	27,528	499,942,898	18,161	48,697,032	9.74%	1,769
2017	2016	27,528	547,177,570	19,877	56,089,032	10.25%	2,038
2018	2017	28,079	614,694,339	21,892	54,000,000	8.78%	1,923

(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
OTHER SCHEDULES - UNAUDITED
TAX RATE, LEVY & COLLECTIONS HISTORY**

TABLE 17

Fiscal Year Ending	Tax Year	General Fund	Debt Service	Total Tax Rate	Tax Levy (1)	% Current Collections	% Total Collections
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%
2016	2015	0.791292	0.191536	0.982828	4,913,579	92.00%	112.00%
2017	2016	0.740318	0.139682	0.880000	4,815,162	91.00%	111.00%
2018	2017	0.725352	0.073503	0.798855	4,910,516	90.00%	110.00%

(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
OTHER SCHEDULES - UNAUDITED
PRINCIPAL TAXPAYERS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018**

Taxpayer	2018			2009		
	Taxable Assessed Valuation	Ranked	% of Taxable Assessed Valuation	Taxable Assessed Valuation	Ranked	% of Taxable Assessed Valuation
Wal-Mart Real Estate Business	\$ 21,916,052	1	3.58%			
MHC Victoria Palms LLC.	13,746,813	2	2.24%	\$ 9,064,358	1	2.67%
Wal-Mart Property Tax Dept.	7,318,964	3	1.19%			
AEP Texas Inc.	5,757,180	4	0.94%	3,204,100	2	0.95%
W. Silver Recycling Inc.	5,465,924	5	0.89%			
SH Hester Donna LLC.	4,106,540	6	0.67%	2,468,074	6	0.73%
Packaging Corporation of America	3,822,206	7	0.62%			
Wonderful Citrus Packaging, LLC.	3,604,065	8	0.59%			
Alcan Primary Products, LLC.	3,085,110	9	0.50%			
Securecare Moveit Mcallen, LLC.	2,996,765	10	0.49%			
Arbor Cove LTD.				3,159,033	3	0.93%
Bland Farms, LLC.				2,851,286	4	0.84%
Interstate Fruit & Vegetable Co. Inc.				2,838,951	5	0.84%
Victoria Palms II, LP				2,398,434	7	0.71%
H E Butt Grocery Company				2,232,566	8	0.66%
Southwestern Bell Tele.				2,133,450	9	0.63%
Grande Valley Homes, LLC				2,071,145	10	0.61%
Totals	\$ 71,819,619		11.73%	\$ 32,421,397		9.57%

Source: Hidalgo County Appraisal District

CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
TAX SUPPORTED DEBT SERVICE REQUIREMENTS

TABLE 19

Fiscal Year Ending 9/30	Existing Outstanding Gross Funded Debt			% of Principal Retired
	Principal	Interest	Requirements	
2019	\$ 1,915,000	\$ 2,280,745	\$ 3,529,995	
2020	2,015,000	2,218,928	3,566,828	
2021	2,095,000	2,148,555	3,577,105	
2022	2,075,000	2,073,723	3,483,223	15%
2023	2,160,000	1,995,499	3,486,324	
2024	2,255,000	1,914,099	3,501,624	
2025	2,340,000	1,829,106	3,503,631	
2026	2,115,000	1,741,465	3,190,465	
2027	2,210,000	1,650,528	3,191,728	36%
2028	2,300,000	1,554,394	3,188,494	
2029	2,400,000	1,453,321	3,186,021	
2030	2,510,000	1,346,467	3,188,567	
2031	2,625,000	1,229,123	3,186,423	
2032	2,755,000	1,101,658	3,189,958	
2033	2,880,000	972,855	3,187,955	64%
2034	2,730,000	849,693	2,912,493	
2035	2,750,000	730,150	2,811,650	
2036	2,550,000	614,850	2,496,050	
2037	2,220,000	507,225	2,059,125	
2038	1,645,000	413,875	2,058,875	86%
2039	1,725,000	329,625	2,054,625	
2040	1,815,000	241,125	2,056,125	
2041	1,910,000	148,000	2,058,000	
2042	2,005,000	50,125	2,055,125	100%
	<u>\$ 54,000,000</u>	<u>\$ 29,395,130</u>	<u>\$ 70,720,405</u>	

Source: City of Donna debt schedules

CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
September 30, 2018

TABLE 20

Taxing Jurisdiction	Total Bonded Debt as of 9/30/2018	Estimated % Applicable	City's Overlapping Bonded Debt
<u>Overlapping:</u>			
Donna Independent School District	\$ 71,625,000	41.03%	\$ 29,387,738
Hidalgo County	340,970,000	1.93%	6,580,721
Hidalgo County Drainage District No. 1	119,805,000	2.02%	2,420,061
South Texas College	143,065,000	1.64%	<u>2,346,266</u>
Total Overlapping Debt			<u>\$ 40,734,786</u>
 <u>Direct Debt</u>			
City of Donna	\$ 54,000,000	100.00%	\$ 54,000,000
Total Direct and Overlapping Debt			94,734,786
Per Capital Overlapping Bonded Debt*			3,374

**Based on an estimated population of 28,079 as provided by City Staff*

CITY OF DONNA, TEXAS
OTHER SCHEDULES - UNAUDITED
GENERAL FUND REVENUES, EXPENDITURES HISTORY

TABLE 21

Revenues	Fiscal Year Ended September 30,					
	2018	2017	2016	2015	2014	2013
Taxes	\$ 7,144,525	\$ 6,599,758	\$ 6,472,993	\$ 5,648,581	\$ 4,953,773	\$ 4,533,880
Licenses and Permits	186,350	132,297	123,668	134,150	165,471	134,634
Charges for Service	1,853,071	1,684,416	1,646,066	1,355,187	1,238,179	1,199,578
Fines and Forfeitures	187,932	109,792	190,470	137,875	175,558	92,765
Intergovernmental	224,494	111,151	199,890	800,564	130,074	77,183
Interest	21,467	10,695	4,997	1,390	1,250	1,129
Other Revenues	92,216	39,159	107,920	92,101	34,882	125,669
Total Revenues	\$ 9,710,055	\$ 8,687,268	\$ 8,746,005	\$ 8,169,849	\$ 6,699,187	\$ 6,164,838
Expenditures						
Current:						
General Government	\$ 2,571,612	\$ 2,335,716	\$ 2,030,020	\$ 2,533,486	\$ 1,405,244	\$ 1,209,763
Public Safety	3,180,302	3,197,662	3,028,591	2,800,668	2,357,686	2,119,400
Public Works	3,211,853	1,984,262	2,033,080	2,151,430	1,685,840	1,523,106
Economic Development	-	-	-	-	-	-
Culture and Recreation	288,628	253,176	808,693	785,679	631,467	646,579
Health and Welfare	752,492	913,637	279,247	250,941	238,260	164,762
Debt Service:						
Principal Retirements	89,978	86,961	158,872	118,600	127,227	60,290
Interest, Fiscal & Issuance Charges	19,492	22,509	26,307	3,587	8,549	4,120
Total Expenditures	\$ 10,114,357	\$ 8,793,923	\$ 8,364,811	\$ 8,644,392	\$ 6,454,273	\$ 5,728,020
Excess/Deficiency of Revenues Over Expenditures	(404,302)	(106,655)	381,193	(474,544)	244,914	436,818
Other Financing Sources/Uses						
Operating Transfers In	563,193	738,676	-	1,630	45,445	-
Operating Transfers Out	-	(400,000)	(593,698)	-	-	(25,831)
Tax Note Proceeds	-	-	-	-	-	-
Loan and Lease Proceeds	109,535	3,685	-	760,000	-	351,753
Total Other Financing Sources/Uses	\$ 672,728	\$ 342,361	\$ (593,698)	\$ 761,630	\$ 45,445	\$ 325,922
Excess/Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Uses	268,426	235,706	(212,505)	287,086	290,359	762,740
Beginning Fund Balance	2,724,070	2,594,453	2,806,958	2,519,871	2,229,512	1,466,773
Prior Period Adjustment	-	-	-	-	-	-
Ending Fund Balance	\$ 2,992,496	\$ 2,830,159	\$ 2,594,453	\$ 2,806,958	\$ 2,519,871	\$ 2,229,513

Source: City of Donna, TX Annual Financial Reports

CITY OF DONNA
OTHER SCHEDULES - UNAUDITED
MUNICIPAL SALES TAX HISTORY

TABLE 22

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Total Collections Per Capita
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
2016	3,009,181	61.24%	0.6019	109
2017	3,112,382	64.64%	0.5688	113
2018	3,385,282	68.94%	0.5507	117

Source: Office of the Texas Comptroller and City of Donna
Annual Financial Report

**CITY OF DONNA
OTHER SCHEDULES - UNAUDITED
CURRENT INVESTMENTS**

TABLE 23

The City's cash and temporary investments at September 30, 2018 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Non-Interest Bearing Cash Accounts	\$ 2,466,206	\$ 2,466,206
Money Market Fund available from Trustee	2,810,112	2,810,112
Local Government Investment Cooperative (LOGIC) (1)	1,238,952	1,238,952
Investments held: Certificates of Deposit	542,055	542,055
Less: Statement of Fiduciary Net Assets	<u>(41)</u>	<u>(41)</u>
Total	<u>\$ 7,057,284</u>	<u>\$ 7,057,284</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
OTHER SCHEDULES - UNAUDITED
PRINCIPAL EMPLOYERS
FOR FISCAL YEAR ENDING 2018 AND 2009**

TABLE 24

<u>Employer</u>	<u>2018(1)</u>		<u>2009(1)</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Donna I.S.D.	2,640	1	2,101	1
A&E Health Services, Inc.	560	2		
Wal-Mart	345	3		
Idea Public Schools	134	4		
HEB Food Store	124	6	85	2
City of Donna	164	5	71	3
Bland Distribution	99	7		
Paramount Citrus	88	9		
Victoria Palms Resort	89	8	56	4
McDonalds	61	10	27	7
Whataburger			19	8
Wells Fargo			9	9
Burger King			7	10
Rio Grande Container			29	6
Rio Grande Canning Company			31	5
Total	<u>4,304</u>		<u>2,435</u>	

(1) DEDC



Cascos & Associates, PC

Certified Public Accountants
Audit/Accounting/Tax/Consulting

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and Members
Of the City Council
City of Donna, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 26, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which we have reported to management of the City in a separate letter dated March 26, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Quinn & Associates, PC".

Brownsville, Texas
March 26, 2019

CITY OF DONNA, TEXAS
SCHEDULE OF AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

None.

CITY OF DONNA, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Item 2017-1:

The City is unable to provide sufficient support for the opening balances in capital asset and accumulated depreciation.

Status:

Resolved.